

Financial Section

For the year ended March 31, 2024

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Consolidated Balance Sheets [Unaudited]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
As of March 31, 2024

ASSETS	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current assets:			
Cash and deposits	¥ 35,044	¥ 37,746	\$ 232,079
Notes and accounts receivable, and contract assets (Note 4)	114,115	94,598	755,728
Lease receivables and investments in leases	5,866	7,619	38,847
Finished goods	17,981	20,224	119,079
Work in process	17,380	21,135	115,099
Raw materials and supplies	35,409	35,076	234,496
Other current assets	13,909	13,847	92,112
Allowance for doubtful receivables	(19)	(57)	(125)
Total current assets	239,687	230,191	1,587,331
Non-current assets:			
Property, plant and equipment:			
Buildings and structures	24,951	25,179	165,238
Machinery, equipment and vehicles	8,654	8,546	57,311
Tools, furniture and fixtures	8,845	7,099	58,576
Land	15,979	15,929	105,821
Construction in progress	2,138	4,204	14,158
Total property, plant and equipment (Note 4)	60,569	60,959	401,119
Intangible assets	15,924	16,349	105,456
Investments and other assets:			
Investments in securities (Note 4)	43,336	34,115	286,993
Asset for retirement benefits	37,234	27,192	246,582
Long-term trade receivables	21,791	24,941	144,311
Other investments and other assets	15,167	14,453	100,443
Allowance for doubtful receivables	(10,313)	(17,777)	(68,298)
Total investments and other assets	107,218	82,925	710,052
Total non-current assets	183,711	160,234	1,216,629
Total assets	¥423,399	¥390,425	\$2,803,966

LIABILITIES	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current liabilities:			
Notes and accounts payable	¥ 64,030	¥ 60,653	\$ 424,039
Short-term borrowings (Note 4)	60,012	86,714	397,430
Income taxes payable	4,349	2,040	28,801
Other current liabilities (Note 4)	59,976	55,843	397,192
Total current liabilities	188,369	205,252	1,247,476
Long-term liabilities			
Long-term borrowings	50,017	31,268	331,238
Lease obligations	5,119	6,905	33,900
Deferred tax liabilities	5,072	11,111	33,589
Liability for retirement benefits	27,887	30,906	184,682
Other long-term liabilities	5,619	5,703	37,211
Total long-term liabilities	93,715	85,894	620,629
Total liabilities	282,084	291,146	1,868,105
NET ASSETS			
Shareholders' equity:			
Capital stock	44,000	44,000	291,390
Additional paid-in capital	18,960	18,994	125,562
Retained earnings	73,622	49,705	487,562
Treasury stock, at cost	(761)	(841)	(5,039)
Total shareholders' equity	135,820	111,858	899,470
Accumulated other comprehensive income:			
Net unrealized holding gain (loss) on other securities	9,069	1,077	60,059
Gain (loss) on deferred hedges	(10)	(32)	(66)
Translation adjustments	(7,020)	(8,341)	(46,490)
Accumulated retirement benefits liability adjustments	3,315	(5,473)	21,953
Total accumulated other comprehensive income	5,353	(12,770)	35,450
Subscription rights to shares	73	121	483
Non-controlling interests	65	69	430
Total net assets	141,314	99,279	935,854
Total liabilities and net assets	¥423,399	¥390,425	\$2,803,966

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income [Unaudited]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2024

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net sales	¥421,854	¥369,096	\$2,793,735
Cost of sales	316,443	282,903	2,095,649
Gross profit	105,411	86,192	698,086
Selling, general and administrative expenses (Note 5)	86,718	83,789	574,291
Operating income	18,692	2,403	123,788
Non-operating income			
Interest income	1,094	147	7,245
Dividend income	1,401	1,243	9,278
Foreign exchange gain	500	—	3,311
Gain on sale of investments securities	—	343	—
Other	1,571	1,501	10,403
Total non-operating income	4,569	3,236	30,258
Non-operating expenses			
Interest expense	2,289	1,853	15,158
Foreign exchange losses	—	1,318	—
Commission for syndicated loans	678	183	4,490
Other	1,999	2,613	13,238
Total non-operating expenses	4,967	5,968	32,894
Ordinary income (loss)	18,293	(328)	121,145
Extraordinary income			
Gain on sale of investments in securities	1,390	—	9,205
Total extraordinary income	1,390	—	9,205
Extraordinary loss			
Loss on sale and disposition of non-current assets	1,481	—	9,807
Total extraordinary loss	1,481	—	9,807
Profit (loss) before income taxes	18,202	(328)	120,543
Income taxes			
Current	3,562	2,239	23,589
Deferred	(11,014)	216	(72,940)
Total income taxes	(7,452)	2,456	(49,350)
Profit (loss)	25,654	(2,784)	169,894
Profit attributable to non-controlling interests	5	16	33
Profit (loss) attributable to owners of parent	¥ 25,649	¥ (2,800)	\$ 169,860

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income [Unaudited]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2024

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Profit (loss)	¥25,654	¥(2,784)	\$169,894
Other comprehensive income			
Net unrealized holding gain (loss) on other securities	7,988	46	52,900
Gain (loss) on deferred hedges	21	(54)	139
Translation adjustments	1,325	731	8,774
Retirement benefits liability adjustments	8,788	(3,685)	58,198
Share of other comprehensive income of entities accounted for using equity method	3	—	19
Total other comprehensive income (Note 6)	18,128	(2,962)	120,052
Comprehensive income	¥43,783	¥(5,746)	\$289,953
Comprehensive income attributable to:			
Owners of the parent	¥43,773	¥(5,766)	\$289,887
Non-controlling interests	¥10	¥20	\$66

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets [Unaudited]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2024

	Shareholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Gain (Loss) on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
	Millions of yen												
Balance at March 31, 2022	¥44,000	¥19,006	¥55,103	¥(869)	¥117,241	¥1,030	¥22	¥(9,069)	¥(1,788)	¥(9,804)	¥138	¥60	¥107,635
Dividends from surplus			(2,597)		(2,597)								(2,597)
Loss attributable to owners of parent			(2,800)		(2,800)								(2,800)
Purchases of treasury stock				(0)	(0)								(0)
Disposition of treasury stock		(11)		28	16								16
Net changes in items other than shareholders' equity during the term						46	(54)	727	(3,685)	(2,966)	(16)	9	(2,973)
Net changes during the term	—	(11)	(5,398)	27	(5,382)	46	(54)	727	(3,685)	(2,966)	(16)	9	(8,356)
Balance at March 31, 2023	44,000	18,994	49,705	(841)	111,858	1,077	(32)	(8,341)	(5,473)	(12,770)	121	69	99,279
Dividends from surplus			(1,732)		(1,732)								(1,732)
Profit attributable to owners of parent			25,649		25,649								25,649
Purchases of treasury stock				(2)	(2)								(2)
Disposition of treasury stock		(33)		81	47								47
Net changes in items other than shareholders' equity during the term						7,991	21	1,321	8,788	18,124	(47)	(3)	18,072
Net changes during the term	—	(33)	23,916	79	23,962	7,991	21	1,321	8,788	18,124	(47)	(3)	42,035
Balance at March 31, 2024	¥44,000	¥18,960	¥73,622	¥(761)	¥135,820	¥9,069	¥(10)	¥(7,020)	¥3,315	¥5,353	¥73	¥65	¥141,314

	Shareholders' equity					Accumulated other comprehensive income							Total net assets
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Gain (Loss) on deferred hedges	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	
	Thousands of U.S. dollars												
Balance at March 31, 2023	\$291,390	\$125,788	\$329,172	\$(5,569)	\$740,781	\$7,132	\$(211)	\$(55,238)	\$(36,245)	\$(84,569)	\$801	\$456	\$657,476
Dividends from surplus			(11,470)		(11,470)								(11,470)
Profit attributable to owners of parent			169,860		169,860								169,860
Purchases of treasury stock				(13)	(13)								(13)
Disposition of treasury stock		(218)		536	311								311
Net changes in items other than shareholders' equity during the term						52,920	139	8,748	58,198	120,026	(311)	(19)	119,682
Net changes during the term	—	(218)	158,384	523	158,688	52,920	139	8,748	58,198	120,026	(311)	(19)	278,377
Balance at March 31, 2024	\$291,390	\$125,562	\$487,562	\$(5,039)	\$899,470	\$60,059	\$(66)	\$(46,490)	\$21,953	\$35,450	\$483	\$430	\$935,854

Consolidated Statements of Cash Flows [Unaudited]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
Year ended March 31, 2024

