

(Translation)

This document is an English translation of the notice for the general meeting of shareholders originally written in Japanese. This translation was made for reference purpose only and all warranties, and in particular the accuracy of this translation, are hereby disclaimed.

## ■■■ Message to Shareholders

### —Formulation of the Medium-Term Business Plan 2025—

OKI has formulated its three-year medium-term business plan, “Medium-Term Business Plan 2025,” covering the period from FY2023 through FY2025.

This plan is to ensure that we steer toward growth, as a company “Delivering OK! to your life,” by breaking free from the downward trend and strengthening our capacity to adapt to changing environments based on the new business structure established in April 2023. The plan’s targets for FY2025, its final fiscal year, include net sales of 450.0 billion yen, operating income of 18.0 billion yen, and a shareholders’ equity ratio of 30%.

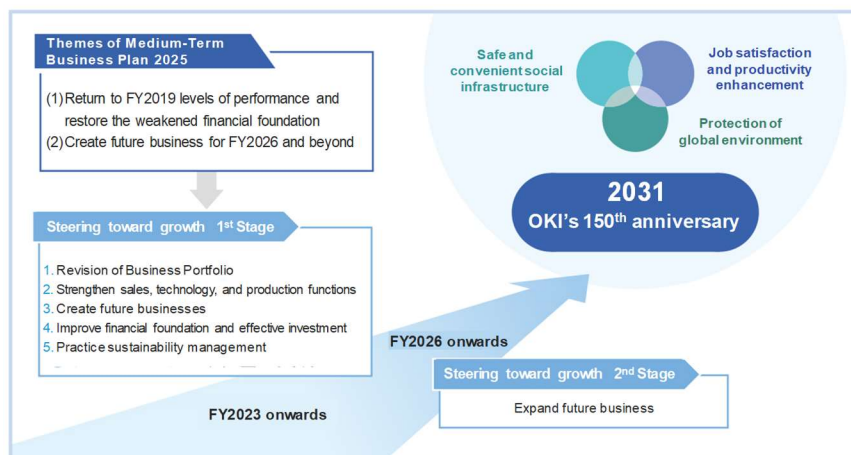
### OKI’s Vision

OKI solves social issues through critical Mono-zukuri (product manufacturing) and Koto-zukuri (creation of solutions and services) as a company “Delivering OK! to your life.”

OKI’s vision for 2031, the 150th anniversary of the company’s founding, is to provide value that leads to the resolution of social issues as a company that does not stop and contributes to the maintenance of social infrastructure in the three fields of contribution: safe and convenient social infrastructure; job satisfaction and productivity enhancement; and protection of the global environment.

### Medium-Term Business Plan 2025 Basic Policy

In the “Medium-Term Business Plan 2025,” we will steer toward growth and break free from the downward trend to achieve this vision. To this end, we will first return to FY2019 levels of performance and restore our financial foundation. In order to create future business for FY2026 and beyond, we will implement the following five measures as part of our steering toward growth 1st Stage.



(Translation)

## Management Targets

We will break free from the downward trend and achieve net sales and operating income at FY2019 levels, while restoring the financial foundation.

Net sales	Operating income	Shareholder's equity ratio
¥450.0 billion	¥18.0 billion	30%

		(Billions of yen)	FY2019 Results	FY2022 Results	FY2025 Plan
Growth potential	Net sales		457.2	369.1	450.0
	Operating income		16.8	2.4	18.0
	Profit		14.1	(2.8)	10.0
Profitability	Operating income margin		4%	1%	4%
Financial soundness	Shareholders' equity ratio		29%	25%	30%
Capital efficiency	ROE		14%	(3)%	8%
Shareholder returns	Dividend payout ratio		31%	—	30% or more

(Translation)

## ■■■ Message to Shareholders

### — 5 Measures in Steering toward Growth 1st Stage —

#### **Revision of Business Portfolio**

In April 2023, we reorganized our previous eight business divisions into five business divisions and four segments (Public Solutions, Enterprise Solutions, Component Products, and EMS) as a new business structure designed to rationalize business scale, optimize the value chain of the business, and strengthen business management. This shift has clarified the positioning of each segment. In addition to realizing a dynamic and speedy business development that includes subsidiaries, we will strengthen business management by introducing a ROIC perspective. Under this Medium-Term Business Plan, we will strive to improve earnings by reliably securing large-scale projects and expanding our focus areas with strategies tailored to the positioning of each segment.

#### **Strengthen Sales, technology, and production functions**

Under the new structure, in addition to reorganizing sales sections along market axes, we established the new Global Business & Marketing Division to restart overseas business. Additionally, we established Companywide organizations: the Technology Division, to manage technology development; and the Production & Procurement Management Division, to maximize efficiency at all plants while optimizing QCD and supply chain. By strengthening these functions, the OKI Group will demonstrate its comprehensive strengths and remain resistant to changes in external conditions and boost its business capabilities.

#### **Create future business**

By evolving the Group's manufacturing foundation and innovation activities, and using the technologies and processes developed there for solutions, products, and services, we will create value in the three areas of contribution and contribute to solving social and customer issues. We will continue to enhance OKIs' strengths: edge technologies, including ICT technologies; sensing technologies; and the component technologies essential to self-service and automation. At the same time, we will focus on data management to make progress on developing platforms to intensify use of data collected from the real field, with social infrastructure, manufacturing, and ocean as our focus areas. In addition, we will strengthen innovation activities centered on the Innovation Business Development Center, which was established as a business unit responsible for new businesses, and accelerate commercialization for the future in areas such as advanced remote operations, logistics, healthcare/medical care, and Crystal Film Bonding (CFB), with a view to global expansion.

#### **Improve financial foundation and effective investments**

We will invest to expand our business premised on improving our financial foundations and maintaining our BBB credit rating. In addition to growing earnings by steadily capitalizing on projects carried over from the previous Medium-Term Business Plan and on large-scale projects, we will swiftly normalize the excess working capital caused by supply chain disruptions, and optimize our held assets through the sale of policy-held stocks and other means. We will also steadily implement well-balanced investments including returns to shareholders and active capital investment in growth businesses.

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### **Practicing Sustainability Management**

In addition to formulating the new Medium-Term Business Plan, we have updated our material issues (Materiality) for sustainability management. We plan to make steady progress in environmental, social, and governance fields not only by “providing products and services that help social issues” in the three areas of contribution, but also by “reducing environmental impact through business activities,” “transforming into a corporate culture that continuously creates value,” and “strengthening management foundation to support sustainable growth.”

For more details about Medium-Term Business Plan 2025,  
please refer to the explanatory materials posted on the Company’s website.

**<https://www.oki.com/en/ir/>**

(Translation)

## ■■■ Message to Shareholders

### —Sustainability Initiatives of The Oki Group—

#### As a Company “Delivering OK! to your life.”

Based on its corporate philosophy, the OKI Group is working to advance sustainability initiatives as a company “Delivering OK! to your life.” Through the key Japanese concepts of Mono-zukuri and Koto-zukuri, we will contribute to resolving social issues and help create a safe and convenient infrastructure for customers and society as a whole, and we will also practice corporate activities that are worthy of the trust of stakeholders. On April 1, 2023, the Sustainability Promotion Division was established as a dedicated organization to further promote sustainability activities within the OKI Group. We will continue to accurately disclose the progress of our initiatives and engage in dialogue with stakeholders based on this information to gain a timely understanding of our own issues and social demands, which will lead to the upgrading of our activities.

#### Environment

As climate change becomes more serious, the OKI Group considers its mission to be to pass on a better global environment to the next generation through the resolution of social issues, and it promotes environmental management by considering environment-related business risks and opportunities from a medium- to long-term perspective. We are promoting the provision of products and services that contribute to the resolution of environmental issues while reducing environmental impact such as CO<sub>2</sub> emissions in the manufacturing process. In addition, we support the TCFD (Task Force on Climate-related Financial Disclosures) from the perspective of creating a positive economic and environmental cycle, and systematically manage climate-related risks and opportunities as well as measures to address them, while enhancing the disclosure of information on the details.

#### **Revision to Environmental Vision 2030/2050**

OKI committed to the SBT (science-based targets for greenhouse gas reduction that are consistent with the Paris Agreement) for global warming prevention and the Company revised the FY2030 targets for decarbonization in the OKI Environmental Vision 2030/2050 to be in compliance with the SBT. OKI is considering and promoting various measures for energy conservation and the introduction of renewable energy to achieve the targets.

#### **OKI Environmental Vision 2030/2050 global warming prevention targets (FY2030):**

42% CO<sub>2</sub> emissions reduction at OKI sites and 25% CO<sub>2</sub> emissions reduction at suppliers and from the use of products (compared to FY2020)



#### Society

##### **Establishment of the OKI Group Human Rights Policy**

The OKI Group, as a signatory to the United Nations (UN) Global Compact, recognizes that respecting international human rights norms, including the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and considering the human rights of each and every person connected to OKI in our operations is the foundation of all corporate

(Translation)

activities. We made “Respect for Human Rights” the first principle of the “OKI Group AI Principles,” which provides guidelines for OKI as a company that offers products and solutions using AI.

In order to further promote such initiatives, in October 2022, we enacted the OKI Group Human Rights Policy based on the UN Guiding Principles on Business and Human Rights. We will establish mechanisms in accordance with this policy and develop and implement measures for human rights due diligence and other requirements.

For more details on OKI Group’s sustainability initiatives,  
please refer to OKI Report 2022 posted on the Company’s website.  
**<https://www.oki.com/en/ir/finance/library/ar2022pdf/ar2022.pdf>**

(Translation)

Securities Identification Code: 6703

Date of sending by postal mail: June 6, 2023

Start date of measures for electronic provision: May 30, 2023

## NOTICE OF 99TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Oki Electric Industry Co., Ltd. (the “Company”) would hereby like to inform you that the 99TH ordinary general meeting of shareholders will be held as follows.

When convening this general meeting of shareholders, the Company takes measures for providing in electronic format the information that constitutes the content of reference documents for the shareholders meeting, etc. (items for which measures for providing information in electronic format will be taken). This information is posted on each of the following websites, so please access either of those websites to confirm the information. If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet, etc. or in writing. Shareholders are kindly requested to review “Reference Documents for the General Meeting of Shareholders” and exercise their voting rights by no later than 5:15 p.m. on June 26 (Monday), 2023 (JST).

The Company’s website:

<https://www.oki.com/jp/ir/stock/meeting.html> (in Japanese)

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Please access the TSE website by using the Internet address shown above, enter “Oki Electric Industry” in “Issue name” or the securities code “6703” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

Website for informational materials for the general meeting of shareholders:

<https://d.sokai.jp/6703/teiji/> (in Japanese)

Exercise of voting rights via the Internet, etc.:

Please access the voting site designated by the Company (<https://soukai.mizuho-tb.co.jp/> (in Japanese)), use the “voting right exercise code” and “password” indicated on the enclosed ballot, and follow the instructions on the screen to enter your approval or disapproval of the proposals. When exercising your voting rights via the Internet, etc., please refer to the “Instructions for the Exercise of Voting Rights via the Internet, etc.” below.

Exercise of voting rights in writing (postal mail):

Please indicate your approval or disapproval to each agenda in the space provided on the enclosed ballot and return it to the Company by mail so that it arrives before the deadline shown above.

Yours faithfully,

Takahiro Mori  
*President, Representative Director*

1. **Date and Time:** Tuesday, June 27, 2023, from 10:00 a.m. (Reception will open at 9:30 a.m.)
2. **Location:** “Providence Hall,” 2F Tokyo Prince Hotel, 3-3-1 Shiba-koen, Minato-ku, Tokyo  
The venue is different from last year, so please be careful not to mistake the venue.

### 3. Meeting Agenda

#### *Items to be reported:*

1. Business Report, Consolidated Financial Statements and audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 99th fiscal year (from April 1, 2022 to March 31, 2023)
2. Non-consolidated Financial Statements for the 99th fiscal year (from April 1, 2022 to March 31, 2023)

#### *Items to be resolved:*

- Agenda Item 1:** Appropriation of Surplus
- Agenda Item 2:** Election of Eight (8) Directors
- Agenda Item 3:** Election of One (1) Audit & Supervisory Board Member
- Agenda Item 4:** Determination of Compensation for the Performance-linked Stock Compensation Plan for Directors

### 4. Items to be decided upon convocation

- (1) Among the items subject to measures for electronic provision, in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company, the following items are not provided in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents. Accordingly, (i) to (iii) below are included in the scope of audits by the Audit & Supervisory Board Members and the Accounting Auditor when they create their respective audit reports.
    - (i) “Major offices,” “Employees,” “Major creditors,” “Corporate governance,” “Other significant events of the OKI Group,” “Shareholders’ Equity,” “Equity Warrants,” “Status of Accounting Auditor” and “Policies and procedures of the Company” in the Business Report
    - (ii) Consolidated Financial Statements
    - (iii) Non-consolidated Financial Statements
    - (iv) Audit Reports (Audit Reports of the Accounting Auditor and the Audit & Supervisory Board, including Consolidated Financial Statements)
  - (2) If you exercise your voting rights in duplicate via both the Internet, etc. and the voting rights exercise form, we will regard the vote cast via the Internet, etc. to be effective. If you exercise your voting rights more than once via the Internet, etc., we will regard the last vote you cast to be the effective one.
  - (3) If no approval or disapproval is indicated to the respective agendas in the returned voting rights exercise form, it will be treated as an approval vote.
- ◎ If attending the meeting in person, please submit the enclosed voting rights exercise form to reception.
  - ◎ If amendment to the items subject to measures for electronic provision arise, a notice of the amendment and the details of the items before and after the amendment will be posted on each of the websites shown above.
  - ◎ Due to the revision of the Companies Act, the reference documents for the general meeting of shareholders,



(Translation)

business report, non-consolidated financial statements, consolidated financial statements, etc. will, in principle, be available on the website provided in this Notice of Ordinary General Meeting of Shareholders instead of being mailed in writing. From the viewpoint of providing information to shareholders, the Company has also attached to this Notice of Ordinary General Meeting of Shareholders a “Summary” of the reference documents for the general meeting of shareholders and major items related to business performance and management.

(Translation)

## **Instructions for the Exercise of Voting Rights**

Method of exercising voting rights recommended

### **To exercise your voting rights via postal mail**

Please indicate your approval or disapproval to each agenda on the enclosed voting rights exercise form, and return the completed form.

\* If the voting rights exercise form that indicates neither approval nor disapproval to each agenda is submitted, we will regard that you indicated your approval to the proposals.

Deadline for voting: To be received no later than 5:15 p.m. on June 26 (Monday), 2023 (JST).

### **To exercise your voting rights by electromagnetic means (via the Internet)**

Please access the voting site (<https://soukai.mizuho-tb.co.jp/> (in Japanese)) by a smartphone, personal computer or the like, and input your approval or disapproval to each agenda in accordance with the instructions on the screen.

Please refer to the following page for details.

Deadline for voting: To be received no later than 5:15 p.m. on June 26 (Monday), 2023 (JST).

### **Treatment of Voting Rights Exercised Multiple Times**

- If you exercise your voting rights in duplicate via both postal mail and the Internet, etc., we will regard the vote cast via the Internet, etc. to be effective.
- If you exercise your voting rights more than once via the Internet, etc., we will regard the last vote you cast to be the effective one.

### **To exercise your voting rights by attending the General Meeting of Shareholders**

Please submit the enclosed voting rights exercise form to reception.

Date and time of the General Meeting of Shareholders: From 10:00 a.m. on June 27 (Tuesday), 2023 (JST)

## Instructions for the Exercise of Voting Rights via the Internet, etc.

<b>[When using smartphone] How to scan QR Code</b>	<b>How to enter voting rights exercise code and password</b>
<p>1. To exercise your voting rights via smartphone, you do not need to enter your “voting rights exercise code” and “password.” You can log in by reading the “QR code for login” indicated on the slip of enclosed ballot (right side).</p> <p>* “QR code” is a registered trademark of Denso Wave Incorporated.</p> <p>2. Please input approval or disapproval to each proposal in accordance with the instructions on the screen.</p> <p>* Exercising voting rights by the above method is available only once.</p> <p>Please follow the instructions on the right for the second and subsequent login.</p> <div style="border: 1px solid black; padding: 5px;"><p>Exercising voting rights by “Smart Exercise” is available <b>only once</b>.</p><p>If you need to change your votes after exercising your voting rights, please log in the voting site for a personal computer by using your “voting rights exercise code” and “password” provided on the voting rights exercise form and exercise your voting rights again.</p><p>* If you rescan the QR code, you can access the Exercise of Voting Rights Website for a personal computer.</p></div>	<p>How to use the voting site</p> <p>Voting site: <a href="https://soukai.mizuho-tb.co.jp/">https://soukai.mizuho-tb.co.jp/</a> (in Japanese)</p> <ol style="list-style-type: none"><li>1. Please access the voting site.</li><li>2. Please enter the “voting rights exercise code” printed on the voting rights exercise form.</li><li>3. Please enter the “password” printed on the voting rights exercise form.</li><li>4. Please input approval or disapproval to each proposal in accordance with the instructions on the screen.</li></ol>
<p>If you have any inquiries about the operation of a personal computer, a smartphone or a cellular phone regarding the exercise of voting rights via the Internet, please contact on the right-hand side:</p>	<p>Internet Help Dial, Stock Transfer Agency Department, Mizuho Trust &amp; Banking Co., Ltd. Tel: 0120-768-524 (toll free, only in Japan) (Operating hours: 9:00 a.m. to 9:00 p.m.)</p>

Institutional investors can utilize the electronic voting platform operated by ICJ, Inc.

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## Reference Documents for the General Meeting of Shareholders

### Agenda Items and Reference Matters

#### Agenda Item 1: Appropriation of Surplus

The Company has given consideration to matters including the business performance of the fiscal year under review, business earnings projections for the next fiscal year (FY2023), the Company's financial position, etc., and it proposes to pay year-end dividends for the fiscal year under review as follows.

**1. Type of dividend asset**

Cash

**2. Allocation of dividend assets and total amount of dividends**

Common stock of the Company	¥20 per share
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Total dividends	¥1,732,375,980
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**3. Effective date of dividend of surplus**

June 28, 2023

**(Reference) Shareholder Return Policy**

OKI's top management priorities are to strengthen its financial position and ensure retained earnings in order to continually improve the OKI Group's corporate value, as well as to increase shareholder returns so that shareholders are encouraged to hold its shares over the medium- to long-term.

OKI will reinforce its management foundations by applying retained earnings to investments in research & development and facilities that are critical to future growth. OKI will determine the amount of dividends, attaching top priority to the continuation of the stable distribution of profits to shareholders and taking its business results and future management measures, etc. comprehensively into consideration.

