

3. Consolidated Results Projection for the Fiscal Year Ending March 31, 2021
(from April 1, 2020 to March 31, 2021)

(Percentage figures indicate year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	405,000	(11.4)	8,500	(49.5)	8,000	(42.0)	1,000	(92.9)	11.55

(Note) Revisions to operating results projection most recently announced: None

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Application of accounting procedures specific to quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies in accordance with revision of accounting standards, etc.: None
 - 2) Any changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Restatements: None
- (4) Number of shares issued (common stock)
 - 1) Number of shares issued at the end of the period (including treasury shares)
 - As of December 31, 2020: 87,217,602 shares
 - As of March 31, 2020: 87,217,602 shares
 - 2) Number of treasury shares at the end of the period
 - As of December 31, 2020: 653,492 shares
 - As of March 31, 2020: 690,583 shares
 - 3) Average number of shares during the period
 - Nine months ended December 31, 2020: 86,564,567 shares
 - Nine months ended December 31, 2019: 86,529,724 shares

Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

Explanation regarding appropriate use of results projection and other special notes

(Warning on forward-looking statements)

The forward-looking statements including the projection for the financial results contained in this document are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable, and actual results may differ from such statements due to a variety of factors. For the conditions assumed for the results projection and notes on the use of such projections, please refer to “(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other” of “1. Qualitative Information on Financial Results for the Period” on page 4 of the Attachment.

(How to obtain supplementary document on financial results)

The Company is scheduled to hold a financial results briefing for institutional investors on February 4, 2021 (Thursday). The document on financial results is disclosed on TDNet at the same time as this Summary of Consolidated Financial Results and is also made available on the Company’s website on the same day.

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1. Qualitative Information on Financial Results for the Period

(1) Operating Results

1) Overview of the first nine months of the fiscal year ending March 31, 2021 (April 1, 2020 to December 31, 2020)

OKI's business environment continues to undergo significant changes, including labor shortages and aging infrastructure in Japan, environmental issues, technological innovations such as 5G/AI, and paradigm shifts caused by COVID-19 the global market.

In order to respond to the social challenges brought about by these changes in the business environment, OKI is accelerating innovation through co-creation, restructuring its business portfolio and strengthening its management foundation. With the installed base of devices and a strong customer base that we have built over a long history as the source of value creation, we aim to resolve social issues through both mono-zukuri (manufacturing) in the real world and koto-zukuri (creation of solutions and services) that link such devices to the cloud in real time.

For the business conditions in the first nine months of the fiscal year ending March 31, 2021, Net sales were ¥266.9 billion, a ¥61.0 billion or 18.65% decrease year-on-year. In the previous fiscal year, there was a contribution from major projects and changes in revenue recognition standards; this reactionary decline had an impact. In addition, a combination of several factors, including the business transfer of a Brazilian subsidiary and the impact of COVID-19, resulted in a significant decrease in sales. As a result, operating loss was ¥2.6 billion, worsened by ¥11.7 billion year-on-year, and ordinary loss was ¥3.4 billion, worsened by ¥10.7 billion year-on-year.

Loss attributable to owners of parent was ¥8.5 billion, worsened by ¥15.7 billion year-on-year due to the recording of the business restructuring expenses of ¥2.7 billion and etc.

For the period under review, the impact of COVID-19 was negative with net sales of approximately ¥23.0 billion and operating income of approximately ¥7.0 billion.

(Billions of yen)	Nine months ended December 31, 2020	Nine months ended December 31, 2019	Year-on-year change rate
Net sales	266.9	327.9	(18.6)%
Operating income(loss)	(2.6)	9.1	—
Ordinary income(loss)	(3.4)	7.3	—
Profit (loss) attributable to owners of parent	(8.5)	7.2	—

Net sales and operating income to external customers by business segment were as follows.

From the first quarter of the current fiscal year, the reportable segment classification and the method of measuring profit or loss by segment have been changed. Therefore, in the comparison of the same period of the previous fiscal year below, figures for the same period of the previous fiscal year are compared with figures reclassified according to the segment classification and measurement method after the change.

2) Results by business segment

< Solution Systems >

Net sales came to ¥128.6 billion (a year-on-year decrease of 18.3% or ¥28.7 billion) and operating income was ¥6.5 billion (a year-on-year decrease of ¥4.2 billion). Although revenues and earnings declined due to the reactionary decline in large-scale projects and the first-year impact of expanding the scope of application of the percentage-of-completion method in the in the previous fiscal year, both sales and profits are recovering every quarter, slightly exceeding the plan.