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash flows from operating activities:			
Profit (loss) before income taxes	¥ 18,202	¥ (328)	\$ 120,543
Depreciation	14,201	12,322	94,046
Increase (decrease) in provisions	(7,681)	(342)	(50,867)
Interest and dividend income	(2,496)	(1,391)	(16,529)
Interest expenses	2,289	1,853	15,158
Loss (gain) on sale of investment securities	(1,389)	(341)	(9,198)
Loss (gain) on disposal of non-current assets	1,413	420	9,357
Decrease (increase) in trade receivables	(12,379)	4,519	(81,980)
Decrease (increase) in inventories	8,439	(16,215)	55,887
Increase (decrease) in trade payables	(3,779)	610	(25,026)
Other, net	8,403	790	55,649
Subtotal	25,223	1,898	167,039
Interest and dividends received	1,556	1,391	10,304
Interest paid	(2,220)	(1,848)	(14,701)
Income taxes paid	162	(4,589)	1,072
Net cash provided by (used in) operating activities	24,721	(3,148)	163,715
Cash flows from investing activities:			
Purchase of property, plant and equipment	(12,195)	(10,497)	(80,761)
Purchase of intangible assets	(4,788)	(6,036)	(31,708)
Proceeds from sale of investment securities	2,928	887	19,390
Payments for acquisition of businesses	—	(1,500)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,199	—	7,940
Purchase of long-term prepaid expenses	(1,004)	(1,378)	(6,649)
Other payments	(663)	(302)	(4,390)
Other proceeds	189	1,203	1,251
Net cash provided by (used in) investing activities	(14,335)	(17,623)	(94,933)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(32,249)	44,108	(213,569)
Proceeds from long-term borrowings	44,250	6,850	293,046
Repayments of long-term borrowings	(21,645)	(21,050)	(143,344)
Dividends paid	(1,726)	(2,587)	(11,430)
Repayments of lease liabilities	(4,403)	(4,062)	(29,158)
Other, net	65	16	430
Net cash provided by (used in) financing activities	(15,709)	23,275	(104,033)
Effect of exchange rate change on cash and cash equivalents	2,246	1,617	14,874
Net increase (decrease) in cash and cash equivalents	(3,076)	4,119	(20,370)
Cash and cash equivalents at beginning of period	37,498	33,379	248,331
Cash and cash equivalents at end of period (Note 8)	¥ 34,422	¥ 37,498	\$ 227,960

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements [Unaudited]

Oki Electric Industry Co., Ltd. and consolidated subsidiaries
March 31, 2024

1. Summary of Significant Accounting Policies

1. Basis of Preparing Consolidated Financial Statements

The accompanying consolidated financial statements of Oki Electric Industry Co., Ltd. (the "Company") and consolidated subsidiaries (the OKI Group) have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

The translation of yen amounts into U.S. dollar amounts is included solely for convenience and has been made, as a matter of arithmetic computation only, at ¥151 = U.S.\$1.00, the approximate exchange rate prevailing at March 31, 2024. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

In addition, certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

2. Scope of consolidation

All 57 subsidiaries are included in the scope of consolidation.

The newly established OKI AVIONICS ASIA PTE. LTD. is included in the consolidated account from this fiscal year. Likewise, BANKING CHANNEL SOLUTIONS LIMITED, which used to be an affiliated company to which the equity method is applied, is included in the consolidated account from this fiscal year since the Company obtained its additional shares. OKI Proassist Co., Ltd. is not included in the consolidated account since it has been absorbed by the consolidated subsidiary Oki Proserve Co., Ltd. Likewise, OKI Electric Cable Wire Harness Co., Ltd. is not included in the consolidated account since it has been absorbed by the consolidated subsidiary Oki Electric Cable Co., Ltd.

3. Application of equity method

(1) The number of affiliated companies to which the equity method is applied: 1

Name of major company: Force Co., Ltd.

(2) Changes in scope of application of equity method

BANKING CHANNEL SOLUTIONS LIMITED has been excluded from the scope of equity method because it became a consolidated subsidiary due to the Company obtaining additional shares.

4. Accounting standards

(1) Valuation standards and methods for significant assets

(i) Negotiable securities

The Company and its domestic consolidated subsidiaries value securities in accordance with how they are held as indicated below.

Other negotiable securities:

Those other than shares without market value:

Stated at fair value (Any difference between book value and fair value is included in net assets; sales costs are calculated by mainly the moving average method.)

Shares without market value:

Mainly stated at cost based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries value inventories as below.

Products:

Primarily stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in process:

Primarily stated at cost based on the specific identification method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Raw materials and supplies:

Primarily stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

(iii) Derivatives

Stated at fair value

(2) Depreciation and amortization of important assets

(i) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries primarily apply the declining-balance method; overseas consolidated subsidiaries primarily apply the straight-line method.

(ii) Intangible assets (excluding lease assets)

The Company and its domestic consolidated subsidiaries apply the straight-line method.

For software sold in the market, amortization is based on the estimated amounts of sales in the estimated number of years for sales (3 years). For software for internal use, the straight-line method, based on the estimated durable years (mainly 5 years), is used.

Overseas consolidated subsidiaries primarily apply the straight-line method.

(iii) Lease assets

Lease assets relating to finance lease transactions that do not transfer ownership are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

(3) Basis for provision of reserves

Allowance for doubtful receivables

To prepare for any losses of accounts receivable and loans, the Company and its domestic consolidated subsidiaries calculate the amount of potential loss by using the historical loss ratio for non-classified loans/receivables and individual assessment for classified loans/receivables. Overseas consolidated subsidiaries calculate the amount of potential loss by individually assessing the possibility of collection for specific loans/receivables.

(4) Method of accounting for retirement benefits

(i) Attributing expected retirement benefits to a period

When calculating retirement benefit obligations, the Company applies the benefit formula basis to attribute expected retirement benefits to the period until the end of the fiscal year under review.

(ii) Accounting for actuarial gains and losses, and prior service costs

Prior service costs are amortized by the straight-line method over a set number of years (9 to 13 years) within the average remaining years of service of employees.

Actuarial gains and losses are amortized by the straight-line method over a set number of years (9 to 13 years) within the average remaining years of service of employees.

(5) Basis for provision of income and expense

(i) Sales of products

Revenue from product sales in the Public Solutions business, the Enterprise Solutions business, the Component Products business and the EMS business is recognized when the customer's acceptance inspection is complete if the acceptance inspection is carried out, or when the delivery is made in the case where the acceptance inspection is not carried out, depending on the agreement, etc. with the given customer. This is because the Company deems that the control transfers to the customer and the performance obligation is satisfied at such timing.

Consideration for transactions is received mainly within one year from the satisfaction of the performance obligation and does not include a significant financial component.

(ii) Provision of services

Revenue from provision of services in the Public Solutions business, the Enterprise Solutions business, the Component Products business and the EMS business is recognized accordance to the provision of services. In the case that the provision of services is made over the agreed duration, such as regular maintenance contracts, revenue is recognized based on the elapsed time period because the Company deems

that the performance obligation is satisfied corresponding to the elapsed time period.

For contract productions and engineering work of social infrastructure mainly in the Public Solutions business and the Enterprise Solutions business, revenue is recognized based on the progress of the performance obligation, on the assumption that the obligation is satisfied over a certain period. In such a case, the progress is measured by the ratio of the costs incurred by the end of the term to the estimated total costs.

Consideration for transactions is received mainly within one year from the satisfaction of the performance obligation and does not include a significant financial component.

(6) Important hedge accounting methods

(i) Hedge accounting methods

Deferred hedging is applied. Allocation treatment is applied for forward exchange contracts eligible for allocation treatment. Special treatment is applied to interest rate swaps that meet the requirements for special treatment.

(ii) Means of hedging and hedged item

Forward exchange contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of market interest rates on variable-rate and long-term debt.

(iii) Hedging policy

Derivative instruments are used to hedge fluctuations of market rates on credits and debts.

(iv) Assessment method of the effectiveness of hedges

To determine the effectiveness, the Company compares the accumulated total of the market fluctuations or the cash flow fluctuations for the hedged item and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

(7) Amortization of goodwill and amortization period

Goodwill is evenly amortized over its useful life (mainly 5 years).

(8) Cash equivalents

All highly liquid investments, with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(9) Other important matters in preparation of consolidated financial statements

The group tax sharing system is applied.

2. Accounting Estimates

1. Estimate of recoverability of claims for which litigation is currently pending

(1) Amount recognized on the consolidated financial statements for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Long-term trade receivables	¥18,094	¥21,594	\$119,827
Allowance for doubtful receivables	¥ (334)	¥ (8,832)	\$ (2,211)

(2) Information regarding important accounting estimates for the item identified

(i) Overview

Oki Banking Systems (Shenzhen) Co., Ltd. (hereinafter "OBSZ"), a consolidated subsidiary of the Company in China, has filed a request for arbitration with the South China International Economic and Trade Arbitration Commission against Shenzhen Yihua Computer Industrial Co., Ltd. (hereinafter "Yihua Industrial"), on October 10, 2015, demanding payment of accounts receivable of RMB1,115,463 thousand or ¥23,246 million (\$153,947 thousand) and compensation of damages (Case A). Further, OBSZ filed litigation to commingle property beyond legal personality with the High People's Court of Guangdong Province against Shenzhen Yihua Computer Co., Ltd. ("Yihua Computer"), the parent of Yihua Industrial, and others as defendants, claiming that they are jointly and severally responsible for payment of the above claims against Yihua Industrial which had been unpaid, to request protection of property (Case B).

Subsequently, Case A was adjudicated by the South China International Economic and Trade Arbitration Commission on December 16, 2020, and it ruled that Yihua Industrial pay OBSZ the unpaid amount for merchandise of RMB1,096,866 thousand or ¥22,858 million (\$151,377 thousand) as well as interest for arrears, legal costs, and others, and this is being settled by arbitration. Regarding Case B, on December 23, 2021, the High People's Court of Guangdong Province sentenced Yihua Computer and affiliates to take the collective liability for the payment to be made by Yihua Industrial to OBSZ. In response to this, Yihua Computer and affiliates lodged an appeal regarding Case B to the Supreme People's Court on January 5, 2022, but the Supreme People's Court upheld the sentence of the High People's Court of Guangdong Province (original trial) on June 1, 2023 in a ruling that rejected the appeal of Yihua Computer and affiliates.