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## Agenda Item 2: Election of Eight (8) Directors

The tenure of office of all eight (8) Directors will expire at the conclusion of this general meeting of shareholders. Accordingly, the Company proposes the election of eight (8) Directors, and the candidates are shown as follows. The candidates for Directors have been approved by the Board of Directors after deliberation by the Personnel Affairs and Compensation Advisory Committee, consisting of four (4) members, all of whom are Outside Directors.

Candidate number	Name		Current position/ responsibility in the Company	Number of attendance at meetings of the Board of Directors	Number of years in office
1	Shinya Kamagami	Re-election Inside	Director and Chairman of the Board	100% (13 out of 13 times)	9 years
2	Takahiro Mori	Re-election Inside	President, Representative Director and Chief Executive Officer	100% (10 out of 10 times)	1 year
3	Masayuki Hoshi	Re-election Inside	Senior Executive Vice President Chief Compliance Officer Chief Financial Officer Chief Human Resource Officer Internal Control Administrator	100% (13 out of 13 times)	7 years
4	Teiji Teramoto	Newly nominated Inside	Executive Vice President	-% (- out of - times)	- years
5	Shigeru Asaba	Re-election Outside Independent	Independent Outside Director	100% (13 out of 13 times)	6 years
6	Tamotsu Saito	Re-election Outside Independent	Independent Outside Director	100% (13 out of 13 times)	5 years
7	Izumi Kawashima	Re-election Outside Independent Woman	Independent Outside Director	100% (13 out of 13 times)	5 years
8	Makoto Kigawa	Re-election Outside Independent	Independent Outside Director	92% (12 out of 13 times)	4 years

(Translation)

Candidate number <b>1</b>	<b>Shinya Kamagami</b>	Number of years in office as Director: <p style="text-align: right;">9 years (as of the conclusion of this general meeting of shareholders)</p> Number of attendance at meetings of the Board of Directors (the year under review): <p style="text-align: right;">13 out of 13 times (100%)</p> Number of Oki shares held: <p style="text-align: right;">Common stock: 16,600 shares</p>																
 <p>(Born on February 9, 1959) [Re-election]</p> <p><b>Expected knowledge and experience</b> Corporate management Marketing Technology &amp; innovation Legal affairs &amp; risk management Manufacture &amp; SCM</p>	<b>Brief personal profile, position and responsibility in the Company and significant concurrent positions</b>																	
	<table><tr><td>Apr. 1981</td><td>Joined Oki Electric Industry Co., Ltd.</td></tr><tr><td>Apr. 2001</td><td>Manager, Hardware Development Department No. 2, Terminal Systems Division, Systems Solution Company</td></tr><tr><td>Apr. 2005</td><td>Head of Systems Hardware Development Division, Systems Hardware Company, Systems Networks Business Group</td></tr><tr><td>Apr. 2011</td><td>Executive Officer</td></tr><tr><td>Apr. 2012</td><td>Senior Vice President</td></tr><tr><td>Jun. 2014</td><td>Senior Vice President and Member of the Board</td></tr><tr><td>Apr. 2016</td><td>President, Representative Director</td></tr><tr><td>Apr. 2022</td><td>Representative Director and Chief Executive Officer</td></tr><tr><td>Apr. 2023</td><td>Director and Chairman of the Board (incumbent)</td></tr></table>	Apr. 1981	Joined Oki Electric Industry Co., Ltd.	Apr. 2001	Manager, Hardware Development Department No. 2, Terminal Systems Division, Systems Solution Company	Apr. 2005	Head of Systems Hardware Development Division, Systems Hardware Company, Systems Networks Business Group	Apr. 2011	Executive Officer	Apr. 2012	Senior Vice President	Jun. 2014	Senior Vice President and Member of the Board	Apr. 2016	President, Representative Director	Apr. 2022	Representative Director and Chief Executive Officer	Apr. 2023
Apr. 1981	Joined Oki Electric Industry Co., Ltd.																	
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Apr. 2016	President, Representative Director																	
Apr. 2022	Representative Director and Chief Executive Officer																	
Apr. 2023	Director and Chairman of the Board (incumbent)																	
<b>Reason for the selection of candidate for Director</b>																		
Based on his past experience serving in business divisions and headquarters divisions, Mr. Shinya Kamagami has the knowledge and experience to decide important matters and supervise the business execution of Directors and Executive Officers in an appropriate, fair, and efficient manner. Mr. Kamagami assumed the office of Director in June 2014, and had been engaging in management of the Company as President and Representative Director since fiscal 2016, and as Representative Director and Chief Executive Officer in fiscal 2022. He has been providing the management team with support and advice as Director and Chairman of the Board since April 2023. He is nominated as a candidate for Director as it is expected that, as a member of the Board of Directors, he will continue to share information with other Directors and strengthen the decision-making function.																		

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Candidate number 2	<b>Takahiro Mori</b>	Number of years in office as Director:  1 year (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review):  10 out of 10 times (100%)  Number of Oki shares held:  Common stock 3,500 shares																				
 <p>(Born on August 29, 1964) [Re-election]</p> <p><b>Expected knowledge and experience</b> Corporate management Marketing Technology &amp; innovation Human resources management Legal affairs &amp; risk management</p>	<p><b>Brief personal profile, position and responsibility in the Company and significant concurrent positions</b></p> <table border="1"><tr><td>Apr. 1988</td><td>Joined Oki Electric Industry Co., Ltd.</td></tr><tr><td>Nov. 2006</td><td>General Manager of Partner Business Dept, Domestic Sales Division, Oki Data Corporation</td></tr><tr><td>Oct. 2017</td><td>Director, Deputy Head of Product Development and Business Division, and Head of Office Printing Department, Oki Data Corporation</td></tr><tr><td>Apr. 2019</td><td>Managing Executive Officer, Head of Product Development and Business Division, Oki Data Corporation</td></tr><tr><td>Oct. 2019</td><td>Managing Executive Officer, Head of Product Development and Business Division, and Head of Domestic Sales Division, Oki Data Corporation</td></tr><tr><td>Apr. 2020</td><td>Representative Director and President, Oki Data Corporation and Executive Officer, Oki Electric Industry Co., Ltd.</td></tr><tr><td>Apr. 2021</td><td>Executive Officer, Head of Business Collaboration Division, Components &amp; Platforms Business Group, Oki Electric Industry Co., Ltd.</td></tr><tr><td>Apr. 2022</td><td>President and Chief Operating Officer</td></tr><tr><td>Jun. 2022</td><td>President, Representative Director and Chief Operating Officer</td></tr><tr><td>Apr. 2023</td><td>President, Representative Director and Chief Executive Officer (incumbent)</td></tr></table> <p><b>Reason for the selection of candidate for Director</b></p> <p>Mr. Takahiro Mori has knowledge and experience necessary for deciding important matters for the Company and supervising job execution by Directors and Executive Officers in an appropriate, fair and efficient manner, based on his past experience in marketing divisions and the management of a subsidiary, etc. Mr. Mori assumed the office of Executive Officer at the Company and the office of President at Oki Data Corporation in April 2020. He has taken charge of the Company's management as President, Representative Director and Chief Operating Officer since fiscal 2022 and as Chief Executive Officer since fiscal 2023. He is nominated as a candidate for Director as it is expected that, as a member of the Board of Directors, he will share information with other Directors and strengthen the decision-making function.</p>		Apr. 1988	Joined Oki Electric Industry Co., Ltd.	Nov. 2006	General Manager of Partner Business Dept, Domestic Sales Division, Oki Data Corporation	Oct. 2017	Director, Deputy Head of Product Development and Business Division, and Head of Office Printing Department, Oki Data Corporation	Apr. 2019	Managing Executive Officer, Head of Product Development and Business Division, Oki Data Corporation	Oct. 2019	Managing Executive Officer, Head of Product Development and Business Division, and Head of Domestic Sales Division, Oki Data Corporation	Apr. 2020	Representative Director and President, Oki Data Corporation and Executive Officer, Oki Electric Industry Co., Ltd.	Apr. 2021	Executive Officer, Head of Business Collaboration Division, Components & Platforms Business Group, Oki Electric Industry Co., Ltd.	Apr. 2022	President and Chief Operating Officer	Jun. 2022	President, Representative Director and Chief Operating Officer	Apr. 2023	President, Representative Director and Chief Executive Officer (incumbent)
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Oct. 2019	Managing Executive Officer, Head of Product Development and Business Division, and Head of Domestic Sales Division, Oki Data Corporation																					
Apr. 2020	Representative Director and President, Oki Data Corporation and Executive Officer, Oki Electric Industry Co., Ltd.																					
Apr. 2021	Executive Officer, Head of Business Collaboration Division, Components & Platforms Business Group, Oki Electric Industry Co., Ltd.																					
Apr. 2022	President and Chief Operating Officer																					
Jun. 2022	President, Representative Director and Chief Operating Officer																					
Apr. 2023	President, Representative Director and Chief Executive Officer (incumbent)																					

(Translation)


Candidate number <b>3</b>	<b>Masayuki Hoshi</b>	Number of years in office as Director:  (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review):  Number of Oki shares held:	7 years  13 out of 13 times (100%)  Common stock: 8,400 shares																											
 (Born on March 9, 1960) [Re-election]  <b>Expected knowledge and experience</b> Human resources management Global Finance & accounting Legal affairs & risk management	<b>Brief personal profile, position and responsibility in the Company and significant concurrent positions</b>																													
	<table border="0"><tr><td style="vertical-align: top;">Apr. 1982</td><td>Joined The Fuji Bank, Limited</td></tr><tr><td style="vertical-align: top;">Apr. 2007</td><td>General Manager of Global Trade Finance Division, Mizuho Corporate Bank, Ltd.</td></tr><tr><td style="vertical-align: top;">Apr. 2009</td><td>Executive Officer, General Manager of Corporate Banking Division No.17</td></tr><tr><td style="vertical-align: top;">Apr. 2011</td><td>Managing Executive Officer, Head of Global Transaction Banking Unit</td></tr><tr><td style="vertical-align: top;">Jun. 2014</td><td>Managing Executive Officer, Mizuho Financial Group, Inc.</td></tr><tr><td style="vertical-align: top;">May 2015</td><td>Senior Vice President, Oki Electric Industry Co., Ltd.</td></tr><tr><td style="vertical-align: top;">Apr. 2016</td><td>Chief Risk Management Officer, Head of Corporate Planning Group</td></tr><tr><td style="vertical-align: top;">Jun. 2016</td><td>Senior Vice President and Member of the Board</td></tr><tr><td style="vertical-align: top;">Apr. 2017</td><td>Executive Vice President and Member of the Board, Chief Financial Officer (incumbent)</td></tr><tr><td style="vertical-align: top;">Jun. 2018</td><td>Chief Compliance Officer (incumbent)</td></tr><tr><td style="vertical-align: top;">Apr. 2019</td><td>Senior Executive Vice President, Representative Director, Chief Information Officer</td></tr><tr><td style="vertical-align: top;">Apr. 2021</td><td>Chief Human Resources Officer (incumbent)</td></tr><tr><td style="vertical-align: top;">Jun. 2022</td><td>Senior Executive Vice President, Director (incumbent)</td></tr><tr><td style="vertical-align: top;">Apr. 2023</td><td>Internal Control Administrator (incumbent)</td></tr></table>			Apr. 1982	Joined The Fuji Bank, Limited	Apr. 2007	General Manager of Global Trade Finance Division, Mizuho Corporate Bank, Ltd.	Apr. 2009	Executive Officer, General Manager of Corporate Banking Division No.17	Apr. 2011	Managing Executive Officer, Head of Global Transaction Banking Unit	Jun. 2014	Managing Executive Officer, Mizuho Financial Group, Inc.	May 2015	Senior Vice President, Oki Electric Industry Co., Ltd.	Apr. 2016	Chief Risk Management Officer, Head of Corporate Planning Group	Jun. 2016	Senior Vice President and Member of the Board	Apr. 2017	Executive Vice President and Member of the Board, Chief Financial Officer (incumbent)	Jun. 2018	Chief Compliance Officer (incumbent)	Apr. 2019	Senior Executive Vice President, Representative Director, Chief Information Officer	Apr. 2021	Chief Human Resources Officer (incumbent)	Jun. 2022	Senior Executive Vice President, Director (incumbent)	Apr. 2023
Apr. 1982	Joined The Fuji Bank, Limited																													
Apr. 2007	General Manager of Global Trade Finance Division, Mizuho Corporate Bank, Ltd.																													
Apr. 2009	Executive Officer, General Manager of Corporate Banking Division No.17																													
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Apr. 2016	Chief Risk Management Officer, Head of Corporate Planning Group																													
Jun. 2016	Senior Vice President and Member of the Board																													
Apr. 2017	Executive Vice President and Member of the Board, Chief Financial Officer (incumbent)																													
Jun. 2018	Chief Compliance Officer (incumbent)																													
Apr. 2019	Senior Executive Vice President, Representative Director, Chief Information Officer																													
Apr. 2021	Chief Human Resources Officer (incumbent)																													
Jun. 2022	Senior Executive Vice President, Director (incumbent)																													
Apr. 2023	Internal Control Administrator (incumbent)																													
<b>Reason for the selection of candidate for Director</b>																														
<p>Mr. Masayuki Hoshi has abundant experience gained as Managing Executive Officer at the Mizuho Financial Group, which the candidate comes from, and has a deep understanding of governance and perspective related to the global business on which the Company focuses. He also has the knowledge and experience to decide important matters and supervise the business execution of Directors and Executive Officers in an appropriate, fair, and efficient manner. Mr. Hoshi assumed the office of Director in June 2016, and had been playing a core role in management by serving as Senior Executive Vice President and Representative Director from fiscal 2019 to fiscal 2021. He is nominated as a candidate for Director as it is expected that, as a member of the Board of Directors, he will share information with other Directors and strengthen the decision-making function.</p>																														




(Translation)

Candidate number 4	<b>Teiji Teramoto</b>	Number of years in office as Director: _____ (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): _____ – out of _____ times (–%) Number of Oki shares held: _____ Common stock: 3,800 shares																						
 <p>(Born on June 10, 1962) [Newly nominated]</p> <p><b>Expected knowledge and experience</b> Marketing Global Finance &amp; accounting Legal affairs &amp; risk management</p>	<p><b>Brief personal profile, position and responsibility in the Company and significant concurrent positions</b></p> <table border="1"><tr><td>Apr. 1985</td><td>Joined The Fuji Bank, Ltd.</td></tr><tr><td>Jul. 2010</td><td>General Manager, Europe Division, Mizuho Corporate Bank, Ltd.</td></tr><tr><td>Apr. 2012</td><td>General Manager, Investment Banking Coordination Division, Mizuho Corporate Bank, Ltd. &amp; Mizuho Bank, Ltd.</td></tr><tr><td>Apr. 2013</td><td>Executive Officer, General Manager, Investment Banking Coordination Division, Mizuho Financial Group, Inc. &amp; Mizuho Bank, Ltd.</td></tr><tr><td>Apr. 2014</td><td>Executive Officer, Europe, Middle East and Africa, Mizuho Bank, Ltd.</td></tr><tr><td>Apr. 2015</td><td>Managing Executive Officer, Head of Europe, Middle East and Africa, Mizuho Financial Group, Inc. &amp; Mizuho Bank, Ltd.</td></tr><tr><td>Apr. 2017</td><td>Managing Executive Officer, Mizuho Financial Group, Inc. and Managing Executive Officer, Head of Global Corporate Division, Mizuho Bank, Ltd.</td></tr><tr><td>Apr. 2018</td><td>Senior Managing Executive Officer, Head of the Americas, Mizuho Financial Group, Inc. &amp; Mizuho Bank, Ltd.</td></tr><tr><td>Jul. 2021</td><td>Senior Vice President, Deputy Head of Marketing &amp; Sales Group, and Deputy Head of Components &amp; Platforms Business Group, Oki Electric Industry Co., Ltd.</td></tr><tr><td>Apr. 2022</td><td>Senior Vice President, Head of Marketing &amp; Sales Group, Deputy Head of Components &amp; Platforms Business Group, and Head of Business Collaboration Division</td></tr><tr><td>Apr. 2023</td><td>Executive Vice President (incumbent)</td></tr></table> <p><b>Reason for the selection of candidate for Director</b></p> <p>Mr. Teiji Teramoto has abundant experience gained as Senior Managing Executive Officer at Mizuho Financial Group, Inc., which the candidate comes from, and has broad insight on global businesses and sales. Moreover, Mr. Teramoto has the knowledge and experience to decide important matters of the Company and supervise the business execution of Directors and Executive Officers in an appropriate, fair, and efficient manner. He has been playing a core role in management by serving as Senior Vice President, Head of Marketing &amp; Sales Group, Deputy Head of Components &amp; Platforms Business Group, and Head of Business Collaboration Division since fiscal 2022. He is nominated as a candidate for Director as it is expected that, as a member of the Board of Directors, he will share information with other Directors and strengthen the decision-making function.</p>		Apr. 1985	Joined The Fuji Bank, Ltd.	Jul. 2010	General Manager, Europe Division, Mizuho Corporate Bank, Ltd.	Apr. 2012	General Manager, Investment Banking Coordination Division, Mizuho Corporate Bank, Ltd. & Mizuho Bank, Ltd.	Apr. 2013	Executive Officer, General Manager, Investment Banking Coordination Division, Mizuho Financial Group, Inc. & Mizuho Bank, Ltd.	Apr. 2014	Executive Officer, Europe, Middle East and Africa, Mizuho Bank, Ltd.	Apr. 2015	Managing Executive Officer, Head of Europe, Middle East and Africa, Mizuho Financial Group, Inc. & Mizuho Bank, Ltd.	Apr. 2017	Managing Executive Officer, Mizuho Financial Group, Inc. and Managing Executive Officer, Head of Global Corporate Division, Mizuho Bank, Ltd.	Apr. 2018	Senior Managing Executive Officer, Head of the Americas, Mizuho Financial Group, Inc. & Mizuho Bank, Ltd.	Jul. 2021	Senior Vice President, Deputy Head of Marketing & Sales Group, and Deputy Head of Components & Platforms Business Group, Oki Electric Industry Co., Ltd.	Apr. 2022	Senior Vice President, Head of Marketing & Sales Group, Deputy Head of Components & Platforms Business Group, and Head of Business Collaboration Division	Apr. 2023	Executive Vice President (incumbent)
Apr. 1985	Joined The Fuji Bank, Ltd.																							
Jul. 2010	General Manager, Europe Division, Mizuho Corporate Bank, Ltd.																							
Apr. 2012	General Manager, Investment Banking Coordination Division, Mizuho Corporate Bank, Ltd. & Mizuho Bank, Ltd.																							
Apr. 2013	Executive Officer, General Manager, Investment Banking Coordination Division, Mizuho Financial Group, Inc. & Mizuho Bank, Ltd.																							
Apr. 2014	Executive Officer, Europe, Middle East and Africa, Mizuho Bank, Ltd.																							
Apr. 2015	Managing Executive Officer, Head of Europe, Middle East and Africa, Mizuho Financial Group, Inc. & Mizuho Bank, Ltd.																							
Apr. 2017	Managing Executive Officer, Mizuho Financial Group, Inc. and Managing Executive Officer, Head of Global Corporate Division, Mizuho Bank, Ltd.																							
Apr. 2018	Senior Managing Executive Officer, Head of the Americas, Mizuho Financial Group, Inc. & Mizuho Bank, Ltd.																							
Jul. 2021	Senior Vice President, Deputy Head of Marketing & Sales Group, and Deputy Head of Components & Platforms Business Group, Oki Electric Industry Co., Ltd.																							
Apr. 2022	Senior Vice President, Head of Marketing & Sales Group, Deputy Head of Components & Platforms Business Group, and Head of Business Collaboration Division																							
Apr. 2023	Executive Vice President (incumbent)																							