(Billions of yen)	Nine months ended December 31, 2020	Nine months ended December 31, 2019	Year-on-year change rate
Net sales	128.6	157.3	(18.3)%
Operating income	6.5	10.7	(39.6)%

< Components & Platforms >

Net sales came to ¥135.2 billion (a year-on-year decrease of 16.1% or ¥25.8 billion). We were strongly affected by COVID-19 in overseas markets. In particular, the markets of Asian countries, which are growing markets for automated machines, have been more stagnant than expected. In Europe, improvements have been seen in some areas, but they are limited. Although the domestic market had been relatively stable, as the impact of COVID-19 continued for a long period of time, some customers of EMS and automated machines began to revise or extend plans.

Operating loss was ¥4.2 billion, worsened by ¥8.1 billion year-on-year. Although earnings improved partly in the third quarter due to the effect of cost reductions from various structural reform measures, as well as foreign exchange effects and a temporary increase in sales of consumables in Europe, earnings declined in the first nine months of the fiscal year due to lower sales.

(Billions of yen)	Nine months ended December 31, 2020	Nine months ended December 31, 2019	Year-on-year change rate
Net sales	135.2	161.0	(16.1)%
Operating income(loss)	(4.2)	3.9	—

<Others>

Net sales came to ¥3.1 billion (a year-on-year decrease of 67.7% or ¥6.4 billion) and operating loss came to ¥0.3 billion (a year-on-year deterioration of ¥0.1 billion). Sales decreased mainly due to the business transfer of a subsidiary in Brazil.

(Billions of yen)	Nine months ended December 31, 2020	Nine months ended December 31, 2019	Year-on-year change rate
Net sales	3.1	9.5	(67.7)%
Operating income(loss)	(0.3)	(0.2)	—

(2) Financial Position

1) Assets, liabilities, net assets, etc., at the end of the first nine months of the fiscal year ending March 31, 2021

At the end of the period under review, total assets decreased by ¥30.6 billion from the end of the previous fiscal year to ¥341.9 billion. Shareholders' equity decreased ¥10.3 billion from the end of the previous fiscal year to ¥95.9 billion mainly due to the recording of ¥8.5 billion in loss attributable to owners of parent and a distribution of ordinary dividends of ¥4.3 billion, despite an increase of ¥2.4 billion in accumulated other comprehensive income in the first nine months of the fiscal year ending March 31, 2021. As a result, shareholders' equity ratio stood at 28.0%.

With respect to major decreases in assets, there was a decrease of ¥33.3 billion in notes and accounts receivable - trade, while there was an increase of ¥8.1 billion in inventories.

With respect to major decreases in liabilities, there was a decrease of ¥11.4 billion in notes and accounts payable - trade. Borrowings increased by ¥0.2 billion from ¥77.7 billion at the end of the previous fiscal year to ¥77.9 billion.

2) Cash flows for the first nine months of the fiscal year ending March 31, 2021

For the period under review, net cash provided by operating activities amounted to ¥11.0 billion (¥11.0 billion of cash inflow for the same period of the previous fiscal year), due mainly to the decrease in working capital.

Net cash used in investing activities amounted to ¥11.1 billion (¥1.0 billion of cash inflow for the same period of the previous fiscal year), due to payments for purchase of property, plant and equipment, despite the proceeds from sales of property, plant and equipment.

As a result, free cash flow, which is the sum of cash flows from operating activities and cash flows from investing activities, resulted in a net outflow of ¥0.1 billion (net inflow of ¥12.6 billion for the same period of the previous fiscal year).

Net cash used in financing activities amounted to ¥7.1 billion (¥5.8 billion of cash outflow for the same period of the previous fiscal year), due mainly to the distribution of ordinary dividends and repayment of lease obligations.

In addition to the above factors, due to a decrease of ¥0.1 billion from the effect of exchange rate change on cash and cash equivalents, cash and cash equivalents at the end of the period under review came to ¥39.2 billion from ¥46.5 billion at the end of the previous fiscal year.

(3) Forward-Looking Statements Including Projection for Consolidated Operating Results and Other

For the fiscal year ending March 31 2021, the forecast announced on October 29, 2020 will be left unchanged in view of the results for the first nine months and the current situation. In the future, we will promptly notify you of any revisions to our earnings forecasts.

2. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	49,227	42,000
Notes and accounts receivable-trade	111,314	77,956
Finished goods	15,901	19,407
Work in process	14,332	21,679
Raw materials and supplies	21,978	19,218
Other	24,352	24,530
Allowance for doubtful accounts	(382)	(412)
Current assets	236,726	204,380
Non-current assets		
Property, plant and equipment	51,428	50,187
Intangible assets	11,288	12,319
Investments and other assets	73,027	74,979
Non-current assets	135,744	137,486
Assets	372,471	341,866
Liabilities		
Current liabilities		
Notes and accounts payable-trade	61,714	50,315
Short-term borrowings	35,415	44,820
Provisions	7,382	5,144
Other	55,429	50,550
Current liabilities	159,940	150,830
Non-current liabilities		
Long-term borrowings	42,310	33,100
Provision for retirement benefits for directors (and other officers)	372	346
Other provisions	1,468	1,442
Retirement benefit liability	32,129	32,409
Other	29,808	27,638
Non-current liabilities	106,090	94,936
Liabilities	266,030	245,767
Net assets		
Shareholders' equity		
Share capital	44,000	44,000
Capital surplus	19,047	19,029
Retained earnings	60,847	48,056
Treasury shares	(971)	(919)
Shareholders' equity	122,923	110,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(218)	845
Deferred gains or losses on hedges	112	(159)
Foreign currency translation adjustment	(9,029)	(8,592)
Remeasurements of defined benefit plans	(7,583)	(6,384)
Valuation and translation adjustments	(16,718)	(14,291)
Share acquisition rights	171	160
Non-controlling interests	64	64
Net assets	106,440	96,099
Liabilities and net assets	372,471	341,866

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)
(For the Nine Months Ended December 31, 2019 and 2020)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	327,858	266,853
Cost of sales	245,164	202,603
Gross profit	82,693	64,250
Selling, general and administrative expenses	73,561	66,838
Operating income (loss)	9,131	(2,588)
Non-operating income [abstract]		
Interest income	74	28
Dividend income	1,091	803
Miscellaneous income	566	993
Non-operating income	1,732	1,825
Non-operating expenses		
Interest expenses	1,283	1,070
Foreign exchange losses	1,433	—
Miscellaneous expenses	856	1,599
Non-operating expenses	3,574	2,669
Ordinary profit (loss)	7,290	(3,433)
Extraordinary income		
Gain on sales of non-current assets	4,841	—
Gain on sales of investment securities	4,373	—
Gain on sales of shares of subsidiaries and associates	165	—
Compensation income for damage	202	—
Gain on sale of businesses	—	525
Extraordinary income	9,582	525
Extraordinary losses		
Loss on disposal of non-current assets	325	704
Impairment loss	—	761
Loss on sales of shares of subsidiaries and associates	192	—
Loss on disaster	306	—
Business restructuring expenses	1,699	2,708
Extraordinary losses	2,523	4,174
Profit (loss) before income taxes	14,349	(7,082)
Income taxes-current	1,504	95
Income taxes-deferred	5,630	1,262
Income taxes	7,135	1,357
Profit (loss)	7,214	(8,440)
Profit attributable to non-controlling interests	30	24
Profit (loss) attributable to owners of parent	7,183	(8,465)

(Consolidated Statements of Comprehensive Income)
(For the Nine Months Ended December 31, 2019 and 2020)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss)	7,214	(8,440)
Other comprehensive income [abstract]		
Valuation difference on available-for-sale securities	1,588	1,063
Deferred gains or losses on hedges	(74)	(271)
Foreign currency translation adjustment	717	437
Remeasurements of defined benefit plans	1,098	1,198
Other comprehensive income	3,330	2,428
Comprehensive income	10,544	(6,011)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,511	(6,038)
Comprehensive income attributable to non-controlling interests	33	26

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities [abstract]		
Profit (loss) before income taxes	14,349	(7,082)
Depreciation	9,234	9,318
Impairment loss	—	761
Increase (decrease) in provisions	(279)	(2,269)
Interest and dividend income	(1,166)	(831)
Interest expenses	1,283	1,070
Loss (gain) on sales of investment securities	(4,325)	(58)
Loss (gain) on disposal of non-current assets	(4,516)	704
Loss (gain) on sale of businesses	—	(525)
Decrease (increase) in trade receivables	5,363	30,712
Decrease (increase) in inventories	(2,791)	(9,699)
Increase (decrease) in trade payables	(3,929)	(10,629)
Other, net	1,148	2,231
Subtotal	14,369	13,702
Interest and dividends received	1,147	831
Interest paid	(1,333)	(1,067)
Income taxes paid	(2,535)	(2,506)
Net cash provided by (used in) operating activities	11,647	10,960
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,499)	(19,817)
Proceeds from sales of property, plant and equipment	6,073	12,004
Purchase of intangible assets	(3,102)	(2,943)
Proceeds from sales of investment securities	8,034	1,352
Proceeds from sale of businesses	—	400
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(0)	(1,045)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	27	—
Purchase of long-term prepaid expenses	(1,289)	(1,285)
Other payments	(662)	(163)
Other proceeds	410	440
Net cash provided by (used in) investing activities	991	(11,055)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,416	10,421
Repayments of long-term borrowings	(12,547)	(9,893)
Dividends paid	(4,332)	(4,305)
Repayments of lease obligations	(3,253)	(3,356)
Other, net	(67)	25
Net cash provided by (used in) financing activities	(5,785)	(7,107)
Effect of exchange rate change on cash and cash equivalents	(16)	(122)
Net increase (decrease) in cash and cash equivalents	6,837	(7,325)
Cash and cash equivalents	26,823	46,517
Cash and cash equivalents	33,661	39,191