Given that it was expected to take a considerable amount of time before Yihua Industrial would fulfill the arbitration result of Case A, OBSZ had recorded allowance for doubtful receivables. However, considering the abovementioned status of the lawsuits, we are revising future cash flows and the future period of collection in light of outcomes such as the forced execution of assets held by Yihua Computer and affiliates, including real estate that is protected property (hereinafter "protected real estate") and the fair value of protected real estate. Due to those impacts, a reversal of doubtful receivables of ¥4,277 million was accounted for as a reversal of selling, general and administrative expenses, and interest income of ¥938 million was accounted for as non-operating income during the fiscal year under review.

(ii) Calculation method for the amount recognized on the consolidated financial statements for the fiscal year and major assumptions to the calculation

By discounting cash flows that are considered recoverable when the outcomes such as the forced execution of assets held by Yihua Computer and affiliates and the fair value of protected real estate are taken into account for a period that is considered to be required for recovery, OBSZ has recorded RMB868,250 thousand or ¥18,094 million (\$119,827 thousand) of long-term trade receivables and estimates that RMB16,042 thousand or ¥334 million (\$2,211 thousand) to be irrecoverable and added this to allowance for doubtful receivables. Note, the fair value measurement of protected real estate, primarily uses the real estate appraisal values obtained from real estate appraisers.

(iii) Impact on the consolidated financial statements for the next fiscal year

The amount that is estimated to be irrecoverable and the period that is considered to be required for recovery may vary significantly according to the outcomes such as the forced execution of assets held by Yihua Computer and affiliates and the fluctuation in fair value of protected real estate.

2. Estimate of total costs used to measure the progress of the performance obligation in the recognition of revenue

(1) Amount recognized on the consolidated financial statements for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Among the revenue associated with the performance obligation satisfied over a certain period, revenue recorded based on the progress calculated by the ratio of the incurred costs to the estimated total costs	¥66,309	¥57,618	\$439,132
Of which, for the years ended March 31, 2024, an amount recognized related to construction projects in progress at the end of the period.	¥35,026	¥29,546	\$231,960

(2) Information regarding important accounting estimates for the item identified

- (i) Calculation method for the amount recognized on the consolidated financial statements for the years ended March 31, 2024 and major assumptions to the calculation

As for the method of estimating progress towards satisfaction of performance obligations, the degree of progress is calculated at the proportion of actual cost to estimated total costs (input method).

In addition, when estimating total cost, a reliable estimate of the amount is made based on judgment of construction supervisors and the management. For example, we review the execution budget in a timely and appropriate way and it has been developed by collecting sufficient and detailed information relating to changes in the work scope based on customers' requests.

- (ii) Impact on the consolidated financial statements for the next fiscal year

Contract manufacturing and construction for social infrastructure performed by the OKI Group are highly individualized in nature given they are designed based on instructions of customers. Accordingly, changes in work scope at the request of a customer, unexpected defects during the manufacturing process of software, and other factors may result in a considerable increase in work-hours required for manufacturing. On the other hand, cost to be incurred in the future may be reduced as a result of our own efforts.

If the estimated total cost changes due to those impacts and other factors, net sales may change in conjunction with a change in the degree of progress.

3. Estimate of recoverability of deferred tax assets

(1) Amount recognized on the consolidated financial statements for the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets	¥21,547	¥9,627	\$142,695
(Of which, those related to the Company's tax sharing group)	¥21,178	¥9,294	\$140,251

(2) Information regarding important accounting estimates for the item identified

- (i) Calculation method for the amount recognized on the consolidated financial statements for the fiscal year and major assumptions to the calculation

The Group evaluates the recoverability of deferred tax assets by taking into account the possibility of being able to use deductible temporary difference and part of loss carry forwards in the estimation of future taxable income.

With regard to the deferred tax assets of the Company and domestic subsidiaries within the Group that apply the Group tax sharing system (hereinafter "tax sharing group"), the Company has determined corporate classifications based on the "Implementation Guideline on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, October 28, 2022), and records deferred tax assets within the forecast scope of the effects of mitigating the future amount of tax payable based on the estimate of taxable income before adjusting for future temporary differences, etc. within a reasonably estimable period and on the results of scheduling the temporary differences, etc. corresponding to such corporate classification.

When examining the above corporate classifications as of the end of the fiscal year under review, we have judged that such deferred tax assets are recoverable due to rationally founded forecasts of tax income before adjusting for temporary difference for multiple future years despite the fact that material tax losses have arisen in the past at tax sharing group. This is as a result of considering the cause of such material tax losses, the Medium-Term Business Plan, the status of past achievement of Medium-Term Business Plans, as well as the trend in taxable income and tax losses in the past and in the fiscal year under review. Consequently, the tax sharing group recorded ¥21,178 million (\$140,251 thousand) of deferred tax assets (before offsetting deferred tax liabilities) for the fiscal year under review.

Estimate of taxable income before adjusting for future temporary differences, etc. is based on the next year's business plan and the Medium-Term Business Plan 2025, which enlist projections of future net sales and expenses, etc., based on management strategy taking into account past performance and the current business environment, as major assumptions.

- (ii) Impact on the consolidated financial statements for the next fiscal year

The management judges the abovementioned major assumptions reasonable. However, if actual future taxable income differs from the estimate as a result of significant changes in the management environment and other factors, the recoverability of deferred tax assets may be evaluated differently.

3. Unapplied accounting standards

"Accounting Standard for Corporate Taxes, Local Taxes, and Business Taxes" (ASBJ Statement No. 27, October 28, 2022 ASBJ)

"Accounting Standard for Comprehensive Income" (ASBJ Guidance No. 25, October 28, 2022 ASBJ)

"Application Guidance for Effect Accounting Standards on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022 ASBJ)

1. Summary

In February 2018, ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc. ("ASBJ Statement No. 28, etc."), which completed the transfer of practical guidelines on tax effect accounting at the JICPA to the ASBJ Accounting Standards Board, and in the course of the deliberations. The following two issues, which were to be discussed again after the release of ASBJ Statement No. 28, etc., were discussed and released.

"Tax expense classification. (taxation on other comprehensive income)"

"Tax effect on the sale of shares of subsidiaries (shares of subsidiaries or affiliates) when group corporate taxation is applied."

2. Expected date to apply

It will be applied from the beginning of the fiscal year ending March 31, 2025.

3. Impact of application of accounting standard

The impact on the "Accounting Standard for Corporate Taxes, Local Taxes, and Business Taxes" and other related standards on the consolidated financial statements is currently under evaluation.

4. Consolidated Balance Sheet

1. Balances of receivables from contracts with customers and contract assets

Balances of receivables from contracts with customers and contract assets among Notes receivable, Accounts receivable and Contract assets at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Notes receivable	¥ 3,960	¥ 4,691	\$ 26,225
Accounts receivable	75,482	66,246	499,880
Contract assets	34,229	23,199	226,682

2. Accumulated depreciation for Property, plant and equipment

Accumulated depreciation for Property, plant and equipment at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Accumulated depreciation	¥167,201	¥163,953	\$1,107,291

3. Assets pledged as collateral and Liabilities collateralized by the above assets

Assets pledged as collateral at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Investments in securities	¥8,322	¥4,671	\$55,112

Liabilities collateralized by the above assets at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Short-term borrowings	¥3,500	¥3,500	\$23,178

4. Investments in unconsolidated subsidiaries and affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Investments in securities	¥1,099	¥1,836	\$7,278

5. Contract liabilities

The balance of contract liabilities in Other current liabilities at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Contract liabilities	¥6,116	¥7,217	\$40,503

6. Liabilities for guarantee

Guarantee for borrowings by employees at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Guarantee for borrowings by employees	¥21	¥37	\$139

7. The unexecuted balance of overdraft and Commitment Line

The OKI Group has concluded overdraft agreement and Commitment Line agreement with transaction banks etc. for efficient procurement of working capital. The unexecuted balance of overdraft and Commitment Line at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Total overdraft and Commitment Line amount	¥99,073	¥105,945	\$656,112
Amount of borrowing execution balance	21,213	53,115	140,483
Net	¥77,859	¥52,830	\$515,622

5. Consolidated Statement of Incomes

Research and development expenses

Research and development expenses for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Selling, general and administrative expenses	¥12,533	¥9,608	\$83,000

6. Consolidated Statements of Comprehensive Income

Amounts reclassified to profit (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net unrealized holding gain (loss) on other securities:			
Amount arising during the year	¥12,365	¥ 239	\$ 81,887
Reclassification adjustments	(871)	(250)	(5,768)
Before tax effect	11,493	88	76,112
Tax effect	(3,505)	(41)	(23,211)
Net unrealized holding gain (loss) on other securities	7,988	46	52,900
Gain (loss) on deferred hedges:			
Amount arising during the year	18	(64)	119
Asset acquisition cost adjustments	—	—	—
Before tax effect	18	(64)	119
Tax effect	3	10	19
Gain (loss) on deferred hedges	21	(54)	139
Translation adjustments:			
Amount arising during the year	1,325	738	8,774
Reclassification adjustments	—	(6)	—
Translation adjustments	1,325	731	8,774
Retirement benefits liability adjustments:			
Amount arising during the year	11,000	(4,610)	72,847
Reclassification adjustments	(652)	(936)	(4,317)
Before tax effect	10,347	(5,546)	68,523
Tax effect	(1,558)	1,861	(10,317)
Retirement benefits liability adjustments	8,788	(3,685)	58,198
Share of other comprehensive income of entities accounted for using equity method			
Amount arising during the year	3	—	19
Reclassification adjustments	—	—	—
Share of other comprehensive income of entities accounted for using equity method	3	—	19
Total other comprehensive income	¥18,128	¥(2,962)	\$120,052

7. Shareholders' Equity

Matters concerning class and total number of shares outstanding during the years ended March 31, 2024 and 2023 were as follows:

	Thousands of U.S. dollars			
	March 31, 2023	2024		March 31, 2024
		Increase in the year	Decrease in the year	
Shares outstanding:				
Common stock	87,217	—	—	87,217
Total	87,217	—	—	87,217
Treasury stock:				
Common stock	598	2	58	542
Total	598	2	58	542

*1 The increase of treasury stock was due to purchase of shares less than one trading unit.