(Translation)

Candidate number <b>5</b>	<b>Shigeru Asaba</b>	Number of years in office as Director: <div style="text-align: right;">6 years</div> (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): <div style="text-align: right;">13 out of 13 times (100%)</div> Number of Oki shares held: <div style="text-align: right;">Common stock: 1,700 shares</div>																																																								
 (Born on May 21, 1961) [Outside] [Re-election] [Independent]	<b>Expected knowledge and experience</b> Marketing Technology & innovation Human resources management	<table border="1"> <thead> <tr> <th colspan="4">Brief personal profile, position and responsibility in the Company and significant concurrent positions</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Apr. 1992</td> <td colspan="3">Associate Professor, Faculty of Economics, Gakushuin University</td> </tr> <tr> <td style="text-align: center;">Mar. 1994</td> <td colspan="3">Ph.D., Economics, University of Tokyo</td> </tr> <tr> <td style="text-align: center;">Apr. 1997</td> <td colspan="3">Professor, Faculty of Economics, Gakushuin University</td> </tr> <tr> <td style="text-align: center;">Apr. 2013</td> <td colspan="3">Professor, Graduate School of Commerce, Waseda University</td> </tr> <tr> <td style="text-align: center;">Apr. 2016</td> <td colspan="3">Professor, Waseda Business School (Graduate School of Business and Finance) (incumbent)</td> </tr> <tr> <td style="text-align: center;">Jun. 2016</td> <td colspan="3">Outside Director, Nippon Beet Sugar Manufacturing Co., Ltd. (incumbent)</td> </tr> <tr> <td style="text-align: center;">Sep. 2016</td> <td colspan="3">Dean, Waseda Business School (Graduate School of Business and Finance)</td> </tr> <tr> <td style="text-align: center;">Jun. 2017</td> <td colspan="3">Outside Director, Oki Electric Industry Co., Ltd. (incumbent)</td> </tr> <tr> <th colspan="4">Reason for the selection of candidate for Outside Director and expected role, etc.</th> </tr> <tr> <td colspan="4"> <p>Mr. Shigeru Asaba is currently a professor of Waseda Business School (Graduate School of Business and Finance). Mr. Asaba has academic expertise in business in general and high ethical standards through his specialist knowledge in the fields of industrial organizations, corporate strategy, competitive strategy, ownership structures, corporate governance and corporate conduct. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the chairman of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his academic expertise in all aspects of business, including marketing and innovation, Mr. Asaba is nominated as a candidate for Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings. Although he has never had experience of being involved in corporate management other than as an outside officer, the Company determined that he will be able to carry out the duties of Outside Director appropriately for the aforementioned reason.</p> </td> </tr> <tr> <th colspan="4">Significant concurrent positions and business relationships with the Company</th> </tr> <tr> <th style="text-align: center;">Entity</th> <th style="text-align: center;">Position/ responsibilities at the entity</th> <th style="text-align: center;">Category</th> <th style="text-align: center;">Business relationship</th> </tr> <tr> <td>Nippon Beet Sugar Manufacturing Co., Ltd.</td> <td>Outside Director</td> <td>Listed</td> <td>There are no business relationships between Nippon Beet Sugar Manufacturing Co., Ltd. and OKI Group.</td> </tr> </tbody> </table>	Brief personal profile, position and responsibility in the Company and significant concurrent positions				Apr. 1992	Associate Professor, Faculty of Economics, Gakushuin University			Mar. 1994	Ph.D., Economics, University of Tokyo			Apr. 1997	Professor, Faculty of Economics, Gakushuin University			Apr. 2013	Professor, Graduate School of Commerce, Waseda University			Apr. 2016	Professor, Waseda Business School (Graduate School of Business and Finance) (incumbent)			Jun. 2016	Outside Director, Nippon Beet Sugar Manufacturing Co., Ltd. (incumbent)			Sep. 2016	Dean, Waseda Business School (Graduate School of Business and Finance)			Jun. 2017	Outside Director, Oki Electric Industry Co., Ltd. (incumbent)			Reason for the selection of candidate for Outside Director and expected role, etc.				<p>Mr. Shigeru Asaba is currently a professor of Waseda Business School (Graduate School of Business and Finance). Mr. Asaba has academic expertise in business in general and high ethical standards through his specialist knowledge in the fields of industrial organizations, corporate strategy, competitive strategy, ownership structures, corporate governance and corporate conduct. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the chairman of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his academic expertise in all aspects of business, including marketing and innovation, Mr. Asaba is nominated as a candidate for Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings. Although he has never had experience of being involved in corporate management other than as an outside officer, the Company determined that he will be able to carry out the duties of Outside Director appropriately for the aforementioned reason.</p>				Significant concurrent positions and business relationships with the Company				Entity	Position/ responsibilities at the entity	Category	Business relationship	Nippon Beet Sugar Manufacturing Co., Ltd.	Outside Director	Listed	There are no business relationships between Nippon Beet Sugar Manufacturing Co., Ltd. and OKI Group.
Brief personal profile, position and responsibility in the Company and significant concurrent positions																																																										
Apr. 1992	Associate Professor, Faculty of Economics, Gakushuin University																																																									
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Reason for the selection of candidate for Outside Director and expected role, etc.																																																										
<p>Mr. Shigeru Asaba is currently a professor of Waseda Business School (Graduate School of Business and Finance). Mr. Asaba has academic expertise in business in general and high ethical standards through his specialist knowledge in the fields of industrial organizations, corporate strategy, competitive strategy, ownership structures, corporate governance and corporate conduct. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the chairman of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his academic expertise in all aspects of business, including marketing and innovation, Mr. Asaba is nominated as a candidate for Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings. Although he has never had experience of being involved in corporate management other than as an outside officer, the Company determined that he will be able to carry out the duties of Outside Director appropriately for the aforementioned reason.</p>																																																										
Significant concurrent positions and business relationships with the Company																																																										
Entity	Position/ responsibilities at the entity	Category	Business relationship																																																							
Nippon Beet Sugar Manufacturing Co., Ltd.	Outside Director	Listed	There are no business relationships between Nippon Beet Sugar Manufacturing Co., Ltd. and OKI Group.																																																							

(Translation)

Candidate number <b>6</b>	<b>Tamotsu Saito</b>	Number of years in office as Director: <div style="text-align: right;">5 years</div> (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): <div style="text-align: right;">13 out of 13 times (100%)</div> Number of Oki shares held: <div style="text-align: right;">Common stock: 5,300 shares</div>															
 (Born on July 13, 1952) [Outside] [Re-election] [Independent]	<b>Brief personal profile, position and responsibility in the Company and significant concurrent positions</b>																
	<b>Expected knowledge and experience</b> Corporate management Marketing Technology & innovation Human resources management Global Legal affairs & risk management Manufacture & SCM	Apr. 1975      Joined Ishikawajima-Harima Heavy Industries Co., Ltd. Jun. 2006      Executive Officer, Vice President of Aero-Engine & Space Operations Apr. 2008      Director, Executive Officer, President of Aero-Engine & Space Operations, IHI Corporation Apr. 2011      Executive Vice President Apr. 2012      President Apr. 2016      Chairman of the Board Jun. 2017      Outside Director, JAPAN POST INSURANCE Co., Ltd. (incumbent) Jun. 2018      Outside Director, Oki Electric Industry Co., Ltd. (incumbent) Apr. 2020      Director, IHI Corporation Jun. 2020      Advisor (incumbent) Jun. 2021      Outside Director, Furukawa Electric Co., Ltd. (incumbent) Jun. 2022      Outside Director, KAJIMA CORPORATION (incumbent) Apr. 2023      Chairman, New Energy and Industrial Technology Development Organization (incumbent)															
	<b>Reason for the selection of candidate for Outside Director and expected role, etc.</b>																
	As a long-time representative director of IHI Corporation and a business leader not only in the industry but also in Japan, Mr. Tamotsu Saito has a wealth of management experience and high ethical standards in the manufacturing industry. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the member of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his manufacturing, development and global management experience, he is nominated as a candidate for Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings.																
	<b>Significant concurrent positions and business relationships with the Company</b>																
	<table border="1"> <thead> <tr> <th style="text-align: center;">Entity</th> <th style="text-align: center;">Position/ responsibilities at the entity</th> <th style="text-align: center;">Category</th> <th style="text-align: center;">Business relationship</th> </tr> </thead> <tbody> <tr> <td>IHI Corporation</td> <td style="text-align: center;">Advisor</td> <td style="text-align: center;">Listed</td> <td>The volume of transactions between IHI Corporation and OKI Group accounts for less than 1% of each company's net sales.</td> </tr> <tr> <td>JAPAN POST INSURANCE Co., Ltd.</td> <td style="text-align: center;">Outside Director</td> <td style="text-align: center;">Listed</td> <td>The volume of transactions between JAPAN POST INSURANCE Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales. Mr. Tamotsu Saito is scheduled to retire in June 2023.</td> </tr> <tr> <td>Furukawa Electric Co., Ltd.</td> <td style="text-align: center;">Outside Director</td> <td style="text-align: center;">Listed</td> <td>The volume of transactions between Furukawa Electric Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales.</td> </tr> </tbody> </table>	Entity	Position/ responsibilities at the entity	Category	Business relationship	IHI Corporation	Advisor	Listed	The volume of transactions between IHI Corporation and OKI Group accounts for less than 1% of each company's net sales.	JAPAN POST INSURANCE Co., Ltd.	Outside Director	Listed	The volume of transactions between JAPAN POST INSURANCE Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales. Mr. Tamotsu Saito is scheduled to retire in June 2023.	Furukawa Electric Co., Ltd.	Outside Director	Listed	The volume of transactions between Furukawa Electric Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales.
Entity	Position/ responsibilities at the entity	Category	Business relationship														
IHI Corporation	Advisor	Listed	The volume of transactions between IHI Corporation and OKI Group accounts for less than 1% of each company's net sales.														
JAPAN POST INSURANCE Co., Ltd.	Outside Director	Listed	The volume of transactions between JAPAN POST INSURANCE Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales. Mr. Tamotsu Saito is scheduled to retire in June 2023.														
Furukawa Electric Co., Ltd.	Outside Director	Listed	The volume of transactions between Furukawa Electric Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales.														


(Translation)

	KAJIMA CORPORATION	Outside Directors	Listed	The volume of transactions between KAJIMA CORPORATION and OKI Group accounts for less than 1% of each company's net sales.
	New Energy and Industrial Technology Development Organization	Chairman	Other	The volume of transactions between New Energy and Industrial Technology Development Organization and OKI Group accounts for less than 1% of each company's net sales.

(Translation)

Candidate number 7	<b>Izumi Kawashima</b>	Number of years in office as Director: 5 years (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): 13 out of 13 times (100%) Number of Oki shares held: Common stock: 1,000 shares
 (Born on June 25, 1955) [Outside] [Re-election] [Independent] [Woman]	<b>Expected knowledge and experience</b> Human resources management Legal affairs & risk management	<b>Brief personal profile, position and responsibility in the Company and significant concurrent positions</b> Mar. 1985 Left Graduate School of Law, Waseda University after completing a doctoral course Apr. 1989 Associate Professor, Faculty of Economics, Gifu Keizai University Apr. 1996 Professor, School of Law, Senshu University Sep. 2004 Professor, Faculty of Social Sciences, Waseda University (incumbent) Jun. 2016 Outside Director, Oki Electric Cable Co., Ltd. Jun. 2018 Outside Director, Oki Electric Industry Co., Ltd. (incumbent)
		<b>Reason for the selection of candidate for Outside Director and expected role, etc.</b> Ms. Izumi Kawashima is currently a professor of the Faculty of Social Sciences at Waseda University. She specializes in commercial law (mainly the Companies Act) and the Financial Instruments and Exchange Act, and particularly has academic specialist knowledge relating to the Companies Act and corporate governance as well as high ethical standards. In addition, she has a high degree of independence from the management team, and has devoted her energies to the display of the Board of Directors functions as the chairperson of the Company's Board of Directors since June 2021. Ms. Kawashima also has experience as an outside director of other companies, and serves as a member of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on her knowledge as a legal expert in the Companies Act and the Financial Instruments and Exchange Act, etc., she is nominated as a candidate for Outside Director as it is expected that she will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings. Although she has never had experience of being involved in corporate management other than as an outside officer, the Company determined that she will be able to carry out the duties of Outside Director appropriately for the aforementioned reason.

(Translation)

Candidate number <b>8</b>	<b>Makoto Kigawa</b>	Number of years in office as Director: <div style="text-align: right;">4 years</div> (as of the conclusion of this general meeting of shareholders) Number of attendance at meetings of the Board of Directors (the year under review): <div style="text-align: right;">12 out of 13 times (92%)</div> Number of Oki shares held: <div style="text-align: right;">Common stock: 900 shares</div>	
 (Born on December 31, 1949) [Outside] [Re-election] [Independent]	<b>Brief personal profile, position and responsibility in the Company and significant concurrent positions</b>		
	Apr. 1973	Joined The Fuji Bank, Ltd.	
	Apr. 2004	Managing Director, Mizuho Corporate Bank, Ltd.	
	Mar. 2005	Resigned Mizuho Corporate Bank, Ltd.	
	Nov. 2005	Representative Managing Director, Yamato Holdings, Co., Ltd.	
	Apr. 2011	Representative Director, Executive Officer and President	
	Jun. 2016	Outside Director, Komatsu Ltd.	
	Apr. 2018	Chairperson of the Board of Directors, Yamato Holdings, Co., Ltd.	
	Jun. 2018	Outside Director, Seven Bank, Ltd. (incumbent)	
	Jun. 2019	Outside Director, Oki Electric Industry Co., Ltd. (incumbent), retired as Director, Special Advisor, Yamato Holdings Co., Ltd. (incumbent)	
Apr. 2020	Outside Corporate Auditor, The Higo Bank, Ltd.		
Jun. 2021	Outside Director, The Higo Bank, Ltd. (incumbent)		
Jun. 2022	External Board Member, ICMG Co., Ltd. (incumbent)		
<b>Reason for the selection of candidate for Outside Director and expected role, etc.</b>			
<p>After serving as an officer at a financial institution, Mr. Makoto Kigawa served as Representative Director of Yamato Holdings Co., Ltd. for more than ten years, and has extensive management experience and high ethical standards, mainly in the logistics industry, including the transformation of business models using ICT. In addition, he has a high degree of independence from the management team, experience as an outside director of other companies, and serves as the member of the Personnel Affairs and Compensation Advisory Committee. Based on the above, and particularly on his supply chain management and risk management experience, he is nominated as a candidate for Outside Director as it is expected that he will contribute to the deepening of deliberations on the progress of Medium-Term Business Plan, oversight of the development plan of successors, and improvement of risk and crisis response at the Board of Directors meetings.</p>			
<b>Significant concurrent positions and business relationships with the Company</b>			
Entity	Position/responsibilities at the entity	Category	Business relationship
Yamato Holdings, Co., Ltd.	Special Adviser	Listed	The volume of transactions between Yamato Holdings, Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales.
Seven Bank, Ltd.	Outside Director	Listed	There are no business relationships between Seven Bank, Ltd. and OKI Group.
The Higo Bank, Ltd.	Outside Director	Unlisted	The volume of transactions between The Higo Bank, Ltd. and OKI Group accounts for less than 1% of each company's net sales.
ICMG Co., Ltd.	External Board Member	Unlisted	There are no business relationships between ICMG Co., Ltd. and OKI Group.
<b>Expected knowledge and experience</b>			
Corporate management Marketing Human resources management Finance & accounting Legal affairs & risk management Manufacture & SCM			

Notes:

1. There is no special conflict of interest between each candidate and the Company.

(Translation)

2. Mr. Shigeru Asaba, Mr. Tamotsu Saito, Ms. Izumi Kawashima, and Mr. Makoto Kigawa are candidates for outside directors.
3. When Mr. Tamotsu Saito was a director of IHI Corporation, it was revealed that the maintenance of commercial aircraft engines was performed inappropriately. In March 2019, pursuant to the Aircraft Manufacturing Industry Act, the Ministry of Economy, Trade and Industry ordered that IHI Corporation conduct the necessary repairs in an approved manner. In April 2019, IHI Corporation received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism in accordance with the Civil Aeronautics Law. It came to light that at JAPAN POST INSURANCE Co., Ltd., where Mr. Tamotsu Saito has been an outside director since June 2017, there was a case pertaining to contract transfers, etc. where it is possible to have caused a loss without acting in accordance with customers' wishes. With regard to this case, the aforementioned company received administrative sanctions from the Financial Services Agency on December 27, 2019 based on the Insurance Business Act. However, Mr. Saito fulfilled his duties by continuously making proposals from the viewpoint of legal compliance, and after this case came to light, he made proposals, etc. in order to protect customers and prevent recurrence.
4. Mr. Makoto Kigawa served as a director of Yamato Holdings Co., Ltd. until June 2019. In February 2017, the Yamato Group started to investigate the actual labor hours of employees and found out various problems remained unrecognized, such as no enough breaks for many employees. Because this situation was considered to be serious, the Yamato Group has been promoting work-style reforms, for example, "improve and strictly conduct labor management" and "promote a work-life balance," and implementing various structural reforms. Yamato Home Convenience Co., Ltd., a consolidated subsidiary of Yamato Holdings Co., Ltd., made payment requests in an inappropriate manner in violation of contract provisions when it provided relocation services to employees of its corporate customers. In January 2019, it became subject to an administrative disposition and received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism. Yamato Holdings Co., Ltd. has striven to build the necessary structure to prevent Yamato Home Convenience Co., Ltd. from facing similar situations and to strengthen governance in order to enhance the soundness of group management.
5. The Company has entered into a liability limitation agreement with Mr. Shigeru Asaba, Mr. Tamotsu Saito, Ms. Izumi Kawashima, and Mr. Makoto Kigawa. The outline of the agreement is provided in "Company Officers" of the Business Report. If their reappointment is approved, the Company will continue this agreement with them.
6. The Company has entered into a directors and officers liability insurance policy, naming all Directors as insured, and a summary of it is shown in "Company Officers" of the Business Report. The Company plans to continue and renew this policy, and if the appointment of each candidate is approved and they are appointed as Directors, each candidate will be insured under the policy.
7. Mr. Shigeru Asaba, Mr. Tamotsu Saito, Ms. Izumi Kawashima, and Mr. Makoto Kigawa are independent officers based on the terms of the Tokyo Stock Exchange. If their reappointment is approved, they will continue to be independent officers. Please refer to the Company's website for its independence criteria. (<https://www.oki.com/en/ir/corporate/governance/officers.html>)

(Translation)

**(Reference) Skills Matrix for the Board of Directors Following the Approval of Agenda Item 2 (Plan)**

The Company thinks that skills its Board of Directors needs as a whole for performing its roles and fulfilling its responsibilities become satisfied when respective Directors display their abilities by making the most of knowledge and experience expected from them according to the Company's management philosophy, vision and management plans, etc.