(4) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Significant Changes in Shareholders' Equity)

Not applicable

(Additional Information)

(COVID-19 impact)

Based on the assumption that the spread of COVID-19 will continue for a certain period of time in the current consolidated fiscal year, the OKI Group (the Company and its consolidated subsidiaries) reflects the accounting estimate (determining the recoverability of deferred tax assets and indicators of impairment of fixed assets) in its accounting treatment. There has been no significant change in this assumption since the previous fiscal year.

However, the impact of COVID-19 is highly uncertain, and future results may differ from these estimates and assumptions.

(Segment Information)

I First nine months of the fiscal year ended March 31, 2020 (from April 1, 2019 to December 31, 2019)
Information about amounts of net sales, income and loss by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Solution Systems	Components & Platforms	Total				
Net sales							
Net sales to external customers	157,317	161,034	318,352	9,505	327,858	–	327,858
Intersegment net sales or transfers	2,786	5,080	7,866	11,852	19,718	(19,718)	–
Total	160,103	166,115	326,219	21,358	347,577	(19,718)	327,858
Segment income (loss)	10,721	3,945	14,667	(173)	14,493	(5,362)	9,131

- (Notes) 1. “Others” consists of businesses not included in the reportable segments, such as provision of services, and manufacturing and sales of other equipment products.
2. The adjustment to segment income or loss of ¥(5,362) million includes the elimination of intersegment transactions of ¥126 million, corporate expenses not allocated to each reportable segment of ¥(5,374) million, and an adjustment to non-current assets of ¥(113) million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.
3. Segment income or loss is adjusted with operating income in the consolidated statements of income.

II First nine months of the fiscal year ending March 31, 2021 (from April 1, 2020 to December 31, 2020)

1. Information about amounts of net sales, income and loss by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Solution Systems	Components & Platforms	Total				
Net sales							
Net sales to external customers	128,598	135,185	263,784	3,069	266,853	–	266,853
Intersegment net sales or transfers	2,494	4,693	7,188	9,001	16,189	(16,189)	–
Total	131,093	139,879	270,972	12,070	283,043	(16,189)	266,853
Segment income (loss)	6,472	(4,176)	2,296	(291)	2,005	(4,593)	(2,588)

(Notes) 1. “Others” consists of businesses not included in the reportable segments, such as provision of services, and manufacturing and sales of other equipment products.

2. The adjustment to segment income or loss of ¥(4,593) million includes the elimination of intersegment transactions of ¥116 million, corporate expenses not allocated to each reportable segment of ¥(4,727) million, and an adjustment to non-current assets of ¥17 million. Corporate expenses are mainly general and administrative expenses and research and development expenses that are not attributable to the reportable segments.

3. Segment income or loss is adjusted with operating loss in the consolidated statements of income.

2. Matters related to changes in reportable segments

(Change in segment classification)

From the first quarter of the fiscal year ending March 31, 2021, aiming at strengthening manufacturing required in the IoT /5G era, OKI reorganized the Mechatronics Systems business, Printers business, and EMS business to "Components & Platforms Business". The ICT business was renamed "Solution Systems Business". In addition, OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO S.A. and its subsidiaries, which were previously disclosed as the Mechatronics Systems business of the reportable segment, are now preparing for liquidation procedures. Therefore, they have been removed from the reportable segment and replaced with the "Others" segment.

Segment information for the first nine months of the previous fiscal year is prepared based on the reportable segment classification after the change.

(Change in the measurement method)

From the first quarter of the current fiscal year, in order to more appropriately reflect the results of each reportable segment, the Company has reviewed the allocation method for corporate expenses and changed the measurement method for profit or loss of reportable segments.

As the effect of the change in the measurement method on segment profit or loss has increased in importance since the first half of the current fiscal year, the segment information for the first nine months of the previous fiscal year has also been prepared based on the changed measurement method.