*2 The decrease of treasury stock was due to the exercise of stock options.

	Thousands of U.S. dollars			
	March 31, 2023	2023		March 31, 2024
		Increase in the year	Decrease in the year	
Shares outstanding:				
Common stock	87,217	—	—	87,217
Total	87,217	—	—	87,217
Treasury stock:				
Common stock	617	1	20	598
Total	617	1	20	598

*1 The increase of treasury stock was due to purchase of shares less than one trading unit.

*2 The decrease of treasury stock was due to the exercise of stock options.

8. Consolidated Statements of Cash Flows

Reconciliations of cash and deposits in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Cash and deposits	¥35,044	¥37,746	\$232,079
Fixed deposits with a deposit period of more than 3 months	(499)	—	(3,304)
Deposits with restrictions on withdrawals	(122)	(247)	(807)
Cash and cash equivalents	¥34,422	¥37,498	\$227,960

9. Leases

(Lessee)

Operating lease transactions

The minimum rental commitments under noncancellable operating leases at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Due within one year	¥ 743	¥ 714	\$ 4,920
Due after one year	3,640	4,218	24,105
Total	¥4,383	¥4,932	\$29,026

* Lease transactions for which assets and liabilities were recorded on the consolidated balance sheet due to the application of IFRS 16 are not included.

10. Financial Instruments

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

The OKI Group mainly uses short-term deposits and highly safe marketable securities for fund management. Also, it raises its funds primarily through borrowings from financial institutions and issuance of corporate bonds. The Group uses derivatives to hedge risk as described below, and does not engage in speculative transactions.

(2) Description of financial instruments, related risks, and risk management system

The Group strives to mitigate its customers' credit risks associated with notes and accounts receivable, which are operating receivables, by carrying out customer credit investigations in accordance with regulations for the management of accounts receivable of individual companies.

For borrowings, the Group raises short-term funds mainly for working capital and long-term funds for working capital and capital investment. For borrowings exposed to the interest rate risk, the Group applies derivative instruments (interest rate swap transactions) to hedge its risk.

Derivative transactions consist of forward foreign exchange contracts, which aim to hedge exchange rate fluctuation risks related to foreign currency-denominated receivables and payables, and interest rate swap transactions, which aim to hedge interest rate fluctuation risks related to the payment of borrowings. The assessment of hedge effectiveness for interest rate swap transactions that satisfy the requirements for special treatment is omitted. The Group executes and manages derivative transactions in accordance with the OKI Group's policy.

Financing related liquidity risk is managed by the Finance Department preparing and updating funding plans in a timely manner based on information from each department, and aiming to maintain liquidity on hand.

(3) Supplemental explanation regarding the disclosure concerning fair value of financial instruments

The fair value of financial instruments is based on market prices, but if no market prices are available, their fair value reflects the value reasonably calculated. Because fluctuation factors are incorporated into the calculation of the said value, it may change if different prerequisites, etc. are used. Contract amounts, etc. related to derivative transactions described in "12. Derivatives" do not indicate market risks related to these transactions.

2. Disclosure concerning fair value of financial instruments

As of March 31, 2024 (consolidated balance sheet date), the amount recorded in the consolidated balance sheet, fair value, and the amount of differences were as shown in the table below.

	Millions of yen						Thousands of U.S. dollars		
	2024			2023			2024		
	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference	Amount recorded in balance sheet	Fair value	Difference
(1) Investments in securities(*2)	¥35,736	¥35,748	¥ 11	¥ 25,744	¥25,758	¥ 14	\$236,662	\$236,741	\$ 72
(2) Long-term trade receivables	21,791			24,941			144,311		
Allowance for doubtful receivables (*3)	(4,024)			(12,159)			(26,649)		
	17,766	19,017	1,251	12,782	12,782	—	117,655	125,940	8,284
Total assets	53,503	54,765	1,262	38,527	38,541	14	354,324	362,682	8,357
(1) Long-term borrowings(*4)	73,293	73,624	331	50,688	51,040	352	485,384	487,576	2,192
Total liabilities	73,293	73,624	331	50,688	51,040	352	485,384	487,576	2,192
Derivative transactions (*5)	¥ (31)	¥ (31)	¥ —	¥ (173)	¥ (173)	¥ —	\$ (205)	\$ (205)	\$ —

*1 Notes are omitted on cash and deposits; notes and accounts receivable, and contract assets; notes and accounts payable; short-term borrowings, because they are settled within a short period and thus the fair values are close to the book values.

*2 Shares without market value (unlisted shares, amounts in the consolidated balance sheet is below) are not included in "(1) Investments in securities."

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
unlisted shares	¥7,600	¥8,370	\$50,331

*3 Allowance for doubtful receivables specifically provided for long-term trade receivables is deducted.

*4 As of March 31, 2024 and 2023, Long-term borrowing (¥23,276 million (\$154,146 thousand) and ¥19,420 million) that are due within one year are classified as "short-term" borrowings in the consolidated balance sheet.

*5 The amount of the receivables and payables derived from derivative transactions is presented on a net basis and the amounts in parentheses are liabilities as the result of netting.

Notes:

1. Redemption schedule for monetary assets and securities with maturity dates as of March 31, 2024 and 2023:

	Millions of yen			
	2024			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and deposits	¥ 35,044	¥ —	¥ —	¥ —
Notes and accounts receivable	108,805	5,310	—	—
Total	¥143,849	¥5,310	¥ —	¥ —

	Millions of yen			
	2023			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and deposits	¥ 37,746	¥ —	¥ —	¥ —
Notes and accounts receivable	88,438	6,160	—	—
Total	¥126,184	¥6,160	¥ —	¥ —

	Thousands of U.S. dollars			
	2024			
	Within 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 years
Cash and deposits	\$232,079	\$ —	\$ —	\$ —
Notes and accounts receivable	720,562	35,165	—	—
Total	\$952,642	\$35,165	\$ —	\$ —

2. Repayment schedule for long-term borrowings and other interest-bearing debt at of March 31, 2024 and 2023:

	Millions of yen					
	2024					
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Short-term borrowings	¥36,736	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings	23,276	17,944	15,228	10,220	6,625	—
Total	¥60,012	¥17,944	¥15,228	¥10,220	¥6,625	¥ —

	Millions of yen					
	2023					
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Short-term borrowings	¥67,294	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term borrowings	19,420	14,426	9,094	6,378	1,370	—
Total	¥86,714	¥14,426	¥9,094	¥6,378	¥1,370	¥ —

	Thousands of U.S. dollars					
	2024					
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
Short-term borrowings	\$243,284	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term borrowings	154,145	118,834	100,847	67,682	43,874	—
Total	\$397,430	\$118,834	\$100,847	\$67,682	\$43,874	\$ —

Notes to Consolidated Financial Statements [Unaudited]

3. Matters concerning components of fair value of financial instruments by appropriate category, etc.

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used to calculate the fair value.

Level 1: The fair value that is calculated from the market price associated with the asset or liability subject to the calculation of given fair value in the active market, among inputs used to calculate an observable fair value

Level 2: The fair value that is calculated using inputs other than the inputs applicable to Level 1, among inputs used to calculate an observable fair value

Level 3: The fair value that is calculated using inputs that are used for calculation of unobservable fair value

In the case where more than one input is used, among inputs that have a significant impact on the calculation of the fair value, the fair value is categorized into the level with the lowest priority for calculation of the fair value, among the levels to which those inputs belong.

(1) Financial instruments listed in the consolidated balance sheet with their fair value

	2024			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Equity Securities	¥35,730	¥ —	¥ —	¥35,730
Derivative transactions*	¥ —	¥(31)	¥ —	¥ (31)

	2023			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Equity Securities	¥25,734	¥ —	¥ —	¥25,734
Derivative transactions*	¥ —	¥(173)	¥ —	¥ (173)

*Net claims receivable and payable incurred from derivative transactions are shown in net amount, and items whose totals are net liabilities are shown in brackets.

	2024			
	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Equity Securities	\$236,622	\$ —	\$ —	\$236,622
Derivative transactions*	\$ —	\$(205)	\$ —	\$ (205)

(2) Financial instruments other than those listed in the consolidated balance sheet with their fair value

	2024			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Golf club memberships	¥ —	¥ 17		¥ 17
Long-term trade receivables	—	—	19,017	19,017
Long-term borrowings	¥ —	¥73,624		¥73,624

	2023			
	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Golf club memberships	¥ —	¥ 24	¥ —	¥ 24
Long-term trade receivables	—	—	12,782	12,782
Long-term borrowings	¥ —	¥51,040	¥ —	¥51,040

	2024			
	Fair value (Thousands of U.S. dollars)			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other negotiable securities				
Golf club memberships	\$ —	\$ 112	\$ —	\$ 112
Long-term trade receivables	—	—	125,940	125,940
Long-term borrowings	\$ —	\$487,576	\$ —	\$487,576

Note: Fair value evaluation technique and inputs for fair value calculation

Investments in securities

Listed shares and golf club memberships are evaluated using the market price. Since listed shares are traded in the active market, the fair value is categorized in Level 1. On the other hand, golf club memberships are traded in the inactive market at the market value of the same asset; therefore, the fair value is categorized in Level 2.