The Company expects the display of skills in the following fields in particular.

- "Corporate management," such as management strategy, business management and business strategy, for increasing the earning power of businesses and strengthening the governance structure
- "Marketing" for promoting the development of eco-systems in collaboration with customers
- "Technology & innovation" for developing new businesses toward the goals of further business development and growth
- "Human resources management" for securing human resources necessary for sustainable growth, cultivating abilities, giving employees job satisfaction, and enabling them to display abilities
- "Global" viewpoints for globalizing operations indispensable for securing growth opportunities
- "Finance & accounting" and "Legal affairs & risk management" that act as the basis for making decisions related to management and business activities
- "Manufacture & SCM" that act as important management bases in strengthening manufacturing and enhancing competitiveness comprising the Company's strengths

		Corporate management	Marketing	Technology & innovation	Human resources management	Global	Finance & accounting	Legal affairs & risk management	Manufacture & SCM
Inside	Shinya Kamagami	●	●	●				●	●
	Takahiro Mori	●	●	●	●			●	
	Masayuki Hoshi				●	●	●	●	
	Teiji Teramoto		●			●	●	●	
Outside	Shigeru Asaba		○	○	○				
	Tamotsu Saito	○	○	○	○	○		○	○
	Izumi Kawashima				○			○	
	Makoto Kigawa	○	○		○		○	○	○

The above list does not represent all knowledge and experience respective individuals have.

- Required skills for Directors that have been acquired as a result of business execution experience at the OKI Group (up to five skills)
- Outside experience and specialist knowledge the Company expects in particular




(Translation)

### Agenda Item 3: Election of One (1) Audit & Supervisory Board Member

Among the current five (5) Audit & Supervisory Board Members, the tenure of office of Audit & Supervisory Board Member Toshiya Hatakeyama will expire at the conclusion of this general meeting of shareholders. Accordingly, the Company proposes the election of one (1) Audit & Supervisory Board Member. The candidate for Audit & Supervisory Board Member is as follows:

This agenda has been approved by the Audit & Supervisory Board.

<b>Masashi Fuse</b>	<p>Number of years in office as Audit &amp; Supervisory Board Member: — (as of the conclusion of this general meeting of shareholders)</p> <p>Number of attendance at meetings of the Board of Directors (the year under review): 13 out of 13 times (100%)</p> <p>Number of attendance at meetings of the Audit &amp; Supervisory Board (the year under review): — out of — times (—%)</p> <p>Number of Oki shares held: Common stock: 4,700 shares</p>																					
 (Born on February 23, 1961) [Newly nominated]	<b>Brief personal profile, position and significant concurrent positions</b>																					
	<table border="0"> <tr><td>Apr. 1984</td><td>Joined Oki Electric Industry Co., Ltd.</td></tr> <tr><td>Jun. 1994</td><td>Oki America Inc.</td></tr> <tr><td>Apr. 2015</td><td>Head of Accounting &amp; Control Division, Oki Electric Industry Co., Ltd.</td></tr> <tr><td>Jun. 2015</td><td>Outside Director, SAXA Holdings, Inc.</td></tr> <tr><td>Apr. 2016</td><td>Executive Officer, Oki Electric Industry Co., Ltd.</td></tr> <tr><td>Apr. 2018</td><td>Senior Executive Officer and Head of Corporate Management Group</td></tr> <tr><td>Jun. 2019</td><td>Senior Executive Officer and Member of the Board</td></tr> <tr><td>Apr. 2020</td><td>Senior Vice President and Member of the Board and Head of Corporate Group, Internal Control Administrator</td></tr> <tr><td>Apr. 2021</td><td>Senior Vice President and Member of the Board and Representative Director, President and Chief Executive Officer, Oki Proserve Co., Ltd.</td></tr> <tr><td>Apr. 2022</td><td>Chief Information Officer</td></tr> <tr><td>Apr. 2023</td><td>Associate Director and Member of the Board (incumbent)</td></tr> </table>	Apr. 1984	Joined Oki Electric Industry Co., Ltd.	Jun. 1994	Oki America Inc.	Apr. 2015	Head of Accounting & Control Division, Oki Electric Industry Co., Ltd.	Jun. 2015	Outside Director, SAXA Holdings, Inc.	Apr. 2016	Executive Officer, Oki Electric Industry Co., Ltd.	Apr. 2018	Senior Executive Officer and Head of Corporate Management Group	Jun. 2019	Senior Executive Officer and Member of the Board	Apr. 2020	Senior Vice President and Member of the Board and Head of Corporate Group, Internal Control Administrator	Apr. 2021	Senior Vice President and Member of the Board and Representative Director, President and Chief Executive Officer, Oki Proserve Co., Ltd.	Apr. 2022	Chief Information Officer	Apr. 2023
Apr. 1984	Joined Oki Electric Industry Co., Ltd.																					
Jun. 1994	Oki America Inc.																					
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Jun. 2019	Senior Executive Officer and Member of the Board																					
Apr. 2020	Senior Vice President and Member of the Board and Head of Corporate Group, Internal Control Administrator																					
Apr. 2021	Senior Vice President and Member of the Board and Representative Director, President and Chief Executive Officer, Oki Proserve Co., Ltd.																					
Apr. 2022	Chief Information Officer																					
Apr. 2023	Associate Director and Member of the Board (incumbent)																					
	<b>Reason for the selection of candidate for Audit &amp; Supervisory Board Member</b>																					
	<p>As Head of Accounting &amp; Control Division, Head of Corporate Group, and Chief Information Officer of the Company, Mr. Masashi Fuse has been instrumental in strengthening the Company's financial base and OKI-G's information base. The Company judges that he is able to provide appropriate supervision over the business management based on his past experience as President and Representative Director of Oki Proserve Co., Ltd. He is nominated as a candidate for Audit &amp; Supervisory Board Member as it is expected that, as a member of the Audit &amp; Supervisory Board, he will be able to provide his appropriate opinions and advice from a compliance perspective, share information with other Audit &amp; Supervisory Board Members, and play a role in auditing the Directors' performance of their duties.</p>																					

Notes:

1. There is no special conflict of interest between Mr. Masashi Fuse and the Company.
2. Mr. Masashi Fuse has served in the positions described above and has extensive knowledge in finance, accounting and judicial affairs necessary for auditing of the Company.
3. If the appointment of Mr. Masashi Fuse is approved, the Company will enter into a liability limitation agreement with him. The outline of this agreement is provided in "Company Officers" of the Business Report.

(Translation)

4. The Company has entered into a directors and officers liability insurance policy, naming all Audit & Supervisory Board Members as insured, and a summary of it is shown in “Company Officers” of the Business Report. The Company plans to continue and renew this policy, and if the appointment of Mr. Masashi Fuse is approved and he is appointed as Audit & Supervisory Board Member, he will be insured under the policy.

(Translation)

#### **Agenda Item 4: Determination of Compensation for the Performance-linked Stock Compensation Plan for Directors**

##### **1. Purpose and reason for the proposal**

The Company's compensation system for directors consists of basic compensation, incentive compensation linked to the performance of each fiscal year, and medium- to long-term incentive compensation. Of this compensation, the amount of monetary compensation as basic compensation and annual incentive compensation was approved at the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006, with the limit of ¥600 million per year for Directors (not including the salary for Directors as employees who also serve as employees). In addition, separately from such monetary compensation, the amount of non-monetary compensation as medium- to long-term incentive compensation was approved at the 92nd Ordinary General Meeting of Shareholders held on June 24, 2016 and the 97th Ordinary General Meeting of Shareholders held on June 29, 2021, as compensation related to stock acquisition rights, which are stock options as compensation to directors excluding Outside Directors, with the limit of ¥100 million per year.

In order to further strengthen the linkage with the Medium-Term Business Plan and stock price, we have decided to review the medium- to long-term incentive compensation, which is separate from the monetary compensation approved by the Board of Directors, with the limit of ¥600 million per year, and to newly introduce performance-linked stock compensation plan (hereinafter "the plan" in this proposal) for our Directors (excluding internal Directors not serving concurrently as Executive Officers and Outside Directors (hereinafter "eligible Directors")) and abolish the existing stock compensation system based on equity warrants, which were compensation-type stock option. This plan is to grant monetary compensation claims to the eligible Directors in exchange for the delivery of the calculated number of shares of common stock of the Company as described in 2. below (hereinafter the "Company's shares" in this proposal). The three-year period corresponding to the Medium-Term Business Plan is the period subject to performance evaluation (hereinafter the "performance evaluation period" in this proposal), and the evaluation and delivery of the Company's shares will be made every three years.

The details are as described in 2. below, and we ask for your approval for the introduction of the plan. This proposal has been decided by the Board of Directors after deliberation by the Personnel Affairs and Compensation Advisory Committee.

The total number of the Company's shares to be issued or disposed of to the eligible Directors under this plan is capped at 120,700 shares (per fiscal year), and even if the Company were to continue issuing shares at this maximum number for 10 years, the dilution would be minimal at approximately 1.38% of the total number of outstanding shares. A portion of these shares will be paid in cash, so the actual dilution will be even smaller.

Currently there are two (2) eligible Directors, and if Proposal 2 is approved, the number of eligible Directors will be three (3).

With the introduction of the plan, subject to the approval of this proposal, there will be no new issuance of equity warrants, which are compensation-type stock options to directors in the future (stock options that have already been granted will remain).

The structure of the plan, as described below, is designed to meet the above objectives. The Company established the policy on determining the content of individual compensation, etc. for Directors, and a summary is described in the Business Report under "Company Officers," which, if this proposal is approved, will be revised to include the plan.

In light of the above, the Company believes that the contents of this proposal are appropriate.

(Translation)

## **2. Outline of the plan**

### **(1) Contents of compensation, etc.**

The Company's Board of Directors will set targets for the Company's performance, etc. during the performance evaluation period in advance, and monetary compensation claims will be issued to the eligible Directors to deliver the number of the Company's shares in accordance with the degree of achievement, etc. of such targets (the eligible Directors will pay such monetary compensation claims as assets contributed in kind and will be issued or disposed of the Company's shares). In addition, this is a performance-linked stock-based compensation plan in which a cash amount corresponding to the share price of the Company's shares is granted as compensation for the performance evaluation period. Accordingly, the grant of such monetary compensation claims to the eligible Directors and the payment of cash will be made after the end of the performance evaluation period, in principle.

Because the grant of monetary compensation claims and the delivery of shares of the Company and the payment of cash to the eligible Directors will be made after the expiration of the performance evaluation period, at the time of introduction of the plan, it is not possible to determine whether or not such grant and payment will be made to the eligible Directors, the number of the Company's shares to be delivered and paid in case such grant and payment are made, and the amount of monetary compensation claims and cash to be paid to grant the Company's shares. In addition, it is prohibited for the eligible Directors to transfer or offer as security any rights to receive monetary compensation claims and delivery of shares of the Company and the payment of cash under the plan.

The initial performance evaluation period shall be the three fiscal years from April 2023 to March 2026, which correspond to the period of the Company's Medium-Term Business Plan, and thereafter, in principle, the performance evaluation period shall continue for each of the three fiscal years corresponding to the period of the Medium-Term Business Plan after the initial performance evaluation period.

### **(2) Maximum number of shares to be delivered and maximum amount of compensation, etc. for eligible Directors**

The total number of the Company's shares to be delivered to the eligible Directors shall be 362,100 shares or less for each performance evaluation period, and the total amount of remuneration, etc. to be paid to the eligible Directors shall be calculated by multiplying 362,100 shares by the closing price of the Company's shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors regarding issuance or disposal of the Company's shares (if no transaction is effected on that date, the most recent closing price shall be used; below, "share price at the time of delivery" in this proposal).

Because the performance evaluation period is three fiscal years as described in 2. (1) above, the maximum amount per fiscal year shall be the number of shares and the amount equivalent to one-third of the total number of shares and the maximum amount per fiscal year, respectively. However, in the event of a stock split of the Company's shares (including a gratis allotment of the Company's shares) or a reverse stock split after the date of resolution of this proposal, or any other event requiring adjustment of such total number of shares, the number of shares shall be adjusted in accordance with such split ratio or reverse split ratio, etc.

### **(3) Calculation method of the number of shares and the amount of money to be delivered under the plan**

#### **(a) Performance evaluation index and factor**

A factor shall be set within a certain range according to the degree of achievement of performance targets separately determined in advance by the Board of Directors.

#### **(b) Calculation method**

(Translation)

The number of shares to be delivered or the amount of money to be paid to the eligible Directors will be calculated in accordance with the contents of compensation, etc. described in 2. (1) above. The Board of Directors of the Company will determine the standard number of shares to be delivered and the payment rate, etc., which will be determined based on the position, etc., of the eligible Director.

The calculation method of the number of shares to be delivered and the monetary amount is as follows.

**Number of shares to be delivered** = standard number of shares to be delivered (base amount\*1 / share price at the time of grant\*2) × grant ratio\*3 × grant ratio (50%)

**Amount of money** = {standard number of shares to be delivered (base amount\*1 / share price at the time of grant\*2) × grant ratio - number of the Company's shares to be granted} × share price at the time of grant

\*1. The base amount shall be determined by the Company's Board of Directors based on the position of each grantee.

\*2. The stock price at the time of grant shall be the average closing price of the Company's shares on the Tokyo Stock Exchange for the one-month period preceding the day immediately preceding the date of this General Meeting of Shareholders.

\*3. The grant ratio shall be calculated in the range of 0% to 250% based on the degree of achievement of the ROE and sales targets for the performance evaluation period. The standard targets primarily use the targets set in the Medium-Term Business Plan. The payment ratio shall be 100% when the standard targets are achieved, 250% when the highest targets are achieved or exceeded, 50% when the minimum targets are achieved, and 0% when the minimum targets are not achieved. Each target is decided by the Board of Directors after deliberation by the Personnel Affairs and Compensation Advisory Committee so that the appropriate degree of difficulty is given to them based on the nature of the performance evaluation index, etc.

\*4. If the delivery of the number of shares of the Company and the payment of cash calculated by the above formula may cause the maximum number of shares to be delivered or the maximum amount to be paid to each eligible Director to be exceeded, the Company's Board of Directors shall determine the maximum number of shares to be delivered or the maximum amount to be paid to each eligible Director by a reasonable method determined by the Board of Directors, including proportional distribution, so as to keep the amount within these maximum limits.

#### **(4) Conditions for delivery of the Company's shares and payment of cash to the eligible Directors**

Under the plan, shares of the Company shall be delivered and cash payment shall be made to the eligible Directors upon completion of the performance evaluation period and fulfillment of the following requirements. However, if an eligible Director dies and retires during the performance evaluation period, payment shall be made under the terms and conditions determined by the Board of Directors at the time of retirement. If an eligible Director retires during the performance evaluation period or is newly appointed as an eligible Director during the performance evaluation period, the amount shall be prorated in accordance with the period of service.

- (i) The eligible Director held the position of Director of the Company at any time during the performance evaluation period
- (ii) The eligible Director has not committed certain acts of misconduct as determined by the Board

(Translation)

of Directors of the Company

(iii) Other requirements determined by the Board of Directors of the Company as necessary to achieve the purpose of the plan are satisfied

In the event that a merger agreement in which the Company becomes a defunct company, a share exchange agreement in which the Company becomes a wholly owned subsidiary, a share transfer plan, or other matters related to reorganization, etc. are approved at a General Meeting of Shareholders of the Company (however, in cases where approval by a General Meeting of Shareholders of the Company's is not required for such reorganization, etc., the Board of Directors of the Company shall approve the reorganization, etc.), or if there is any other reason deemed justifiable by the Board of Directors of the Company, if necessary, the Company's Board of Directors may, at a time reasonably determined by the Board of Directors, deliver or pay a reasonably adjusted number and amount of shares and money, or, in lieu of such delivery, etc., pay an amount of money reasonably calculated by the Board of Directors as an amount equivalent to such shares and money.

**(5) Other**

The handling of this plan at the time of reorganization, etc., the handling of the maximum number of shares and the maximum amount at the time of stock split or reverse stock split, and other details of this plan shall be determined by a resolution of the Board of Directors.

**(Reference)**

If this proposal is approved, there will be no new issuance of equity warrants, which are compensation-type stock options to Executive Officers who do not concurrently serve as Directors of the Company in the future (stock options that have already been granted will remain), and we plan to introduce a system similar to the plan.

## **Business Report**

(From April 1, 2022 to March 31, 2023)

### **1. Status of the OKI Group**

#### **(1) Operating progress and results**

##### **Business environment**

Although the recovery of economic activities is progressing due to the improvement in the COVID-19 situation, the future of the economy remains uncertain due to the increased geopolitical risks associated with the prolonged situation in Russia and Ukraine, unstable foreign exchange rates, and other factors. In addition, disruptions in the supply chain, such as soaring raw material prices and shortages of materials, especially semiconductors, continued during the period under review.

Under such circumstances, OKI aims at perfecting the foundation to achieve sustainable growth through the on-going structural reforms, and is working to realize products and services that resolve seven social issues (aging problems, natural disasters, traffic issues, environmental issues, labor shortages, labor productivity, and the infectious diseases) based on the OKI Group's materiality.