Long-term trade receivables

The fair values of long-term trade receivables are calculated by discounting estimated cash flows, which are considered recoverable from business partners, for a period that is considered to be required for recovery. Based on this, the fair value is categorized in Level 3.

Long-term borrowings

The fair value of these items is based primarily on the method of calculation whereby the sum of principal and interest is discounted by an assumed interest rate on the assumption that the said sum is freshly borrowed in a similar manner. Some long-term borrowings with floating interest rates are prescribed to be subject to special accounting treatment applicable to interest rate swaps. Hence, the fair value of a long-term borrowings are based on the method of calculation whereby the sum of principal and interest, treated in combination with the said interest rate swap, is discounted by a reasonably estimable interest rate on the assumption that the said amount is freshly borrowed in a similar manner. The fair value of the long-term borrowings are categorized in Level 2.

Derivative transactions

The fair value is calculated based on the price presented by the partner financial institutions, and is categorized in Level 2. Derivative transactions subject to special accounting treatment applicable to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence, their fair value is included in that of long-term borrowings.

11. Securities

1. Trading Securities

Not applicable

2. Bonds Held to Maturity:

Not applicable

3. Other Securities:

Securities at March 31, 2024 and 2023 were summarized as follows. Securities for which it is extremely difficult to reasonably measure its fair value are not included in the table below.

	Millions of yen						Thousands of U.S. dollars		
	2024			2023			2024		
	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference	Amount recorded in balance sheet	Acquisition costs	Difference
Other securities whose fair value recorded in balance sheet exceeds their acquisition costs:									
Equity securities	¥34,436	¥21,285	¥13,151	¥ 6,828	¥ 4,551	¥2,277	\$228,052	\$140,960	\$87,092
Subtotal	34,436	21,285	13,151	6,828	4,551	2,277	228,052	140,960	87,092
Other securities whose fair value recorded in balance sheet exceeds their acquisition costs:									
Equity securities	1,299	1,459	(160)	18,916	19,661	(744)	8,602	9,662	(1,059)
Subtotal	1,299	1,459	(160)	18,916	19,661	(744)	8,602	9,662	(1,059)
Total	¥35,736	¥22,745	¥12,991	¥25,744	¥24,212	¥1,532	\$236,662	\$150,629	\$86,033

4. Sales of other securities for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen						Thousands of U.S. dollars		
	2024			2023			2024		
	Proceed from sales	Gain on sales	Loss on sales	Proceed from sales	Gain on sales	Loss on sales	Proceed from sales	Gain on sales	Loss on sales
Equity securities	¥2,378	¥856	¥0	¥774	¥252	¥2	\$15,748	\$5,668	\$0
Total	¥2,378	¥856	¥0	¥774	¥252	¥2	\$15,748	\$5,668	\$0

5. Impairment losses on securities

Year ended March 31, 2023

Not applicable

Year ended March 31, 2024

Not applicable

12. Derivatives

Derivative transactions at March 31, 2024 and 2023 were as follows:

1. Derivative transactions which do not qualify for hedge accounting

(i) Currency related

	Millions of yen				Thousands of U.S. dollars			
	2024				2024			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain / loss	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain / loss
Forward foreign exchange contract:								
Sell:								
Euro	¥1,540	¥ —	¥(173)	¥(173)	\$10,198	\$ —	\$(1,145)	\$(1,145)
Buy:								
U.S. dollars	1,282	—	155	155	8,490	—	1,026	1,026
Total	¥2,822	¥ —	¥ (18)	¥ (18)	\$18,688	\$ —	\$ (119)	\$ (119)

	Millions of yen			
	2023			
	Contract amount	Contract amount over 1 year	Fair value	Unrealized gain / loss
Forward foreign exchange contract:				
Sell:				
Euro	¥2,757	¥ —	¥ (10)	¥ (10)
Buy:				
U.S. dollars	2,221	—	(130)	(130)
Total	¥4,979	¥ —	¥(141)	¥(141)

(ii) Interest rate related

Not applicable

Notes to Consolidated Financial Statements [Unaudited]

2. Derivative transactions which qualify for hedge accounting

(i) Currency related

Hedged item	Millions of yen			Thousands of U.S. dollars			
	2024			2024			
	Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value	
Forward foreign exchange contract (Principle-based accounting):							
Sell:							
Euro	Accounts receivable	¥ 8,591	¥ —	¥(258)	\$ 56,894	\$ —	\$(1,708)
Buy:							
U.S. dollars	Accounts payable	7,636	—	244	50,569	—	1,615
Total		¥16,227	¥ —	¥ (13)	\$107,463	\$ —	\$ (86)

Hedged item	Millions of yen			
	2023			
	Contract amount	Contract amount over 1 year	Fair value	
Forward foreign exchange contract (Principle-based accounting):				
Sell:				
Euro	Accounts receivable	¥ 6,497	¥ —	¥(166)
Buy:				
U.S. dollars	Accounts payable	5,745	—	134
Total		¥12,242	¥ —	¥ (32)

(ii) Interest rate related

Hedged item	Millions of yen			Thousands of U.S. dollars			
	2024			2024			
	Contract amount	Contract amount over 1 year	Fair value	Contract amount	Contract amount over 1 year	Fair value	
Interest rate swaps (Special treatment):							
Pay fixed/ receive floating	Long-term borrowings	¥61,965	¥41,957	*	\$410,364	\$277,860	*

Hedged item	Millions of yen			
	2023			
	Contract amount	Contract amount over 1 year	Fair value	
Interest rate swaps (Special treatment):				
Pay fixed/ receive floating	Long-term borrowings	¥40,278	¥24,120	*

* Derivative transactions subject to special treatment applied to interest rate swaps are treated in combination with long-term borrowings as hedged items. Hence, their fair value is included in that of long-term borrowings.

13. Retirement benefits

1. Overview of the retirement benefit system adopted

The Company and domestic consolidated subsidiaries have funded and unfunded defined benefit plans and defined contribution plans.

The noncontributory defined benefit plan that is a funded plan adopts a cash balance plan. In this plan, amount of benefit in which the "Point" based on the pay level is multiplied by rate based on the Japanese Government Bonds is provided to employee as pension or lump-sum payment.

The lump-sum retirement benefit is provided employee in accordance with the "Point" based on the business results, and the length of service. The lump-sum retirement payment plans are unfunded plans excluding the Company and certain consolidated subsidiary. The Company's and certain consolidated subsidiary's plan are a funded plan due to contribution to the pension and retirement benefit trust.

Several overseas consolidated subsidiaries have defined benefit and defined contribution pension plans.

The Company and certain consolidated subsidiary set up the retirement benefit trust for defined benefit plans and lump-sum retirement payment plans.

Certain consolidated subsidiaries appraise projected benefit obligation and retirement benefit expenses of lump-sum retirement payment plans by the simplified method.

The Company's and certain consolidated subsidiaries are members of the OKI corporate pension fund that is a multiemployer pension plans. The following amounts include multiemployer pension plans.

2. Defined benefit plan

(1) The changes in the retirement benefit obligation during the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Retirement benefit obligation at April 1, 2023 and 2022	¥96,879	¥101,013	\$641,582
Service cost	2,579	2,807	17,079
Interest cost	1,293	1,206	8,562
Actuarial gain (loss)	804	(69)	5,324
Retirement benefit paid	(8,172)	(8,134)	(54,119)
Other	(636)	54	(4,211)
Retirement benefit obligation at March 31, 2024 and 2023	¥92,748	¥ 96,879	\$614,225

(2) The changes in plan assets during the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Plan assets at April 1, 2023 and 2022	¥ 93,165	¥100,140	\$616,986
Expected return on plan assets	1,506	2,422	9,973
Actuarial gain (loss)	11,934	(4,667)	79,033
Contributions by the Company and subsidiaries	464	1,288	3,072
Retirement benefits paid	(4,974)	(6,018)	(32,940)
Plan assets at March 31, 2024 and 2023	¥102,096	¥ 93,165	\$676,132

(3) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2024 and 2023 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Funded retirement benefit obligation	¥76,963	¥ 81,132	\$ 509,688
Plan assets at fair value	(102,096)	(93,165)	(676,132)
	(25,132)	(12,032)	(166,437)
Unfunded retirement benefit obligation	15,785	15,746	104,536
Net liability for retirement benefits in the balance sheet	¥ (9,347)	¥ 3,713	\$ (61,900)
Liability for retirement benefits	27,887	30,906	184,682
Asset for retirement benefits	(37,234)	(27,192)	(246,582)
Net asset for retirement benefits in the balance sheet	¥ (9,347)	¥ 3,713	\$ (61,900)

Notes to Consolidated Financial Statements [Unaudited]

(4) The components of retirement benefit expense for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Service cost	¥ 2,579	¥ 2,807	\$17,079
Interest cost	1,293	1,206	8,562
Expected return on plan assets	(1,506)	(2,422)	(9,973)
Amortization of actuarial gain (loss)	(725)	(388)	(4,801)
Amortization of prior service cost	72	(547)	476
Other	117	188	774
Retirement benefit expense	¥ 1,831	¥ 843	\$12,125

(5) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Prior service cost	¥ 72	¥ (547)	\$ 476
Actuarial gain (loss)	10,274	(4,999)	68,039
Total	¥10,347	¥(5,546)	\$68,523

(6) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Unrecognized prior service cost	¥ 371	¥ 444	\$ 2,456
Unrecognized actuarial gain (loss)	(5,880)	4,394	(38,940)
Total	¥(5,509)	¥4,838	\$(36,483)

(7) Plan assets

(i) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2024 and 2023 were as follows:

	2024	2023
Bonds	33%	37%
Stocks	37	30
Alternatives	18	21
Other	12	12
Total	100%	100%

Note: 1. Alternatives consist primarily of investments in hedge funds and private equity.