##### **Operating results for the fiscal year under review**

For the business conditions in the fiscal year, net sales were ¥369.1 billion, a year-on-year increase of 4.8% or ¥17.0 billion. Although the impact of production declines due to shortages of materials such as semiconductors a continued throughout the fiscal year, net sales increased due to the positive impact of foreign exchange rates as well as the inclusion of projects that were delayed from the previous fiscal year.

For the profit side, operating income was ¥2.4 billion, a year-on-year decrease of ¥3.5 billion, primarily due to the supply chain crisis mainly of the parts shortages and sharp price rise despite the positive effects of an increase in volume due to the inclusion of projects that were pushed back from the previous fiscal year, optimization of selling prices, and fixed cost reductions. Excluding foreign exchange effects and one-time gains recorded in the previous period, operating income was almost unchanged from the previous period. Sales and profits are expected to recover in the next fiscal year as a result of strengthening supply chain impact measures, including enhancement of procurement capabilities and response to alternative parts and materials due to design changes, which were prioritized in the current fiscal year.

Ordinary loss was ¥0.3 billion yen (a deterioration of ¥8.0 billion year-on-year) due to a decrease in operating income and a deterioration in the foreign exchange gain or loss included in the non-operating section.

Loss attributable to owners of parent was ¥2.8 billion, a deterioration of ¥4.9 billion year-on-year. This was mainly due to a decrease in extraordinary loss from structural reforms.

Looking at non-consolidated business performance, net sales were ¥234.9 billion, operating loss was ¥16.9 billion, ordinary loss was ¥8.6 billion and loss was ¥6.3 billion.

Please refer to the financial results presentation materials posted on our website for more detailed information on financial results for the fiscal year ended March 31, 2023.

<https://www.oki.com/en/ir/data/presen.html>

(Translation)

The OKI Group manufactures and sells products, builds systems and provides solutions, and performs construction, maintenance, and other services in the two business segments of “Solution Systems” and “Components & Platforms” and “Others.” The main businesses by business segment are as follows.

This has been changed to “Public Solutions,” “Enterprise Solutions,” “Component Products,” “EMS,” and “Others,” effective from April 1, 2023.

- Major business

Segment	Major business
Solution Systems Business	This segment is mainly engaged in manufacturing and sales of the following products, system building and provision of solutions, providing construction, maintenance, and other services. [Transportation infrastructure systems, disaster prevention-related systems, defense-related systems, aircraft equipment, telecommunications equipment for telecommunications carriers, financial sales branch systems, centralized office systems, reservation ticketing systems, IP-PBX, business phones, contact centers, 920 MHz band multi-hop radio systems, etc.]
Components & Platforms Business	This segment is mainly engaged in manufacturing and sales of the following products, and other services. [ATM, cash processors, store terminals, reservation ticket terminals, check-in terminals, currency exchange machines, ATM monitoring and operation services, color and monochrome LED printers, color and monochrome LED multifunction machines, large format inkjet printers, dot impact printers, contract design and production services, printed circuit boards, etc.]
Others	“Others” includes the service provision, manufacture and sales of other devices or products.

- Net Sales by Segments

(Unit: Billions of yen)

Segment	FY2021 (reference: previous fiscal year)	FY2022 (Fiscal year under review)	Changes (amount)	Changes (%)
Solution Systems	162.6	179.4	16.8	10.3
Components & Platforms	189.0	189.2	0.2	0.1
Others	0.4	0.5	0.1	24.6
Total	352.1	369.1	17.0	4.8

Net sales and operating income from external customers by business segment are as follows.

<Solution Systems Business>

Net sales came to ¥179.4 billion, a year-on-year increase of 10.3% or ¥16.8 billion. Net sales increased in all business areas, mainly due to the inclusion of projects from the previous period and an increase in sales from the acquired aircraft equipment business in the Public Solutions business. Operating income was ¥8.5 billion, a year-on-year decrease of ¥1.0 billion due to the negative impact of higher material prices and foreign exchange rates, as well as higher costs for software development projects in the Enterprise Solutions business.

<Components & Platforms Business>

Net sales came to ¥189.2 billion, a year-on-year increase of 0.1% or ¥0.2 billion. In the Mono-zukuri Platform business field, sales for FA/semiconductor manufacturing equipment continued to be strong. On the other hand, in the Components business, although foreign exchange rates had a positive impact on revenue in the information equipment business, the impact of lower production due to a shortage of parts and materials in the Automation Systems business was significant, resulting in a decline in revenue. Operating loss was ¥0.1 billion, a deterioration of ¥3.6 billion year-on-year. The impact of increased revenue in the Mono-zukuri Platform business area and the effect of fixed cost reductions through structural reforms at overseas subsidiaries offset the decline in revenue in the Components business, and as a result, on a real basis, excluding the one-time gains recorded in the previous fiscal year, revenue was almost unchanged from the previous fiscal year.

<Others>

Net sales of the other business segment were ¥0.5 billion, up ¥0.1 billion or 24.6% year-on-year, and operating income increased by ¥0.1 billion to ¥0.4 billion.



(Translation)

## (2) Capital expenditure and research and development expenses

Capital expenditures and research and development expenses for the fiscal year under review equaled ¥12.7 billion and ¥9.6 billion, respectively.

Investment by segment were as follows.

(Unit: Billions of yen)

Segment	Amount of capital expenditure (Amount of research and development expenses)	Major capital expenditure
Solution Systems	3.9 (2.7)	Upgrading, etc. of facilities to design/manufacture new products and incidental facilities of plants in business areas (e.g. social infrastructure, IoT, finance, and network systems)
Components & Platforms	8.2 (4.9)	Development of new automated products to solve social issues such as labor shortages and non-contact/non-personal contact, as well as investment in production capacity expansion to strengthen comprehensive mono-zukuri services
Others/Company-wide (shared)	0.6 (2.1)	
Total	12.7 (9.6)	

## (3) Financing

Operating funds and funds for capital expenditures necessary for business activities will be obtained from our own funds, borrowed funds, or other sources. Among these, operating funds are raised through short-term and long-term borrowings. In addition, long-term funds for production facilities, etc. are raised through long-term borrowings. Long-term funds are raised on fixed interest rates in the forms of separate borrowings from financial and other institutions and syndicated loans.

As for financing, the Company utilizes a domestic cash management system, whereby the Company integrates the funds of consolidated subsidiaries into the Company itself to improve the cash efficiency and reduce borrowings.

Cash in hand and deposits that the Company owns has been kept at a sufficient level. The Company maintains good business relationships with major partner financial institutions, so recognizes that it will be able to raise operating and capital investment funds necessary for business activities without any problem. However, for more stable financing, we renewed the commitment line agreement to prepare for contingencies and the supply chain crisis including the parts shortages and soaring raw material costs.

The OKI Group places emphasis on the financial discipline and intends to use free cash flow generated through business activities as basic financial resources and efficiently raise the necessary funds.

**(4) Future challenges**

Guided by its corporate philosophy of “The people of OKI, true to the Company’s “enterprising spirit,” are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age,” the OKI Group aims to resolve social issues through critical Mono-zukuri (the spirit and mind-set to innovate, create and improve products) and Koto-zukuri (working together, proactively seeking opportunities that deliver value to customers).”

We recognize that the business environment surrounding the OKI Group is becoming even more uncertain globally due to environmental issues such as climate change and conflicts. In addition to the impact of the COVID-19, the world economy and people’s lives continue to be affected by various changes, such as fluctuations in raw material and energy prices due to geopolitical risks and other factors. These changes in the environment have had a significant impact on our business, and we have not achieved our Medium-Term Business Plan 2022. We believe that “respond to environmental changes” is necessary to overcome this uncertain business environment and achieve sustainable growth. In addition, we will promote transformation into a corporate culture that continues to create value amid the large and rapid trends in the world, such as advances in digital technology, changes in people’s awareness and behavior, and growing awareness of sustainability.

In FY2023, we will formulate our Medium-Term Business Plan 2025, which will end in FY2025, and strive to realize our vision for 2031, with the key message, “Delivering OK! to your life,” as we steer the company toward growth and strengthen our ability to respond to changes in the environment. In the new Medium-Term Business Plan, we will work to recover our damaged financial base by breaking out of the shrinking equilibrium and steadily securing sales and recovering profitability. Specifically, under a simple business structure centered on speedy decision-making and improved comprehensive strength, we will clarify the positioning of our businesses and implement the optimal strategy for each business to steadily secure sales and strengthen profitability. We will also leverage OKI’s edge technologies and know-how, which are our strengths, to aggressively take on challenges not only in existing business areas but also in new areas where growth is expected, with the aim of creating future businesses. In addition to the formulation of the new Medium-Term Business Plan, we will steadily promote sustainability management by implementing the updated materiality of “providing products and services that help social issues,” “reducing environmental impact through business activities,” “transforming into a corporate culture that continuously creates value,” and “strengthening management foundation to support sustainable growth.”

(Translation)

## (5) Trends in assets and profit/loss

Trends in assets and profit/loss for the fiscal year under review and the past three years are as follows.

	96th year (FY2019)	97th year (FY2020)	98th year (FY2021)	99th year (Fiscal year under review, FY2022)
Net sales	457.2 billion yen	392.9 billion yen	352.1 billion yen	369.1 billion yen
Profit attributable to owners of parent	14,086 million yen	(819) million yen	2,065 million yen	(2,800) million yen
Basic earnings per share	162.80 yen	(9.47) yen	23.85 yen	32.33 yen
Total assets	372.5 billion yen	371.5 billion yen	369.2 billion yen	390.4 billion yen
Net assets	106.4 billion yen	111.6 billion yen	107.6 billion yen	99.3 billion yen
Net assets per share	1,227.42 yen	1,286.41 yen	1,240.62 yen	1,143.96 yen

Notes:

1. Basic earnings per share is computed based on the average number of shares during the year (weighted average). Net assets per share are computed based on the number of shares outstanding at the year-end. These figures exclude treasury stocks.
2. The accounting policies have been updated for configuration and customization costs in cloud computing agreements in the 98th fiscal year (fiscal 2021); therefore, the associated values in the 97th fiscal year (fiscal 2020) have retrospectively been applied corrections.
3. The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related implementation guidance from the beginning of the 98th fiscal year (fiscal 2021), and the figures for the 98th fiscal year onward are figures after application of the accounting standard.

## (6) Status of major subsidiaries

### (i) Status of major subsidiaries

Name	Capital	Company's voting right ratio (%)	Major business
OKI Crosstech Co., Ltd.	2,001 million yen	100	Maintenance, construction and sales of information processing equipment and telecommunications equipment Design and construction of electronic works and electronic telecommunications works
OKI Circuit Technology Co., Ltd.	480 million yen	100	Development, design, manufacture and sales of printed circuit boards, electronic equipment and electronic parts
OKI Software Co., Ltd.	400 million yen	100	Development and operation of telecommunications system software
Okie Electric Cable Co., Ltd.	4,304 million yen	100	Manufacturer and sales of electrical wire, electronic equipment parts, metal products and synthetic resin material processed goods
OKI Nextech Co., Ltd.	400 million yen	100	Development, design, manufacturer, sales and maintenance of information and communications devices, industrial electronic devices, medical electronic equipment and other electronic devices as well as electronic parts
Okie Data Manufacturing (Thailand) Co., Ltd.	420 million baht	100	Manufacturing of printers, etc.
Okie Europe Ltd.	141 million euro	100	Sales of printers, etc.

(Translation)

- (ii) Major partners
  - 1) Major technical partners:
    - International Business Machines Corporation (US)
    - Canon Inc.
  - 2) Major business partners:
    - Hewlett-Packard Company (US)
    - Cisco Systems G.K.

(Translation)

## (7) Major offices

Our major offices are as follows.

Name	Classification	Location
Oki Electric Industry Co., Ltd.	Head office	Minato-ku, Tokyo
	Branch offices	Hokkaido region (Sapporo, Hokkaido), Tohoku region (Sendai, Miyagi), Chubu region (Nagoya, Aichi), Kansai region (Osaka, Osaka), Chugoku region (Hiroshima, Hiroshima), Shikoku region (Takamatsu, Kagawa), and Kyushu region (Fukuoka, Fukuoka)
	Business offices	Minato-ku (Tokyo), Warabi (Saitama), Honjo (Saitama), Takasaki (Gunma), Tomioka (Gunma), Numazu (Shizuoka), and Akiruno (Tokyo)
	Research institutes	Warabi (Saitama) and Osaka (Osaka)
OKI Crosstech Co., Ltd.	Head office	Chuo-ku (Tokyo)
OKI Circuit Technology Co., Ltd.	Head office	Tsuruoka (Yamagata)
OKI Software Co., Ltd.	Head office	Warabi (Saitama)
Oki Electric Cable Co., Ltd.	Head office	Kawasaki (Kanagawa)
OKI Nextech Co., Ltd.	Head office	Tokorozawa (Saitama)
Oki Data Manufacturing (Thailand) Co., Ltd.	Head office	Thailand
Oki Europe Ltd.	Head office	UK

## (8) Employees

### (i) Employees by segment

Segment	Number of employees	
	OKI Group	Oki Electric Industry
Solution Systems	6,707	2,567
Components & Platforms	6,651	1,548
Others	469	—
Company-wide (shared)	625	625
Total	14,452	4,740

### (ii) Employees of Oki Electric Industry

Number of employees	Average age	Average years of service	Average annual wage (yen)
4,740 (decreased by 20 from the end of the previous fiscal year)	44.8	19.9	7,286,422

## (9) Major creditors

Major creditors of the OKI Group are as follows:

(Unit: Billions of yen)

Creditor	Loan balance
Mizuho Bank, Ltd.	39.0
Sumitomo Mitsui Banking Corporation	25.3
Mizuho Trust & Banking Co., Ltd.	7.4
The Norinchukin Bank	4.0
Resona Bank, Limited	3.2

## **(10) Corporate governance**

### **(i) Basic policy**

Guided by the corporate philosophy of “The people of OKI, true to the company’s “enterprising spirit,” are committed to creating superior network solutions and providing excellent information and communications services globally to meet the diversified needs of communities worldwide in the information age,” the OKI Group recognizes sustainable growth and increases corporate value over medium- to long-term as its most important management priorities in earning the trust of its various stakeholders. To this end, we are working to enhance corporate governance based on our fundamental policies of “enhancement of management fairness and transparency,” “timely decision-making processes,” and “full compliance and fortification of risk management.”

### **(ii) Corporate governance structure**

#### **(a) Outline of the structure**

As a company with the Audit & Supervisory Board, the Company establishes the Board of Directors and Audit & Supervisory Board and adopts an executive officer system, aiming to promote “timely decision-making processes” by separating business execution and supervision. From April 2023, the President, Representative Director of the Company assumed the role of Chief Executive Officer (CEO), and will concentrate authority over business management to speed up the decision-making process in order to achieve the goals of the Medium-Term Business Plan 2025.

In addition, the Company also works on the “enhancement of management fairness and transparency” by nominating Outside Directors as well as setting up a voluntary committee concerned with personnel affairs and compensation, so as to ensure effective supervision from an independent and objective standpoint. In addition to audits by the Audit & Supervisory Board and its members, OKI seeks to ensure “full compliance and fortification of risk management,” such as by establishing the Risk Management Committee.

During the fiscal year under review (fiscal 2022), the Company was operated by nine Directors, including four Outside Directors (including one female Director); five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members; and 16 Executive Officers not serving concurrently as Directors. All the Outside Directors and Outside Audit & Supervisory Board Members are independent officers who are neutral and independent of the management. Furthermore, there is no system to receive consulting and advice, etc., from former representative directors and presidents, etc.

#### **(b) Reason for selecting the current structure**

The Company judges that it can stably achieve “enhancement of management fairness and transparency,” “timely decision-making processes,” and “full compliance and fortification of risk management” by conducting various measures including (i) enhancing the supervisory function of the Board of Directors by separating business execution and supervision and promoting active involvement of outside directors; (ii) having objective auditing by Audit & Supervisory Board members who are independent of management and have a strong authority for investigation; and (iii) establishing voluntary Personnel Affairs and Compensation Advisory Committee. The Company will continue to seek sustainable growth and increase corporate value from a medium- to long-term viewpoint while recognizing its responsibility to its stakeholders and complying with the aims of the Corporate Governance Code.

(iii) **General Meeting of Shareholders**

The General Meeting of Shareholders of the Company, a company with the Board of Directors, resolves items set forth in laws and regulations, and the Articles of Incorporation. The Board of Directors is authorized to resolve the following matters in accordance with relevant laws and regulations. It is stipulated that the amount of dividends, other than interim dividends, is determined at general meetings of shareholders.

(a) Organization to determine the acquisition of treasury stock

The Articles of Incorporation stipulate that the Company may acquire treasury stock through market transactions, etc. upon a resolution of the Board of Directors pursuant to Article 165, paragraph (2) of the Companies Act to swiftly implement capital policies.

(b) Organization to determine interim dividend

The Articles of Incorporation stipulate that the Company may pay interim dividends upon a resolution of the Board of Directors to distribute profits swiftly to shareholders.

(c) Requirements for special resolutions of a general meeting of shareholders

The Articles of Incorporation stipulate that, for smooth operations of general meetings of shareholders, special resolutions at a general meeting of shareholders set forth in Article 309, paragraph (2) of the Companies Act are passed by a majority of two-thirds or more of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of votes of the shareholders entitled to vote at such shareholders meeting are present.

(iv) **Board of Directors**

(a) Duties, Composition, Operations, etc.

During the fiscal year under review, the Board of Directors consisted of nine Directors, held a meeting once a month in principle as well as special meetings when necessary, decided on significant matters including basic management policy, and supervised business execution based on laws and regulations, and the Articles in Incorporation.

To secure the functions of the Board of Directors, the Company selects candidates for Directors in consideration of diversities, such as expertise, career and gender, based on the skills matrix in the Reference Documents for the General Meeting of Shareholders, and includes four Independent Outside Directors (including one female Director) to improve the fairness and transparency of management, thinking that the roughly equal numbers of internal Executive Directors and highly independent Outside Directors create an appropriate balance.

The Board of Directors is chaired by a Director who is mutually appointed, but was chaired by an Outside Director during the fiscal year under review.

The Board of Directors held 13 meetings during the fiscal year under review, of which two meetings were attended by all Directors except for one absentee. The attendance rates of the Outside Directors and Outside Audit & Supervisory Board Members are shown in “Outside Directors and Audit & Supervisory Board Members” of the Business Report. To contribute to in-depth discussions at the Board of Directors meetings, outside officers are given materials and explanations in advance by the secretariat of the Board of Directors, etc.

During the fiscal year under review, the Board of Directors meetings concentrated on deliberations for the formulation of the Medium-Term Business Plan 2025 (held 9 times, including off-site meetings). In addition, with a view to enhancing ESG initiatives, the Board of Directors

(Translation)

also deliberated on the revision of the basic policy on the development of internal control systems, the revision of the environmental vision, and the formulation of the OKI Group Human Rights Policy. Furthermore, complying with the aims of the Corporate Governance Code, the Board of Directors continues to deepen discussions on the reduction of cross-shareholdings, dialogue with shareholders (SR implementation plan), publication of the FY2022 version of the OKI Report, the Integrated Report, and board effectiveness evaluations, etc. In addition, based on the deliberations and reports of the Personnel Affairs and Compensation Advisory Committee, this year the Committee also deliberated and resolved on a development plan of successors and revisions to the officer compensation system.

(b) Matters concerning Directors

i. Number of Directors

The Articles of Incorporation stipulate that the number of Directors of the Company shall be no more than 15.

ii. Requirements for resolution of election of Directors

The Articles of Incorporation stipulate that resolutions for election of Directors shall be passed by more than half of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of votes of the shareholders entitled to vote at such shareholders meeting are present, and that no cumulative vote is adopted in the election of Directors.

iii. Tenure of office

The Articles of Incorporation stipulate that the tenure of office of Directors shall be set as one year to clarify management responsibility for each fiscal year.

(v) **Voluntary committee**

The Company has established the Personnel Affairs and Compensation Advisory Committee as a voluntary committee to secure transparency and objectiveness in the decision-making processes concerning appointment and dismissal of Directors and determination of compensation for officers. The Committee is consulted prior to resolutions at a Board of Directors meeting on appointment and dismissal of Directors, Executive Officers, etc. and the structure and level of their compensation, deliberates on these issues from an objective viewpoint, and reports the results to the Board of Directors. In addition, the Committee delivers its opinion on nomination of candidates for Audit & Supervisory Board Members to Audit & Supervisory Board Members. During the fiscal year under review, the Committee consisted of four members, all whom are Outside Directors, and was chaired by an Outside Director by resolution of the Board of Directors. The Committee held 12 meetings in the fiscal year under review, with all members in attendance at each meeting.

During the fiscal year under review, the committee deliberated and reported to the Board of Directors on such issues as the executive structure for achieving the Medium-Term Business Plan 2025, the revision of the executive compensation system so that it functions sufficiently as an incentive to enhance performance for the continuous enhancement of corporate value, and the long-term issue of development plan of successors (management human resources development).

(vi) **Election and dismissal of company officers**

Upon the nomination of candidates for Directors and Audit & Supervisory Board Members and appointment of Executive Officers, the Company takes into consideration that the candidate satisfies the following requirements, as well as legal eligibility.

- Those with excellent personality, insights, high ethical standards, fairness and integrity



(Translation)

as well as a high-level awareness of compliance

- Those who can execute their duties towards the realization of the OKI Group's corporate philosophy and continuous improvement of the corporate value
- Those who have had a long term of office
- Audit and Supervisory Board Members who have the necessary knowledge of finance, accounting and legal affairs
- Outside officers who satisfy the independence criteria

A dismissal of a director, Audit & Supervisory Board member, or executive officer is proposed in cases where the said person engages, or is likely to engage, in an act in violation of laws and regulations or the Articles of Incorporation, or where a certain event occurs, which makes it difficult for the said person to fulfill the duties appropriately, and the Personnel Affairs and Compensation Advisory Committee is promptly consulted and deliberates on such an event, and reports the results and proposes a dismissal to the Board of Directors.

**(vii) Matters related to stocks owned by the Company (As of March 31, 2023)**

**(a) Policy on cross-shareholdings**

The Company will reduce cross-shareholdings phase by phase as a result of comprehensive consideration of conditions such as the medium- and long-term improvement of the corporate value of the Company and a share certificate-issuing company. The Company aims to achieve a net asset ratio of approximately 20% by the end of FY2025, the final year of the new Medium-Term Business Plan.

**(b) Outline of consideration-related cross-shareholdings**

Every year, the Board of Directors validates cross-shareholdings. The decision on the suitability of holding is made for each stock based on a comprehensive consideration of quantitative and qualitative factors.

**(c) Standards for the exercise of voting rights regarding cross-shareholdings**

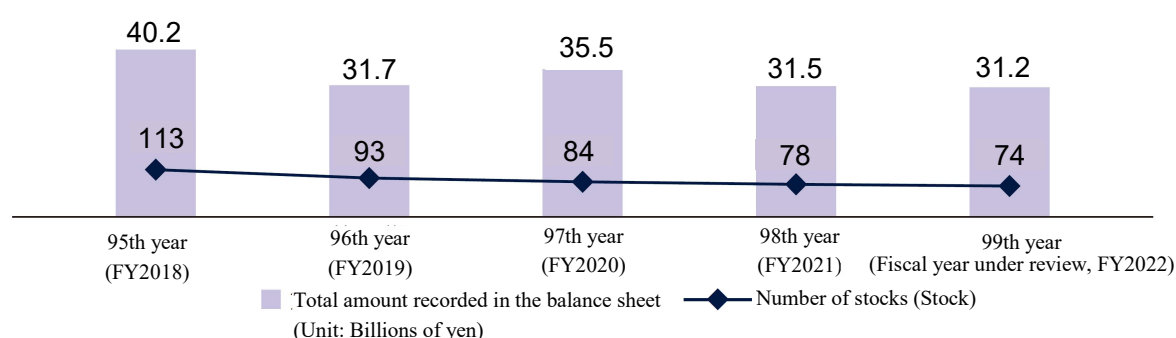
For the exercise of voting rights regarding cross-shareholdings, we classify proposals as follows, establish standards for exercise to make a decision and exercise the rights.

- In case of a proposal to elect an officer, the total number, ratio of independent officers, etc.
- In case of a proposal related to remuneration for officers, performance, asset status, etc.
- In case of a proposal for appropriation of surplus, performance, condition of retained earnings, etc.
- We shall pay extra attention to the deliberation of a proposal for anti-takeover measures, M&A or third-party allocation of shares.

(Translation)

(d) Number of brands of the stocks that the Company owns for purposes other than pure investment and the total amount recorded in the balance sheet

		95th year (FY2018)	96th year (FY2019)	97th year (FY2020)	98th year (FY2021)	99th year (Fiscal year under review, FY2022)
Number of stocks (Stock)	Unlisted stock	75	66	59	52	50
	Stocks other than unlisted stock	38	27	25	26	24
	Total	113	93	84	78	74
Total amount recorded in the balance sheet (Unit: Billions of yen)	Unlisted stock	6.3	6.3	6.3	6.2	6.2
	Stocks other than unlisted stock	33.8	25.4	29.2	25.3	25.0
	Total	40.2	31.7	35.5	31.5	31.2



## (11) Other significant events of the OKI Group

Oki Banking Systems (Shenzhen) Co., Ltd. (hereinafter “OBSZ”), a consolidated subsidiary of the Company in China, includes accounts receivable of RMB1,111.957 million (¥21,594 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) from Shenzhen Yihua Computer Industrial Co., Ltd. (hereinafter “Yihua Industrial”) in long-term trade receivables. OBSZ filed a request for arbitration with the South China International Economic and Trade Arbitration Commission, on October 10, 2015, demanding payment of such accounts receivable 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 million (¥21,301 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) 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 to the Supreme People’s Court on January 5, 2022. The case is currently pending. The OKI Group is making every effort to collect the full amount awarded.

(Translation)

## 2. Shareholders' Equity

(1) Number of shares authorized to be issued by the Company:  
240,000,000 shares

(2) Number of outstanding shares:  
87,217,602 shares  
(including 598,803 shares of treasury stock)

(3) Number of shareholders:  
68,991

(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	12,883,900	14.87
Custody Bank of Japan, Ltd. (trust account)	4,135,900	4.77
Oki Denki Group Employees' Shareholdings Committee	2,199,461	2.54
Custody Bank of Japan, Ltd. (trust account 4)	1,766,300	2.04
Mizuho Bank, Ltd.	1,419,648	1.64
Meiji Yasuda Life Insurance Company	1,400,097	1.62
DFA INTL SMALL CAP VALUE PORTFOLIO	1,275,760	1.47
State Street Bank West Client-Treaty 505234	1,185,593	1.37
JP Morgan Chase Bank 385781	1,079,483	1.25
STATE STREET BANK AND TRUST COMPANY 505227	983,900	1.14

Note: The percentages of shares held are calculated after deducting treasury stock.

(Translation)

### 3. Equity Warrants

**(1) Equity warrants granted to the Company's officers as consideration for their performance of duties**

(i) Number of equity warrants  
903

(ii) Type and number of shares subject to equity warrants  
90,300 shares of the Company's common stock (100 shares per equity warrant)

(iii) Status of equity warrants held by the Company's officers

Issued Number (Exercise Price)	Exercise period	Directors (excluding Outside Directors)	
		Number of equity warrants	Number of holders
FY2016 equity warrant (1 yen) (Issued on August 16, 2016)	August 17, 2016 to August 16, 2041	125	3
FY2017 equity warrant (1 yen) (Issued on August 15, 2017)	August 16, 2017 to August 15, 2042	173	4
FY2018 equity warrant (1 yen) (Issued on August 14, 2018)	August 15, 2018 to August 14, 2043	183	4
FY2019 equity warrant (1 yen) (Issued on August 14, 2019)	August 15, 2019 to August 14, 2044	195	4
FY2020 equity warrant (1 yen) (Issued on August 18, 2020)	August 19, 2020 to August 18, 2045	227	5

**(2) Equity warrants issued to employees in consideration of performance during the fiscal year under review**

No notes since no equity warrant was issued in this fiscal year.

(Translation)

#### 4. Company Officers

##### (1) Names, etc. of Directors and Audit & Supervisory Board Members

Note 1	Position	Name	Status or main duties
X	Representative Director	Shinya Kamagami	Chief Executive Officer
X	President, Representative Director	Takahiro Mori	Chief Operating Officer
X	Senior Executive Vice President, Director	Masayuki Hoshi	Chief Compliance Officer Chief Financial Officer Chief Human Resource Officer
X	Senior Vice President and Member of the Board	Masashi Fuse	Head of Corporate Group Internal Control Administrator Chief Information Officer
X	Senior Vice President and Member of the Board	Masatoshi Saito	Head of Components & Platforms Business Group
	Director	Shigeru Asaba	Outside Director, Nippon Beet Sugar Manufacturing Co., Ltd.
	Director	Tamotsu Saito	Advisor, IHI Corporation Outside Director, JAPAN POST INSURANCE Co., Ltd. Outside Director, Furukawa Electric Co., Ltd. Outside Director, KAJIMA CORPORATION
	Director	Izumi Kawashima	
	Director	Makoto Kigawa	Special Adviser, Yamato Holdings, Co., Ltd. Outside Director, Seven Bank, Ltd. Outside Director, The Higo Bank, Ltd. External Board Member, ICMG Co., Ltd.
	Standing Audit & Supervisory Board Member	Toshiya Hatakeyama	
	Standing Audit & Supervisory Board Member	Toshiyuki Yokota	
	Audit & Supervisory Board Member	Hideo Shiwa	External Director (Audit Committee Member), OUTSOURCING Inc.
	Audit & Supervisory Board Member	Ryuichi Makino	Standing Audit & Supervisory Board Member, Synchro Food Co., Ltd.
	Audit & Supervisory Board Member	Yoshihiro Tsuda	Outside Standing Audit & Supervisory Board Member, Tribeck Inc. Outside Audit & Supervisory Board Member, PRONEXUS Inc.

Notes:

1. X indicates Executive Officer.
2. Effective on April 1, 2023, Shinya Kamagami retired from the position of Representative Director and Chief Executive Officer and assumed the position of Director and Chairman of the Board.
3. Masatoshi Saito resigned as Director effective March 31, 2023.
4. Directors Shigeru Asaba, Tamotsu Saito, Izumi Kawashima, and Makoto Kigawa are Outside Directors.
5. Audit & Supervisory Board Members Hideo Shiwa, Ryuichi Makino, and Yoshihiro Tsuda are Outside Audit & Supervisory Board Members.
6. Directors Shigeru Asaba, Tamotsu Saito, Izumi Kawashima, and Makoto Kigawa and Audit & Supervisory Board Members Hideo Shiwa, Ryuichi Makino, and Yoshihiro Tsuda have been reported as independent officers to Tokyo Stock Exchange.
7. Audit & Supervisory Board Member Toshiya Hatakeyama has served in positions such as Officer in charge of the Accounting & Control Division and Chief Financial Officer, and has extensive knowledge in finance and accounting.
8. Audit & Supervisory Board Member Hideo Shiwa headed the finance & accounting and planning divisions and presided over a business company and unit of the head office of a manufacturing company, and has extensive knowledge in finance and accounting.
9. Audit & Supervisory Board Members Ryuichi Makino and Yoshihiro Tsuda are certified public accountants, and have

(Translation)

extensive knowledge in finance and accounting.

10. Executive officers as of March 31, 2023 are as follows (excluding those who concurrently serve as Directors).

Position	Name	Principal duty
Executive Vice President	Masashi Tsuboi	Digital Head, in Charge of Special Missions
Senior Vice President	Teiji Teramoto	Head of Marketing & Sales Group, Deputy Head of Components & Platforms Business Group, and Head of Business Collaboration Division
Senior Vice President	Yuichiro Katagiri	Head of Solution Systems Business Group
Senior Executive Officer	Keizo Ikeda	Deputy Head of Corporate Group and Chief Quality Officer
Senior Executive Officer	Hiroshi Tomizawa	Deputy Head of Components & Platforms Business Group and General Manager of Automation Systems Division
Senior Executive Officer	Hajime Maruo	Deputy Head of Marketing & Sales Group and Head of Marketing & Sales Division-2, Marketing & Sales Group
Senior Executive Officer	Tetsuya Takimoto	Deputy Head of Marketing & Sales Group and Head of Marketing & Sales Division-1, Marketing & Sales Group
Executive Officer	Shuutarou Ootahara	Deputy Head of Corporate Group and Head of Corporate Communication Division
Executive Officer	Hiroshi Nishimura	Head of Electronics Manufacturing Services Division, Components & Platforms Business Group
Executive Officer	Yoichi Katou	Deputy Head of Solution Systems Business Group and Head of TOKKI Systems Division
Executive Officer	Yuhiko Fujiwara	Chief Innovation Officer, Chief Technology Officer
Executive Officer	Takashi Inoue	General Manager of Peripheral Products Division, Components & Platforms Business Group
Executive Officer	Toru Hattanda	General Manager of Human Resources & General Affairs Division, Corporate Group
Executive Officer	Hajime Inoue	Deputy Head of Solution Systems Business Group and General Manager of Social Infrastructure Solutions Division
Executive Officer	Takashi Itou	General Manager of Corporate Planning Division, Corporate Group
Executive Officer	Shotaro Nakatsu	Deputy Head of Solution Systems Business Group and General Manager of Financial & Enterprise Solutions Division

## (2) Outline of liability limitation agreements

The Company concluded agreements to limit liabilities with all Outside Directors and Audit & Supervisory Board Members under the provisions of Article 427, paragraph (1) of the Companies Act. The outline of the agreements is as follows:

- In cases where Outside Directors and Audit & Supervisory Board Members are liable for any damages arising from their negligence to the Company, they shall compensate for such damages only to the extent of the minimum liabilities as stipulated in laws and regulations.
- The above limitation of liability shall be applied only when the relevant Outside Directors and Audit & Supervisory Board Members have executed their duties that caused the liabilities in good faith and without gross negligence.

## (3) Outline of liability insurance agreement for Directors

The Company concluded liability insurance agreements as defined in the provisions of Article 430-3, paragraph (1) of the Companies Act covering Directors, Audit & Supervisory Board Members, Executive Officers, and those who concurrently serve as Outside Directors, etc. of the Company (plan to

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add Executive General Managers as insured from the next renewal in FY2023); Directors, Executive Officers, Audit & Supervisory Board Members and Corporate Officers of all of the domestic subsidiaries; and Directors, Executive Officers, Audit & Supervisory Board Members, Corporate Officers and employees who hold executive positions at some foreign subsidiaries in the U.S., China, Thailand, etc. as the insured. The Company or a subsidiary bears the full amount of premium including riders, and the insured has no burden to pay the premium. The insurance agreement compensates for damage which may be incurred when the insured has responsibility to execute duties or receives a claim related to the pursuit of responsibility. However, it determines certain reasons for exceptions such as damage that arises due to an act conducted while realizing it breaches laws and regulations. In addition, the insurance agreement defines the scope of deductibles, and the damage up to the deductibles will not be compensated for by the insurance. In this way, by defining the provisions on the reasons for exceptions and deductibles, the Company intends not to impair the adequacy of the duties of Directors, etc.

(Translation)

**(4) Compensation, etc. paid to Directors and Audit & Supervisory Board Members in the fiscal year under review**

(i) Policy on determining the content of individual compensation, etc. for Directors

The Company established the policy on determining the content of individual compensation, etc. for Directors, and a summary is as follows.

• Basic policy

OKI's basic policy on compensation for directors and executive officers is to serve as incentives for the performance improvement with the aim of the continuous enhancement of the corporate value and enforcement of the corporate competitiveness while being the compensation structure that can attract excellent human resources.

• Structure of compensation

The compensation structure is divided into performance-linked compensation and compensation other than performance-linked compensation, and consists of basic compensation, which is a fixed compensation; and annual incentive compensation and medium- to long-term incentive compensation, which are performance-linked compensation. These compensations have been provided as part of efforts to develop an environment for a shift to the management focused on "more aggressive goal setting" and "growth over medium- to long-term" in order to achieve "continuous growth" of the OKI Group. The compensation for outside directors consists only of basic compensation.

	Basic compensation	Annual incentive	Medium- to long-term incentive
Inside Directors (Concurrently serving as Executive Officer)	○	○	○
Outside Directors	○	-	-

As medium- to long-term incentive compensation, the Company provided compensation-type stock options until FY2022. If Proposal No. 4 of this General Meeting of Shareholders is approved, performance-linked stock compensation (performance share units) will be provided from FY2023, in which shares will be delivered in proportion to the achievement of the performance of the Medium-Term Business Plan (three years).



(Translation)

- Content of compensation

Content of compensation is as shown in the table below.