2. The retirement benefit trust consists of 22% of the total plan assets for the year ended March 31, 2024 and 18% of the total plan assets for the year ended March 31, 2023, respectively.

(ii) The expected rate of return on plan assets has been estimated based on the average rate of return on plan assets of the latest 3 years.

(8) The assumptions used in accounting for the above plans were as follows:

	2024	2023	2024
Discount rate	¥ 371	¥ 444	\$ 2,456
Expected rate of return on plan assets	(5,880)	4,394	(38,940)

3. Defined contribution plan

The Company and domestic consolidated subsidiaries made required contributions to the defined contribution plans of ¥2,068 million (\$13,695 thousand) and ¥2,122 million for the years ended March 31, 2024 and 2023, respectively.

14. Stock Option Plan

The stock options outstanding as of March 31, 2024 were as follows:

1. The amount in relation to the stock options.

Not applicable.

2. The size of stock option and its circumstances.

Date of approval by shareholders	July 29, 2016	July 28, 2017	July 27, 2018
Grantees	4 directors and 13 executive officers	3 directors and 15 executive officers	2 directors and 16 executive officers
Type of shares for which new subscription rights offered (Note below)	55,700 shares of Common stock	61,700 shares of Common stock	60,400 shares of Common stock
After the resolution			
End of the preceding term	17,900 shares	26,100 shares	29,800 shares
Vested	—	—	—
Exercised	5,400 shares	8,800 shares	12,500 shares
Cancelled	—	—	—
Outstanding	12,500 shares	17,300 shares	17,300 shares
Date of issuance	August 16, 2016	August 15, 2017	August 14, 2018
Condition of exercising	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.
Vesting period	April 1, 2016– March 31, 2017	April 1, 2017– March 31, 2018	April 1, 2018– March 31, 2019
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)	¥1 (\$0.00)
Exercisable period	August 17, 2016– August 16, 2041	August 16, 2017– August 15, 2042	August 15, 2018– August 14, 2043
Official price at the date of offered	¥860 (\$5.69)	¥1,000 (\$6.62)	¥878 (\$5.81)

Notes to Consolidated Financial Statements [Unaudited]

Date of approval by shareholders	July 26, 2019	July 30, 2020
Grantees	4 directors and 14 executive officers	4 directors and 13 executive officers
Type of shares for which new subscription rights offered (Note below)	61,600 shares of Common stock	60,500 shares of Common stock
After the resolution		
End of the preceding term	33,700 shares	41,400 shares
Vested	—	—
Exercised	15,200 shares	16,900 shares
Cancelled	—	—
Outstanding	18,500 shares	24,500 shares
Date of issuance	August 14, 2019	August 18, 2020
Condition of exercising	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.	Grantees are eligible for a pro-rated portion of their grant if they leave the Company during the vesting period.
Vesting period	April 1, 2019– March 31, 2020	April 1, 2020– March 31, 2021
Exercise price	¥1 (\$0.00)	¥1 (\$0.00)
Exercisable period	August 15, 2019– August 14, 2044	August 19, 2020– August 18, 2045
Official price at the date of offered	¥961 (\$6.36)	¥526 (\$3.48)

Note: The amount is converted into the number of shares.

3. The evaluation of fair value of stock option

There were no stock options granted during the fiscal year ended March 31, 2024.

4. The method of estimating the number of stock options vested

Fundamentally, only the actual number of cancelled stock options is shown as it is difficult to estimate the possible number of cancelled stock options.

15. Income taxes

1. Deferred tax assets and liabilities at March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets:			
Loss carryforwards (Note)	¥ 22,901	¥ 23,513	\$ 151,662
Liability for retirement benefits	11,171	12,436	73,980
Accrued bonuses	4,056	3,636	26,860
Write-downs of inventories	2,679	2,492	17,741
Excess of allowance for doubtful receivables and bad debts expenses	1,191	2,397	7,887
Provision for loss on construction contracts	1,112	989	7,364
Excess depreciation	1,016	900	6,728
Asset retirement obligations	870	862	5,761
Balance of trust property with retirement benefits	801	658	5,304
Other	4,650	5,457	30,794
Gross deferred tax assets	50,453	53,345	334,125
Valuation allowance for tax loss carryforwards (Note)	(20,530)	(22,613)	(135,960)
Valuation allowance for deductible temporary differences	(8,375)	(21,104)	(55,463)
Less: Valuation allowance	(28,905)	(43,718)	(191,423)
Total deferred tax assets	21,547	9,627	142,695
Deferred tax liabilities:			
Asset for retirement benefits	(11,342)	(8,483)	(75,112)
Write-ups of investments in securities	(5,050)	(5,723)	(33,443)
Net unrealized holding gain (loss) on other securities	(3,928)	(424)	(26,013)
Taxable unrealized gain on contribution of securities to a pension trust	(1,866)	(1,916)	(12,357)
Other	(2,437)	(2,116)	(16,139)
Total deferred tax liabilities	(24,625)	(18,664)	(163,079)
Net deferred tax liabilities	¥ (3,077)	¥ (9,036)	\$ (20,377)

Note: The amount by tax loss carryforward for tax and the deferred tax asset due date

	Millions of yen						
	2024						
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Loss carryforwards	¥ 214	¥ 479	¥ 1,323	¥ 631	¥ 479	¥ 19,773	¥ 22,901
Less: Valuation allowance	(214)	(475)	(1,323)	(614)	(471)	(17,429)	(20,530)
Deferred tax assets	¥ —	¥ 3	¥ —	¥ 17	¥ 7	¥ 2,343	¥ 2,371

	Millions of yen						
	2023						
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Loss carryforwards	¥ 303	¥ 221	¥ 894	¥ 2,854	¥ 163	¥ 19,075	¥ 23,513
Less: Valuation allowance	(302)	(214)	(889)	(2,002)	(163)	(19,040)	(22,613)
Deferred tax assets	¥ 1	¥ 7	¥ 5	¥ 851	¥ —	¥ 34	¥ 900

Notes to Consolidated Financial Statements [Unaudited]

Thousands of U.S. dollars

	2024						Total
	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	
Loss carryforwards	\$ 1,417	\$ 3,172	\$ 8,761	\$ 4,178	\$ 3,172	\$ 130,947	\$ 151,662
Less: Valuation allowance	(1,417)	(3,145)	(8,761)	(4,066)	(3,119)	(115,423)	(135,960)
Deferred tax assets	\$ —	\$ 27	\$ —	\$ 112	\$ 53	\$ 15,524	\$ 15,702

2. Income taxes applicable to the Company and domestic consolidated subsidiaries comprised corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory tax rates of approximately 31% for the years ended March 31, 2024 and 2023, respectively. Income taxes of the overseas consolidated subsidiaries are based generally on the tax rates applicable in their respective countries of incorporation. A reconciliation between the statutory tax rates and the effective tax rates as a percentage of profit (loss) before income taxes for the years ended March 31, 2024 and 2023 are summarized as follows:

	2024	2023
Statutory tax rates	30.6%	—
Additions to (deductions from) income taxes resulting from:		
Permanent differences not recognized for tax purposes such as dividends received	(0.9)	—
Permanent nondeductible differences such as entertainment expenses	13.7	—
Increase (decrease) in valuation allowance for deferred tax assets	(80.2)	—
Per capita portion of inhabitants' taxes	1.5	—
Extinction of loss carryforwards	1.7	—
Difference in applicable tax rates of overseas subsidiaries	(3.3)	—
Other, net	(4.2)	—
Effective tax rates	(40.9)%	— %

Note: Not stated because loss before income taxes was recorded for the previous fiscal year.

3. Accounting process of corporate tax and local corporate tax or accounting process of tax effect accounting relating thereto

The Company and its domestic consolidated subsidiaries have applied the group tax sharing system, and in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), the Company and its domestic consolidated subsidiaries have performed the accounting process of the corporate tax and local corporate tax or the accounting process of the tax effect accounting relating thereto and has disclosed such information.

16. Revenue Recognition

1. Information on disaggregation of revenue from contracts with customers

From the years ended March 31, 2024, we have changed "Reportable segment".

"Revenue from contracts with customers" for the years ended March 31, 2023 were based on the divisions after the change.

For the year ended March 31	Millions of yen						Other (Note)	Total
	2024							
	Reportable segment							
	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal			
<Breakdown of net sales>								
Revenue from contracts with customers	¥93,977	¥177,401	¥73,400	¥73,889	¥418,669	¥429	¥419,098	
Other revenue	—	2,742	13	—	2,756	—	2,756	
Total net sales	93,977	180,144	73,413	73,889	421,425	429	421,854	
<Geographical market>								
Revenue from contracts with customers								
Japan	91,089	170,976	40,916	65,953	368,936	429	369,365	
Europe	129	258	18,690	714	19,792	—	19,792	
Asia	2,759	6,064	6,836	6,124	21,784	—	21,784	
North America	—	—	3,864	1,071	4,935	—	4,935	
Others	—	102	3,092	25	3,220	—	3,220	
Other revenue								
Japan	—	2,742	13	—	2,756	—	2,756	
<Timing of revenue recognition>								
Revenue from contracts with customers								
Revenue recognized at one point	27,267	36,576	66,963	69,685	200,493	62	200,555	
Revenue recognized over time	¥66,710	¥140,825	¥ 6,436	¥ 4,204	¥218,176	¥367	¥218,543	

Note: "Other" includes businesses that are not under the reporting segment, such as service provision.

For the year ended March 31	Millions of yen						Other (Note)	Total
	2024							
	Reportable segment							
	Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal			
<Breakdown of net sales>								
Revenue from contracts with customers	¥95,745	¥109,943	¥84,611	¥75,334	¥365,633	¥527	¥366,161	
Other revenue	—	2,916	18	—	2,934	—	2,934	
Total net sales	95,745	112,859	84,629	75,334	368,568	527	369,096	
<Geographical market>								
Revenue from contracts with customers								
Japan	93,341	102,222	42,340	66,758	304,662	527	305,190	
Europe	32	356	24,126	920	25,435	—	25,435	
Asia	2,371	7,357	7,367	6,192	23,288	—	23,288	
North America	—	—	6,520	1,445	7,965	—	7,965	
Others	—	6	4,256	17	4,281	—	4,281	
Other revenue								
Japan	—	2,916	18	—	2,934	—	2,934	
<Timing of revenue recognition>								
Revenue from contracts with customers								
Revenue recognized at one point	32,912	24,562	77,882	72,033	207,390	67	207,458	
Revenue recognized over time	¥62,832	¥ 85,380	¥ 6,728	¥ 3,301	¥158,242	¥460	¥158,703	

Note: "Other" includes businesses that are not under the reporting segment, such as service provision.

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For the year ended March 31	Thousands of U.S. dollars							
	2024						Other (Note)	Total
	Reportable segment					Subtotal		
Public Solutions	Enterprise Solutions	Component Products	EMS					
<Breakdown of net sales>								
Revenue from contracts with customers	\$622,364	\$1,174,841	\$486,092	\$489,331	\$2,772,642	\$2,841	\$2,775,483	
Other revenue	—	18,158	86	—	18,251	—	18,251	
Total net sales	622,364	1,193,006	486,178	489,331	2,790,894	2,841	2,793,735	
<Geographical market>								
Revenue from contracts with customers								
Japan	603,238	1,132,291	270,966	436,774	2,443,284	2,841	2,446,125	
Europe	854	1,708	123,774	4,728	131,072	—	131,072	
Asia	18,271	40,158	45,271	40,556	144,264	—	144,264	
North America	—	—	25,589	7,092	32,682	—	32,682	
Others	—	675	20,476	165	21,324	—	21,324	
Other revenue								
Japan	—	18,158	86	—	18,251	—	18,251	
<Timing of revenue recognition>								
Revenue from contracts with customers								
Revenue recognized at one point	180,576	242,225	443,463	461,490	1,327,768	410	1,328,178	
Revenue recognized over time	\$441,788	\$ 932,615	\$ 42,622	\$ 27,841	\$1,444,874	\$2,430	\$1,447,304	

Note: "Other" includes businesses that are not under the reporting segment, such as service provision.

2. Information to understand the revenue in this fiscal year and onwards

(1) Balances of receivables from contracts with customers, contract assets and contract liabilities at March 31, 2024 and 2023 were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of March 31, 2024	As of April 1, 2023	As of March 31, 2024
Receivables from contracts with customers	¥79,443	¥70,938	\$526,112
Of which, notes receivable	3,960	4,691	26,225
Of which, accounts receivable	75,482	66,246	499,880
Contract assets	34,299	23,199	227,145
Contract liabilities	¥ 6,116	¥ 7,217	\$ 40,503

Note: 1. Contract assets are recognized as right to consideration recorded by recognition of revenue in accordance with the degree of progress mainly on contracted manufacturing and various types of construction work. When the right to consideration becomes unconditional, they are transferred into receivables. Contract liabilities are related mainly to deposits received from customers based on service provision contracts that recognize revenue over a certain period, and are revised upon recognition of revenue.

2. Among the revenue recognized in this fiscal year, the amount included in the contract liabilities at the beginning of the year was ¥5,167 million. The amount of revenue recognized from the performance obligation that was satisfied (or partly satisfied) in the past period has no significance.

3. The increase in contract assets is mainly due to progress on contracted manufacturing and various types of construction work.

4. Contract liabilities are included in "Other current liabilities" under the current liabilities in the consolidated financial statements.

	Millions of yen	
	As of March 31, 2023	As of April 1, 2022
Receivables from contracts with customers	¥70,938	¥77,693
Of which, notes receivable	4,691	8,400
Of which, accounts receivable	66,246	69,293
Contract assets	23,199	16,298
Contract liabilities	¥ 7,217	¥ 8,548

Note: 1. Contract assets are recognized as right to consideration recorded by recognition of revenue in accordance with the degree of progress mainly on contracted manufacturing and various types of construction work. When the right to consideration becomes unconditional, they are transferred into receivables. Contract liabilities are related mainly to deposits received from customers based on service provision contracts that recognize revenue over a certain period, and are revised upon recognition of revenue.

2. Among the revenue recognized in this fiscal year, the amount included in the contract liabilities at the beginning of the year was ¥4,630 million. The amount of revenue recognized from the performance obligation that was satisfied (or partly satisfied) in the past period has no significance.

3. The increase in contract assets is mainly due to progress on contracted manufacturing and various types of construction work.

4. Contract liabilities are included in "Other current liabilities" under the current liabilities in the consolidated financial statements.

(2) Trading amount of unsatisfied performance obligation

The Group applies practical expedient to the notes on the trading amount allocated to the unsatisfied performance obligation. Notes are omitted for unsatisfied performance obligation based on the agreements initially expected to last for a year or shorter.

The total trading amount allocated to the unsatisfied performance obligation at the end of this fiscal year and the duration within which the revenue may be recognized are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Within one year	¥45,999	¥29,682	\$304,629
One year to three years	31,355	22,975	207,649
Over three years	2,464	706	16,317
Unsatisfied performance obligation total	¥79,818	¥53,364	\$528,596

17. Segment Information

1. Segment Information

(1) Overview of reporting segments

The reportable segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine distribution of management resources and evaluate their business results.

The Company has four reportable segments: the Public Solutions Business, the Enterprise Solutions Business, the Component Products Business, and the EMS Business. Each of them plans comprehensive strategies for their main product lines in domestic and overseas markets and is engaged in its business activities.

The Public Solutions Business provides mission-critical system solutions and edge-to-backbone networks for transportation, disaster prevention, defense, etc.

The Enterprise Solutions Business provides solutions and services to solve labor shortages and improve operational efficiency through mechatronics technology, solutions, networks, and maintenance & services.

The Component Products Business provides edge products covering sensing, AI, communications, and output.

The EMS business provides one-stop comprehensive Mono-zukuri services from design to manufacturing and reliability testing.

Listed below are the major products and services of each reportable segment:

Reporting segments	Major products and services
Public Solutions	Road-related systems, aviation and air traffic control systems, firefighting and disaster prevention related systems, central government work systems, defense systems, aviation equipment, communications equipment for telecom carriers, etc.
Enterprise Solutions	ATMs, cash handling equipment, bank branch terminals, ticket reservations and issuing terminals, check-in terminals, currency exchange machines, ATM monitoring and operations services, bank branch systems, centered-administration systems, ticket reservations and issuing systems, construction and maintenance services, etc.
Component Products	Edge devices (IoT), sensor network, PBX, business telephones, contact centers, cloud services, LED printer, etc.
EMS	Consigned designing and manufacturing services, printed circuit boards, cables and electrode wires, engineering, etc.

(Change in reporting segment classification)

From the fiscal year ending March 31, 2024, in line with our new business structure focused on streamlining the scale of operations, optimizing the value chain, and strengthening business management, we have reorganized into four segments: Public Solutions, Enterprise Solutions, Component Products, and EMS.

Please note that the segment information for the fiscal year ended March 31, 2023 has been disclosed based on the classifications of the reorganized reporting segments.

(2) Calculation method of net sales, profit or loss, assets, liabilities and other items on each reporting segment The account policies of the reporting segments is the same as those described in "Note1. Summary of Significant Accounting Policies" and intersegment sales and transfers are calculated at the prevailing market prices.