Type		Content of compensation
Basic compensation	Fixed compensation	<ul style="list-style-type: none"> <li>• When serving as Executive Officer concurrently, monetary compensation shall be determined and paid monthly while being individually tailored to the position, followed by duties.</li> </ul>
Annual incentive compensation	Performance-linked compensation	<ul style="list-style-type: none"> <li>• Once a year, monetary compensation shall be paid and determined individually with a linkage with the single year's consolidated business performance of the OKI Group and that of the division each Director is responsible for.</li> <li>• Until fiscal 2022, the rate of payment is determined within a scope of 0% to 200%, according to linkage with the quantitative assessment by business performance and qualitative assessment by the President or the Personnel Affairs and Compensation Advisory Committee. The range will be determined between 0 and 250% from FY2023.</li> <li>• It is set that the degree of linkage with business performance is higher for a person in a higher position. The amount of payment is set to 35% to 45% of the basic compensation when the rate of payment is 100%.</li> </ul>
Medium- to long-term incentive compensation		Non-monetary compensation

#### Calculation method for performance-linked compensation

- FY2022

For annual incentive compensation, 70% of the amount to be paid is calculated by multiplying the standard compensation amount set for each position in advance multiplied by a performance evaluation factor based on quantitative evaluation, and 30% is calculated by qualitative evaluation in accordance with (iii). The performance indicators used in the quantitative evaluation are those (sales, operating income, and working capital) that have been

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determined to be appropriate as performance evaluation indicators for achieving the OKI Group's sustainable growth. The quantitative evaluation consists of the OKI Group's consolidated performance-linked portion and the performance-linked portion by the division in charge, and the target and actual results of the performance evaluation indicators for the OKI Group's consolidated performance-linked portion are as follows.

(Unit: Billions of yen)

Performance evaluation indicator	Targets	Actual results
Net sales	425.0	369.1
Operating income	9.0	2.4
Working capital	95.2	103.5

The amount (or quantity) of the medium- to long-term incentive compensation is based on ROE as a performance indicator, which is judged to be an appropriate indicator for improving corporate and shareholder's value over the medium and long term and share with shareholders. To calculate the amount, the Company sets the standard compensation amount for each position in advance, then multiplies it by a performance evaluation factor. The targets and actual results are as follows.

Performance evaluation indicator	Targets	Actual result
ROE	10%	(2.7%)

- FY2023

Annual incentive compensation will be changed to 80% quantitative evaluation and 20% qualitative evaluation to increase transparency.

For medium- and long-term incentive compensation, we will place more emphasis on medium- and long-term growth, and add sales and ESG-related indicators to the performance evaluation indexes in order to improve linkage with the Medium-Term Business Plan.

- Compensation decision process

As for how to determine the policy on determining individual compensation, etc. for Directors, in order to secure transparency and objectiveness in the decision-making processes concerning compensation for officers, the Company has established the Personnel Affairs and Compensation Advisory Committee, which consists of only Outside Directors. It deliberates, prior to resolutions at a Board of Directors meeting, on the structure and level of compensation for directors and executive officers, and reports the results to the Board of Directors. In addition, the appropriateness of the structure and level of compensation is validated mainly utilizing objective evaluation data from external organizations.

The Personnel Affairs and Compensation Advisory Committee held a total of 12 meetings during the fiscal year under review, discussed the compensation structure for officers in six of these meetings, and reported the results three times.

Since the Board of Directors decided the content of individual compensation, etc. for

(Translation)

Directors for the fiscal year under review after confirming the content of the report, it was evaluated that the content of the individual compensation, etc. for Directors for the fiscal year under review complied with the policy above.

- (ii) Matters related to the resolution for the compensation, etc. for Directors and Audit & Supervisory Board Members of the ordinary general meeting of shareholders

As for the amount of monetary compensation for Directors, at the 82nd ordinary general meeting of shareholders held on June 29, 2006, it was resolved that the annual amount for Directors would be ¥600 million or less (not including employee salary for an employee who is serving as Director). The number of Directors at the end of the ordinary general meeting of shareholders was eleven (including one outside director).

Separately from the monetary compensation, at the 92nd ordinary general meeting of shareholders held on June 24, 2016 and the 97th ordinary general meeting of shareholders held on June 29, 2021, it was resolved that the compensation-type stock option for Directors excluding outside directors would be ¥100 million or less per year. The number of Directors at the end of the ordinary general meetings of shareholders was five (excluding outside director), respectively. The introduction of performance-linked stock compensation (performance share units) has been submitted as Proposal No. 4 at this General Meeting of Shareholders.

As for the amount of monetary compensation for Audit & Supervisory Board Members, at the 82nd ordinary general meeting of shareholders held on June 29, 2006, it was resolved that it would be ¥100 million or less per year. The number of Audit & Supervisory Board Members at the end of the ordinary general meeting of shareholders was four.

- (iii) Matters related to the commission of the decision on the content of individual compensation, etc. for Directors

The Company commissions the decision on the specific content of individual remuneration related to annual incentive compensation for Directors based on a resolution for the commission of the Board of Directors as below. As for the part commissioned to a Director who is concurrently serving as President and Executive Officer, the Company has taken measures such as deliberating the validation at the Personnel Affairs and Compensation Advisory Committee to ensure that the Director adequately executes his/her authority.

Applicable Directors	Commissioned person	Content of the commissioned authority	Reason for the commission of the authority
Director concurrently serving as the Chairman and Executive Officer or the President and Executive Officer	Members of the Personnel Affairs and Compensation Advisory Committee (Directors Shigeru Asaba, Tamotsu Saito, Izumi Kawashima, and Makoto Kigawa)	Qualitative evaluation for 30% of annual incentive compensation	To secure transparency of the process and objectivity of evaluation
Executive Director other than the above	Director concurrently serving as the President and Executive Officer (Director Takahiro Mori)		To focus on aggressive goal-setting for each task assigned to the person

Note: From FY2023, the portion of compensation that is subject to qualitative evaluation will be changed to 20%.

(Translation)

(iv) Compensation paid to Directors and Audit & Supervisory Board Members, etc.

Officer Title	Amount of payment	Amount of payment by type of compensation			Number of applicable officers
		Fixed compensation	Performance-linked compensation		
		Monetary compensation		Non-monetary compensation	
		Basic compensation	Annual incentive	Medium- to long-term incentive	
Directors (excluding Outside Directors)	¥238 million	¥212 million	¥25 million	—	6
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	¥46 million	¥46 million	—	—	2
Outside officers					
Outside Directors	¥55 million	¥55 million	—	—	4
Outside Audit & Supervisory Board Members	¥27 million	¥27 million	—	—	3

Notes:

- The medium- to long-term incentive compensation is non-monetary compensation, etc. Its content is stated in (i) above.
- The numbers of Directors (excluding Outside Directors) as of the end of the fiscal year under review are different from the number shown above, and the above numbers include those who retired at the conclusion of the 98th Ordinary General Meeting of Shareholders held on June 29, 2022.

(5) Outside Directors and Audit & Supervisory Board Members

(i) Status of material concurrent positions at other organizations, etc. and the Company's relationship with the aforesaid organizations

	Entity	Position/responsibilities at the entity	Category	Business relationship
Shigeru Asaba, Director	Nippon Beet Sugar Manufacturing Co., Ltd.	Outside Director	Listed	There are no business relationships between Nippon Beet Sugar Manufacturing Co., Ltd. and OKI Group.
Tamotsu Saito, Director	IHI Corporation	Advisor	Listed	The volume of transactions between IHI Corporation and OKI Group accounts for less than 1% of each company's net sales.
	JAPAN POST INSURANCE Co., Ltd.	Outside Director	Listed	The volume of transactions between JAPAN POST INSURANCE Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales.
	Furukawa Electric Co., Ltd.	Outside Director	Listed	The volume of transactions between Furukawa Electric Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales.
	KAJIMA CORPORATION	Outside Director	Listed	The volume of transactions between KAJIMA CORPORATION and OKI Group accounts for less than 1% of each company's net sales.

(Translation)

Makoto Kigawa, Director	Yamato Holdings, Co., Ltd.	Special Adviser	Listed	The volume of transactions between Yamato Holdings, Co., Ltd. and OKI Group accounts for less than 1% of each company's net sales.
	Seven Bank, Ltd.	Outside Director	Listed	There are no business relationships between Seven Bank, Ltd. and OKI Group.
	The Higo Bank, Ltd.	Outside Director	Unlisted	The volume of transactions between The Higo Bank, Ltd. and OKI Group accounts for less than 1% of each company's net sales.
	ICMG Co., Ltd.	External Board Member	Unlisted	There are no business relationships between ICMG Co., Ltd. and OKI Group.
Hideo Shiwa, Audit & Supervisory Board Member	OUTSOURCING Inc.	External Director (Audit Committee Member)	Listed	The volume of transactions between OUTSOURCING Inc. and OKI Group accounts for less than 1% of each company's net sales.
Ryuichi Makino, Audit & Supervisory Board Member	Synchro Food Co., Ltd.	Standing Audit & Supervisory Board Member	Listed	There are no business relationships between Synchro Food Co., Ltd. and OKI Group.
Yoshihiro Tsuda Audit & Supervisory Board Member	Tribeck Inc.	Outside Standing Audit & Supervisory Board Member	Unlisted	There are no business relationships between Tribeck Inc. and the OKI Group.
	PRONEXUS Inc.	Outside Audit & Supervisory Board Members	Listed	The volume of transactions between PRONEXUS Inc. and OKI Group accounts for less than 1% of each company's net sales.

(Translation)

(ii) Major activities in the fiscal year under review

(a) Attendance at meetings of the Board of Directors, the Audit & Supervisory Board, and the Personnel Affairs and Compensation Advisory Committee

	Board of Directors meeting (number of meetings in parenthesis)		Audit & Supervisory Board meeting (number of meetings in parenthesis)		Personnel Affairs and Compensation Advisory Committee (number of meetings in parenthesis)	
	Attendance frequency	Attendance rate	Attendance frequency	Attendance rate	Attendance frequency	Attendance rate
Shigeru Asaba, Director	13(13)	100%	-	-	12(12)	100%
Tamotsu Saito, Director	13(13)	100%	-	-	12(12)	100%
Izumi Kawashima, Director	13(13)	100%	-	-	12(12)	100%
Makoto Kigawa, Director	12(13)	92%	-	-	12(12)	100%
Hideo Shiwa, Audit & Supervisory Board Member	13(13)	100%	18(18)	100%	-	-
Ryuichi Makino, Audit & Supervisory Board Member	13(13)	100%	18(18)	100%	-	-
Yoshihiro Tsuda Audit & Supervisory Board Member	13(13)	100%	18(18)	100%	-	-

## (b) Major activities

	Principal comments at the Board of the Directors and summary of the duties executed for the role expected of outside director
Shigeru Asaba, Director	He provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. He also contributed to strengthening compliance by providing a good example to managerial personnel through his leadership and enhancing the management fairness and transparency as the Chairperson of the Personnel Affairs and Compensation Advisory Committee. He has contributed to the improvement of the Company's corporate value by fulfilling his expected role, in particular by actively giving advice and making proposals based on his academic expertise in all aspects of business, including marketing and innovation, in order to deepen the deliberations of the Board of Directors on the Medium-Term Business Plan 2025.
Tamotsu Saito, Director	He provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. He also contributed to strengthening compliance by providing a good example to managerial personnel through his leadership and enhancing the management fairness and transparency as a member of the Personnel Affairs and Compensation Advisory Committee. He has contributed to the improvement of the Company's corporate value by fulfilling his expected role, in particular by actively giving advice and making proposals based on his experience in manufacturing, development, and global management, in order to deepen the deliberations of the Board of Directors on the Medium-Term Business Plan 2025.
Izumi Kawashima, Director	She led discussions by the Board of Directors as its chairperson, and provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. She also contributed to strengthening compliance by providing a good example to managerial personnel through her leadership and enhancing the management fairness and transparency as a member of the Personnel Affairs and Compensation Advisory Committee. She has contributed to the improvement of the Company's corporate value by fulfilling her expected role, in particular by actively giving advice and making proposals based on her knowledge as a legal expert of the Companies Act, Financial Instruments and Exchange Act, etc. in order to deepen the deliberations of the Board of Directors on the Medium-Term Business Plan 2025.
Makoto Kigawa, Director	He provided advice and made proposals for the appropriateness and properness of decision making by the Board of Directors. He also contributed to strengthening compliance by providing a good example to managerial personnel through his leadership and enhancing the management fairness and transparency as a member of the Personnel Affairs and Compensation Advisory Committee. He has contributed to the improvement of the Company's corporate value by fulfilling his expected role, in particular by actively giving advice and making proposals based on his management experience in supply chain management and risk management in order to deepen the deliberations of the Board of Directors on the Medium-Term Business Plan 2025.
Hideo Shiwa, Audit & Supervisory Board Member	He audited the business execution of Directors and leveraged his extensive experience and knowledge as an executive and a Director at a manufacturing company to make statements aimed at achieving sustainable growth and producing medium- to long-term corporate value for the Company.
Ryuichi Makino, Audit & Supervisory Board Member	He audited the business execution of Directors, and leveraged his extensive experience and knowledge concerning accounting audit on companies centered on manufacturers as a certified public accountant to make statements aimed at achieving sustainable growth and establishing high-quality corporate governance systems for the Company.
Yoshihiro Tsuda Audit & Supervisory Board Member	He audited the business execution of Directors, and leveraged his extensive experience and knowledge concerning accounting audit on companies operating globally as a certified public accountant to make statements aimed at achieving sustainable growth and establishing high-quality corporate governance systems for the Company.

(Translation)

## 5. Status of Accounting Auditor

### (1) Name: PricewaterhouseCoopers Aarata LLC

### (2) Policy and reason for the appointment

The Company has appointed the accounting auditor with comprehensive consideration by assessing indicators, such as the quality control scheme, independence, auditing scheme, and estimated compensation for auditing services.

### (3) Policy regarding decision to dismiss or not reappoint

The Audit & Supervisory Board, in principle, will determine the detail of the proposal to be submitted to the general meeting of shareholders regarding dismissal or non-reappointment of the accounting auditor if it is deemed unlikely that the accounting auditor will be able to perform audits properly. In addition, if the accounting auditor falls under provisions of the items in Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Board will dismiss the accounting auditor upon the consent of all the Audit & Supervisory Board Members.

### (4) Assessment of the audit corporation by Audit & Supervisory Board members and the Audit & Supervisory Board

The Audit & Supervisory Board members and the Audit & Supervisory Board of the Company assess the audit corporation. The assessment is comprehensive based on indicators, such as the audit corporation's quality control scheme, independence, auditing scheme, group auditing scheme, and estimated compensation for auditing services.

### (5) Contents, etc. of compensation for auditing services

#### (i) Compensation, etc.

Category	Previous fiscal year		Fiscal year under review	
	Compensation for audit attestation services (millions of yen)	Compensation for non-auditing services (millions of yen)	Compensation for audit attestation services (millions of yen)	Compensation for non-auditing services (millions of yen)
Oki Electric Industry	253	–	259	3
Consolidated subsidiaries	82	–	82	–
Total	335	–	341	3

Notes:

1. The Company does not distinguish between auditor compensation regarding (i) auditing in accordance with the Companies Act, and (ii) auditing in accordance with the Financial Instruments and Exchange Act. The total of these amounts is recorded above.
2. Among our major subsidiaries, Oki Data Manufacturing (Thailand) Co., Ltd. and Oki Europe Ltd. have undergone statutory audits by accounting auditors other than the accounting auditor of the Company.



(Translation)

**(ii) Content of non-auditing services**

(Previous fiscal year)

Not applicable.

(Fiscal year under review)

The Company has entrusted the accounting auditor with “procedures for securitization of receivables” and other services, which are services other than the audits specified in Article 2, paragraph (1) of the Certified Public Accountants Act, and pays the auditor compensation for the services.

**(iii) Policy regarding determination of compensation for auditing services**

The Company has no particular rules or regulations regarding decisions on compensation for auditing services to the audit corporation but has determined the compensation after having fully considered the audit plan, etc. of the audit corporation and verified the validity of the time, contents, etc. of the auditing services

**(iv) Reason for the Audit & Supervisory Board to consent to compensation for accounting auditor**

The Audit & Supervisory Board has decided to consent to the compensation to be paid to the accounting auditor proposed by the Board of Directors in accordance with Article 399, paragraph (1) of the Companies Act. This is because it has performed necessary verification as to the appropriateness of matters such as the content of the accounting auditor’s audit plan, the status of performance of duties by the accounting auditor, and the basis for calculating the estimated compensation for the accounting auditor, and has found them appropriate.

## 6. Policies and procedures of the Company

### (1) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business and other systems to ensure appropriate operations

The Company's Board of Directors has adopted a resolution on the Basic Policy for the Establishment of an Internal Control System in accordance with the Companies Act, and confirms the status of establishment and operation of the internal control system at the end of each fiscal year, and reports the results to the Board of Directors. The details of the resolution on the basic policy as of the end of the current fiscal year are as follows.

[Basic Policy for the Establishment of an Internal Control System]

In accordance with the Companies Act and the Regulations for Enforcement of the Companies Act, the Company has established the following basic policy regarding internal control, and will establish, operate, and continuously improve an internal control system based on this basic policy, with the aim of contributing to the sustainable development of society through the voluntary and autonomous achievement of goals and the enhancement of corporate value.