Notes to Consolidated Financial Statements [Unaudited]

(3) Information on net sales, profit or loss, assets, liabilities and other items by each reporting segment Reporting segment information as of March 31, 2024 and 2023 and for the years then ended were as follows:

For the year ended March 31	Millions of yen								
	2024								
	Segments					Other	Total	Adjustments	Consolidated
Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal					
Sales to third parties	¥93,977	¥180,144	¥73,413	¥73,889	¥421,425	¥ 429	¥421,854	¥ —	¥421,854
Inter-segment sales and transfers	4,376	391	6,180	594	11,543	9,522	21,066	(21,066)	—
Net sales	98,354	180,535	79,594	74,483	432,968	9,952	442,920	(21,066)	421,854
Segment income (loss)	4,443	21,960	565	1,118	28,088	(1,100)	26,988	(8,295)	18,692
Total assets	82,086	140,527	55,089	76,028	353,732	9,367	363,099	60,299	423,399
Depreciation and amortization	1,763	3,309	2,846	3,126	11,045	276	11,321	1,911	13,233
Investments in equity-method affiliates	1,099	—	—	—	1,099	—	1,099	—	1,099
Increase in property, plant, equipment and intangible assets	¥ 2,888	¥ 4,785	¥ 1,805	¥ 4,030	¥ 13,510	¥ 140	¥ 13,651	¥ 2,515	¥ 16,166

For the year ended March 31	Millions of yen								
	2023								
	Segments					Other	Total	Adjustments	Consolidated
Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal					
Sales to third parties	¥95,745	¥112,859	¥84,629	¥75,334	¥368,568	¥ 527	¥369,096	¥ —	¥369,096
Inter-segment sales and transfers	2,556	688	6,421	717	10,384	11,983	22,367	(22,367)	—
Net sales	98,302	113,548	91,050	76,051	378,953	12,511	391,464	(22,367)	369,096
Segment income (loss)	3,409	1,522	1,597	2,250	8,780	429	9,210	(6,806)	2,403
Total assets	75,384	120,805	56,138	75,528	327,856	8,919	336,776	53,649	390,425
Depreciation and amortization	1,981	2,105	2,928	2,432	9,448	244	9,693	1,618	11,312
Investments in equity-method affiliates	1,024	811	—	—	1,836	—	1,836	—	1,836
Increase in property, plant, equipment and intangible assets	¥ 3,829	¥ 3,985	¥ 2,898	¥ 5,009	¥ 15,724	¥ 455	¥ 16,179	¥ 2,595	¥ 18,774

For the year ended March 31	Thousands of U.S. dollars								
	2024								
	Segments					Other	Total	Adjustments	Consolidated
Public Solutions	Enterprise Solutions	Component Products	EMS	Subtotal					
Sales to third parties	\$622,364	\$1,193,006	\$486,178	\$489,331	\$2,790,894	\$ 2,841	\$2,793,735	\$ —	\$2,793,735
Inter-segment sales and transfers	28,980	2,589	40,927	3,933	76,443	63,059	139,509	(139,509)	—
Net sales	651,350	1,195,596	527,112	493,264	2,867,337	65,907	2,933,245	(139,509)	2,793,735
Segment income (loss)	29,423	145,430	3,741	7,403	186,013	(7,284)	178,728	(54,933)	123,788
Total assets	543,615	930,642	364,827	503,496	2,342,596	62,033	2,404,629	399,331	2,803,966
Depreciation and amortization	11,675	21,913	18,847	20,701	73,145	1,827	74,973	12,655	87,635
Investments in equity-method affiliates	7,278	—	—	—	7,278	—	7,278	—	7,278
Increase in property, plant, equipment and intangible assets	\$ 19,125	\$ 31,688	\$ 11,953	\$ 26,688	\$ 89,470	\$ 927	\$ 90,403	\$ 16,655	\$ 107,059

Note: 1. "Other" includes businesses that are not under the reporting segment, such as service provision.

2. Details of adjustment are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Segment income (loss)			
Elimination of intersegment transactions	¥247	¥363	\$1,635
Corporate expense*	(8,474)	(7,063)	(56,119)
Adjustment to non-current assets	(68)	(106)	(450)
Total	¥(8,295)	¥(6,806)	\$(54,933)

* Corporate expenses consist principally of expenses in the Company's General and Administrative Department and research and development expenses that are not attributable to the reportable segments.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Total assets			
Elimination of intersegment transactions	¥(112,874)	¥(93,183)	\$(747,509)
Corporate assets*	175,288	148,439	1,160,847
Adjustment to non-current assets	(2,113)	(1,606)	(13,993)
Total	¥60,299	¥53,649	\$399,331

* Corporate assets consist principally of the Company's surplus funds, funds for long-term investments and assets belonging to the General and Administrative Department.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Depreciation and amortization			
Depreciation expense for corporate assets	¥2,206	¥1,878	\$14,609
Adjustment to non-current assets	(294)	(259)	(1,947)
Total	¥1,911	¥1,618	\$12,655

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Increase in property, plant, equipment and intangible assets			
Corporate assets	¥2,880	¥2,958	\$19,072
Adjustment to non-current assets	(365)	(363)	(2,417)
Total	¥2,515	¥2,595	\$16,655

3. Segment income (loss) were reconciled to operating income (loss) in the consolidated statements of income.

2. Related information

Related information as of March 31, 2024 and 2023 and for the years then ended were as follows:

(1) Products and service information

Since the same information is disclosed in the segment information, the description is omitted.

(2) Geographic information

(i) Sales

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Japan	¥372,121	¥308,125	\$2,464,377
Europe	19,792	25,435	131,072
Asia	21,784	23,288	144,264
North America	4,935	7,965	32,682
Other	3,220	4,281	21,324
Total	¥421,854	¥369,096	\$2,793,735

Note: Sales are classified as country or region based on the customer's location.

(ii) Property, plant and equipment

Since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet, the disclosure is omitted.

Notes to Consolidated Financial Statements [Unaudited]

3. Information on impairment loss by each reporting segment

Year ended March 31, 2023

The disclosure is omitted due to immateriality.

Year ended March 31, 2024

The disclosure is omitted due to immateriality.

4. Information on amortization of goodwill and unamortized balance by each reporting segment

Year ended March 31, 2023

The disclosure is omitted due to immateriality.

Year ended March 31, 2024

The disclosure is omitted due to immateriality.

5. Information on gain on negative goodwill by each reporting segment

Year ended March 31, 2023

The disclosure is omitted due to immateriality.

Year ended March 31, 2024

The disclosure is omitted due to immateriality.

18. Amounts per share

	Yen		U.S. dollars
	2024	2023	2024
Net assets per share	¥1,628.78	¥1,143.96	\$10.78
Basic earnings (losses) per share	295.93	(32.33)	1.95
Diluted earnings per share	¥ 295.61	¥ —	\$ 1.95

*1 Diluted earnings per share for the previous fiscal year is not stated because net loss per share was recorded despite the existence of dilutive shares.

*2 Basic and diluted earnings per share were calculated on the basis of the following data.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Basic earnings (losses) per share			
Profit (loss) attributable to owners of parent	¥25,649	¥ (2,800)	\$169,860
Amounts not attributable to common stock	—	—	—
Profit (loss) attributable to owners of parent related to common stock	¥25,649	¥ (2,800)	\$169,860
Weighted-average number of shares of common stock during the period (thousand shares)	86,672	86,619	
Diluted earnings per share			
Profit attributable adjustment to owners of parent	—	—	—
Increase in number of common stocks (thousand shares)	94	—	
Outline of the residual securities excluded from the calculation of the fully diluted net income per share because they have no dilutive effects	—	—	

*3 Net assets per share were calculated on the basis of the following data.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Total net assets	¥141,314	¥99,279	\$935,854
Amounts deducted from total net assets	¥ 139	¥ 191	\$ 920
(Subscription rights to shares)	¥ (73)	¥ (121)	\$ (483)
(Non-controlling interests)	¥ (65)	¥ (69)	\$ (430)
Net assets at the year end to common stock	¥141,174	¥99,088	\$934,927
Common stock at the year end used to calculated of the net assets per share (thousand shares)	86,675	86,618	

19. Consolidated Supplementary Schedules

1. Schedule of company bonds

Not applicable

2. Schedule of borrowings, etc

	Millions of yen				Thousands of U.S. dollars	
	2024				2024	
	Balance at March 31, 2023	Balance at March 31, 2024	Average interest rate	Term of payment	Balance at March 31, 2023	Balance at March 31, 2024
Short-term borrowings	¥ 67,294	¥ 36,736	3.1%	—	\$445,655	\$243,284
Long-term borrowings (Within 1 year)	19,420	23,276	1.2	—	128,609	154,145
Lease obligations (Within 1 year)	3,758	3,282	—	—	24,887	21,735
Long-term borrowings (Over 1 year)	31,268	50,017	1.3	2025-2029	207,072	331,238
Lease obligations (Over 1 year)	6,905	5,119	—	2025-2034	45,728	33,900
Total	¥128,646	¥118,431	—	—	\$851,960	\$784,311

Note: 1. For the "average interest rate", the weighted average interest rate on the balance at the end of the fiscal year such as borrowings is stated. Since we adopt a method that does not recognize interest equivalent amount for part of lease obligations, the description of average interest rate is omitted.

2. The planned amount of repayment within five years after the consolidated closing date of "Long-term borrowings and Lease obligations (over 1 year)" is as follows:

	Millions of yen				Thousands of U.S. dollars			
	2024				2024			
	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years
Long-term borrowings	¥17,944	¥15,228	¥10,220	¥6,625	\$118,834	\$100,847	\$67,682	\$43,874
Lease obligations	2,300	1,193	574	366	15,231	7,900	3,801	2,423

3. Schedule of Asset Retirement Obligations

Note is omitted since the amount of asset retirement obligations at the beginning of this consolidated fiscal year and at the end of the consolidated fiscal year ended March 31 is less than 1 / 100th of the total amount of liabilities and net assets at the end of the fiscal year.

OKI

Oki Electric Industry Co., Ltd.