- (i) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business
  - (a) Directors and Executive Officers shall take the initiative in setting an example of the OKI Group Charter of Corporate Conduct and the OKI Group Code of Conduct, which were established to establish corporate ethics in the Company and its subsidiaries (hereinafter "OKI Group") and to ensure compliance with laws, the Articles of Incorporation, and internal regulations by Directors, Executive Officers, and other employees, and shall repeatedly communicate and disseminate the importance of compliance with these codes.
  - (b) The Company has established a Compliance Committee chaired by the Chief Compliance Officer to report, deliberate, and decide on matters related to compliance in the OKI Group.
  - (c) Based on the decisions formulated by the Compliance Committee, the division responsible for compliance plans, draws up, and promotes specific measures such as education and training for Directors, Executive Officers, and employees in order to raise awareness of compliance among all OKI Group personnel.
  - (d) Violations of laws, regulations, the Articles of Incorporation, etc. shall be strictly punished in accordance with disciplinary regulations.
  - (e) The OKI Group's compliance with laws, the Articles of Incorporation, and internal regulations shall be audited by an independent internal audit department under the direct control of the President, and problems shall be pointed out and remedial measures shall be proposed.
  - (f) The Company establishes whistle-blowing regulations which enable reporting to Outside Directors and Audit & Supervisory Board Members and provides a contact point for reporting and consultation, aiming to detect any misconduct at its earliest stages and make improvements.
  - (g) The Company stands firmly against antisocial groups that threaten the order and safety of civil society in cooperation with the police and related organizations, and refuses to have any relationship with them as a whole.
- (ii) Procedures to retain and manage information relating to Directors' conduct of business

(Translation)

- (a) The Company retains and manages documents and information relating to the conduct of business by Directors as appropriate in accordance with applicable laws, regulations and internal rules.
  - (b) With respect to information security, the OKI Group shall clarify its responsibility for information security in accordance with rules for electronic information management and related regulations, and establish a system to continuously implement measures to maintain and improve information security in the OKI Group.
  - (c) The Company shall establish regulations related to personal information protection and trade secret management, and appropriately and safely store and manage personal information and important trade secrets.
  - (d) The Company shall establish rules related to the disclosure of important corporate information, and put in place a system to ensure the appropriate, timely, and fair disclosure of information to be disclosed in accordance with the requirements of laws, regulations, or the rules and regulations of the stock exchange.
- (iii) Rules concerning risk management and other procedures
- (a) For risk management, the Company shall establish a Risk Management Committee chaired by the President and Executive Officer pursuant to risk management rules for appropriately grasping risks that may occur in relation to business activities of the OKI Group and preventing such risks from emerging.
  - (b) Pursuant to risk management rules, each section of the OKI Group manages risks that may occur in relation to its main duties. At the same time, the Company has established a supervisory section to deal with risks needing company-wide management. This section assesses risks, draws up policies for risk countermeasures and develops appropriate structures based on such policies.
  - (c) In the event that the OKI Group recognizes the occurrence or signs of a crisis, etc., it shall promptly report the situation to the Risk Management Committee. The Committee shall give instructions on how to respond, and report particularly important matters to the Directors and Audit & Supervisory Board Members. In the event of a disaster, etc., the Company shall respond by establishing an emergency countermeasure headquarters, taking into consideration the area of occurrence, the scale of the disaster, and other relevant factors.
  - (d) The Board of Directors shall also review the risk management system annually.
- (iv) Procedures to secure efficient business performance by Directors
- (a) The Company holds regular meetings of the Board of Directors once a month in principle to decide important matters including basic management policies and supervise the business execution of Directors.
  - (b) The Company appoints Executive Officers to execute business based on basic management policies determined by the Board of Directors so as to separate the functions of business execution and supervision, and promote timely decision-making processes. In addition, the Company holds meetings of the Management Committee consisting of Executive Officers, etc. to assist the President in making decisions.
  - (c) The Company assigns Directors responsibilities and authority pursuant to rules on division of duties and authorities.
  - (d) The Board of Directors shall determine the OKI Group's Medium-Term Business Plan and annual plan, and supervise the execution thereof.

(Translation)

- (e) Executive Officers shall efficiently execute their duties in accordance with the OKI Group's Medium-Term Business Plan and annual plan determined by the Board of Directors, and the progress of the annual plan shall be confirmed by the Management Committee and reported to the Board of Directors.
- (v) Procedures to secure appropriate Group (Company and subsidiaries) operations
  - (a) Provide guidance and support to subsidiaries with respect to the procedures to secure appropriate their operations.
  - (b) In order to improve the soundness and efficiency of management within the OKI Group, Directors and Audit & Supervisory Board Members shall be dispatched to each subsidiary as necessary in accordance with the Subsidiaries and Affiliates Management Rules, and an administrative division within the Company shall be designated to receive reports from and discuss important matters concerning the business operations of the subsidiary. In addition, particularly important matters shall be submitted to the Company's Management Committee or the Board of Directors.
  - (c) Each subsidiary establishes whistle-blowing regulations that enable reporting to their Outside Directors and Audit & Supervisory Board Members, provides a contact point for reporting and consultation, and aims to detect any misconduct at its earliest stages and make improvements after reporting to the Company.
  - (d) The Company shall establish various rules and regulations to be complied with by the Group as the Group's common rules, in order to improve the efficiency of each company's decision-making and business operations.
  - (e) The internal audit section of the Company shall audit the appropriateness of the OKI Group's operations and provide verification, advice, etc.
- (vi) System to ensure the reliability of financial reporting
  - (a) In order to secure the reliability of the OKI Group's financial reporting, the Company shall establish, maintain, and improve an internal control system for financial reporting in accordance with the Corporate Calculation Regulations, the Financial Instruments and Exchange Act, and other applicable laws and regulations.
  - (b) Each section of the Company and its subsidiaries shall endeavor to ensure the appropriateness of financial reporting by implementing checks and balances through segregation of duties and daily monitoring in the execution of their own duties.
- (vii) Matters concerning employees assisting Audit & Supervisory Board Members and independence of such employees from Directors
  - (a) The Company assigns employees as staff to assist Audit & Supervisory Board Members.
  - (b) The Company assigns employees, who are not subject to Directors' instructions and orders, as staff to assist Audit & Supervisory Board Members, and any reassignment and evaluation of such employees requires the prior consent of the Audit & Supervisory Board.
- (viii) Procedures for Directors and employees to report to Audit & Supervisory Board Members; procedures for Audit & Supervisory Board Members to receive other reports
  - (a) If any Director or employee, or any Director, Audit & Supervisory Board Member, or employee of a subsidiary discovers any fact that may cause significant damage to the Company, they are required to immediately report it to the Audit & Supervisory Board Members, either directly

(Translation)

or through the administrative division, pursuant to applicable laws and regulations.

- (b) In addition to the Board of Directors meetings, Directors shall ensure that Standing Audit & Supervisory Board Members have opportunities to attend management meetings and have access to important documents such as approval documents so that Audit & Supervisory Board Members can grasp the process of important decision-making and the status of business execution.
  - (c) Directors shall establish a system to enable Audit & Supervisory Board Members to attend and receive reports from the Risk Management Committee.
  - (d) Directors shall ensure that Audit & Supervisory Board Members receive whistle-blowing reports based on whistle-blowing regulations, and that a system is in place to report to Audit & Supervisory Board Members on the status of internal reporting.
  - (e) Directors shall ensure a system to regularly report to Audit & Supervisory Board Members on the status of establishment and operation of the internal control system and the status of internal audits, and to request reports from Directors and employees on matters deemed necessary by the Audit & Supervisory Board Members.
  - (f) The Company ensures that a person who made a whistle-blowing report to Audit & Supervisory Board Members will not be treated unfavorably on account of making such report.
  - (g) Directors and employees of subsidiaries shall promptly report to the Audit & Supervisory Board Members of subsidiaries on matters for which they are requested to report by the Audit & Supervisory Board Members of subsidiaries, in addition to matters required by laws, regulations, and rules, and shall report to the administrative division in charge of the subsidiaries of the Company.
- (ix) Other procedures to secure effective audits by Audit & Supervisory Board Members
- (a) In conducting inspections on the Company's operations and assets and performing other audit duties, Audit & Supervisory Board Members shall conduct audits efficiently and effectively in close cooperation with the internal audit section.
  - (b) Audit & Supervisory Board Members implement efficient audits by closely cooperating with the accounting auditor. To this end, Audit & Supervisory Board Members hold meetings with the accounting auditor on a regular basis, attend on-site audits by the accounting auditor, and request reports from the accounting auditor on the progress of audits when necessary.
  - (c) The Company pays all the expenses necessary for the execution of the duties of Audit & Supervisory Board Members.
  - (d) When deemed necessary in conducting audits, Audit & Supervisory Board Members may, at the Company's expense, obtain advice on audit work from attorneys, certified public accountants, and other professionals.

## **(2) Overview of Status of Operations**

The following is a summary of the status of operation of the internal control system at the Company. The status of such operation is evaluated at the end of each fiscal year, and the results are reported at a meeting of the Board of Directors.

- (i) Status of procedures relating to compliance
  - (a) As a basis for ensuring compliance, the OKI Group Charter of Corporate Conduct, which clearly states the social responsibilities that the OKI Group must fulfill based on its corporate

philosophy, and the OKI Group Code of Conduct, which serves as a code to which all OKI Group officers and employees must conform in order to realize these responsibilities, have been established. In addition, the management team, having re-affirmed the importance of compliance, takes the initiative in compliance activities, and officers of the Company and Group companies are working on compliance activities in conformance with the Compliance Commitment. The Company has established this commitment to reassure shareholders, customers, employees and all other stakeholders within and outside the Company that it strives to foster awareness of compliance and makes a thorough commitment to compliance throughout the OKI Group.

- (b) The Compliance Committee, chaired by the Chief Compliance Manager, held meetings twice a year, where it summarized activities in the previous fiscal year, formulated education plans, and reviewed the status of implementation of various measures in individual sections.
  - (c) The Company held group training such as training sessions for compliance managers, in which compliance managers and promoters of the OKI Group participated, and training sessions on the Anti-Monopoly Act for officers and employees chiefly in the Market & Sales Section. It also conducted e-learning on personal information protection, information security, internal control and general compliance-related topics for all employees in Japan. The Company also regularly presents case studies on compliance on the intranet and internal publications.
  - (d) The Company clearly has defined that in case of non-compliance, the Company takes disciplinary action in accordance with the workplace regulations, etc., and has the Group Disciplinary Action Committee, which is chaired by the President and Executive Officer, to consider said action.
  - (e) The Company has established a whistle-blower system that allows employees to directly report improper conduct and ensure that all employees are aware of the system to ensure quick discovery and effective correction of improper conduct.
  - (f) The internal audit section conducts operational audits of the Group and evaluates internal controls over financial reporting to ensure the effectiveness and efficiency of operations and the reliability of financial reporting.
- (ii) Status of procedures relating to risk management
- (a) In accordance with the Risk Management Regulations, the OKI Group has established a Risk Management Committee chaired by the President and Chief Executive Officer and advised by the Audit & Supervisory Board Members, to develop measures to prevent risks from materializing and a system to prepare for the occurrence of risks.
  - (b) The OKI Group's risk management system categorizes risks that exist within the Group and defines them as risk areas to cover the entire Group, and the department responsible for the risk area provides support, guidance, and advice, etc. to each department and subsidiary regarding events that occur in the area. In addition, the department responsible for the risk area handles risks that are common to the OKI Group and require focused management in cooperation with the department responsible for the risk area.
  - (c) If any risk materializes, the department in which it arises takes the necessary steps for the risk, and promptly reports the details of the event to the Risk Management Committee according to the OKI Group Emergency Response System. This Committee manages crisis information in a unified manner, determines a response system and manager promptly, giving consideration to the severity and urgency of the said crisis, implements necessary measures, and gives support to the said department.

- (iii) Status of procedures relating to subsidiary management
  - (a) The head of administrative division of each subsidiary designated in the Subsidiaries and Affiliates Management Rules manages it with the authority and responsibilities stipulated by the authority regulations. Appointment and dismissal of chief officers of subsidiaries is determined by the President and Executive Officer of the Company, and appointment and dismissal of other officers is determined by the head of the administrative division.
  - (b) Heads of administrative divisions clearly state the missions of subsidiaries which they supervise, and when developing business plans, they provide support, instruction, and periodic monitoring, and evaluate the performance of officers. Heads of administrative divisions also monitor the operational status of the general meeting of shareholders and the Board of Directors and compliance of Directors of subsidiaries.
  - (c) At the accounting division of each subsidiary, the Company has appointed staff with the necessary knowledge and experience. The Company works to conduct the maintenance and improvement of an internal control system for financial reporting conducted in accordance with related laws and regulations.
  - (d) To prevent losses from violations, misconduct, scandals, or accidents related to any laws, rules or ethics, or loss from failing to appropriately perform risk management, the Company holds regular training seminars for directors and audit & supervisory board members of subsidiaries. Seminar topics include responsibilities and obligations as a subsidiaries' officer, compliance, and internal controls.
- (iv) Status of procedures to ensure appropriateness of audits by Audit & Supervisory Board Members
  - (a) One staff member independent from the execution of duties is assigned to assist Audit & Supervisory Board Members in their duties. The Standing Audit & Supervisory Board Members assess important decision-making processes and the status of business operations by attending meetings of the Board of Directors and the Management Committee in addition to reading resolution approval documents.
  - (b) The Audit & Supervisory Board Members have received whistle-blowing reports based on whistle-blowing regulations, and frequently received detailed reports on the status of operation.
  - (c) In addition to receiving reports on the development and operational status of the internal control system at the meetings of the Board of Directors, the Audit & Supervisory Board Members exchange opinions with the President, executive officers, general managers of divisions and representatives of the subsidiaries, confirming the development and operation of the internal control system in the process.
  - (d) The Audit & Supervisory Board Members hold discussions and exchanges of opinion with the Internal Auditing Division by taking part in site visits and meetings to report on the results of audits held by the Internal Auditing Division, and utilize the results of audits in audits by Audit & Supervisory Board Members.
  - (e) The Audit & Supervisory Board Members have maintained close cooperation with the Accounting Auditor including meeting and exchanging opinions with the Accounting Auditor and attending site visits by the Accounting Auditor, to implement effective audits.

Note: indication of amounts

Figures in this business report are indicated as follows.

1. Units of ¥1 million: Figures less than one unit are disregarded.
2. Units of ¥100 million: Figures less than one unit are rounded to the nearest unit.

(Translation)

## Consolidated Balance Sheet

(as of March 31, 2023)

(Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	230,191	Current liabilities	205,252
Cash and deposits	37,746	Notes and accounts payable	60,653
Notes and accounts receivable, and contract assets	94,598	Short-term borrowings	86,714
Lease receivables and lease investment assets	7,619	Others	57,883
Finished goods:	20,224	Long-term liabilities	85,894
Work in process:	21,135	Long-term debt	31,268
Raw materials and supplies:	35,076	Lease obligations	6,905
Others	13,847	Deferred tax liabilities	11,111
Allowance for doubtful receivables	(57)	Provision for Directors' retirement benefits	121
Non-current assets	160,234	Liability for retirement benefits	30,906
Property, plant and equipment	60,959	Others	5,582
Buildings and structures	25,179	Total liabilities	291,146
Machinery, equipment and vehicles	8,546	(Net Assets)	
Tools, furniture and fixtures	7,099	Shareholders' equity	111,858
Land	15,929	Capital stock	44,000
Construction in progress	4,204	Additional paid-in capital	18,994
Intangible assets	16,349	Retained earnings	49,705
Investments and other assets	82,925	Treasury stock, at cost	(841)
Investments in securities	34,115	Other accumulated comprehensive income	(12,770)
Asset for retirement benefits	27,192	Net unrealized holding gain/loss on other securities	1,077
Long-term trade receivables	24,941	Loss on deferred hedges	(32)
Others	14,453	Translation adjustments	(8,341)
Allowance for doubtful receivables	(17,777)	Accumulated retirement benefits liability adjustments	(5,473)
		Subscription rights to shares	121
		Non-controlling interests	69
		Total net assets	99,279
Total assets	390,425	Total liabilities and net assets	390,425



(Translation)

## Consolidated Statement of Operations

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account title	Amount	
Net sales		369,096
Cost of sales		282,903
Gross profit		86,192
Selling, general and administrative expenses		83,789
Operating income		2,403
Non-operating income		
Interest income	147	
Dividend income	1,243	
Gain on sale of investments in securities	343	
Dividend income of insurance	476	
Other	1,024	3,236
Non-operating expenses		
Interest expense	1,853	
Foreign exchange loss	1,318	
Other	2,796	5,968
Ordinary loss		(328)
Loss before income taxes		(328)
Income taxes	2,239	
Income taxes deferred	216	2,456
Loss		(2,784)
Profit attributable to non-controlling interests		16
Loss attributable to owners of parent		(2,800)

(Translation)

## Consolidated Statement of Changes in Net Assets

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2022	44,000	19,006	55,103	(869)	117,241
Changes during the term under review					
Dividends from surplus			(2,597)		(2,597)
Loss attributable to owners of parent			(2,800)		(2,800)
Purchases of treasury stock				(0)	(0)
Disposition of treasury stock		(11)		28	16
Net changes in items other than shareholders' equity during the term under review					
Net changes during the term under review	–	(11)	(5,398)	27	(5,382)
Balance at March 31, 2023	44,000	18,994	49,705	(841)	111,858

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gain/loss on other securities	Loss on deferred hedges	Translation adjustments	Accumulated retirement benefits liability adjustments	Total accumulated other comprehensive income			
Balance at April 1, 2022	1,030	22	(9,069)	(1,788)	(9,804)	138	60	107,635
Changes during the term under review								
Dividends from surplus								(2,597)
Loss attributable to owners of parent								(2,800)
Purchases of treasury stock								(0)
Disposition of treasury stock								16
Net changes in items other than shareholders' equity during the term under review	46	(54)	727	(3,685)	(2,966)	(16)	9	(2,973)
Net changes during the term under review	46	(54)	727	(3,685)	(2,966)	(16)	9	(8,356)
Balance at March 31, 2023	1,077	(32)	(8,341)	(5,473)	(12,770)	121	69	99,279

(Translation)

## Notes to Consolidated Financial Statements

### Principles for Preparing Consolidated Financial Statements and Notes to Changes in Scope of Consolidation and Scope of Equity Method Application

#### 1. Scope of consolidation

(1) Number of consolidated subsidiaries: 57

Names of major consolidated subsidiaries:

OKI Crosstech Co., Ltd.; OKI Circuit Technology Co., Ltd.; OKI Software Co., Ltd.; OKI Electric Cable Co., Ltd.; OKI Nextech Co., Ltd.; Oki Data Manufacturing (Thailand) Co., Ltd.; Oki Europe Ltd.

(2) Changes in scope of consolidation:

Oki Seatec Co., Ltd. is not included in the consolidated account since it has been absorbed by Shizuoka Oki Electric Co., Ltd. Likewise, OKI SISTEM VE YAZICI COZUMLERITICARET LIMITED SIRKETI, OKI ELECTRIC CABLE AMERICA CORPORATION, Oki Electric Cable Changshu Co., Ltd., OKI Power Trading (Shenzhen) Co., Ltd. are not included due to their liquidation. Note that Shizuoka Oki Electric Co., Ltd. changed its name to OKI Com-Echoes Co., Ltd.

#### 2. Application of equity method

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

BANKING CHANNEL SOLUTIONS LIMITED and one other company

(2) Name of affiliated company to which the equity method is not applied:

TOWN NETWORK SERVICE Corporation

(Reason for not applying the equity method):

The company has little influence and has no significance on profit or loss and retained earnings.

(Translation)

### 3. 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. Overseas consolidated subsidiaries primarily apply the lower of cost or fair value.

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.

(Translation)

(3) Basis for provision of reserves

(i) 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.

(ii) Provision for Directors' retirement benefits

Some consolidated subsidiaries register the necessary amount at the end of the year in accordance with internal rules to prepare for the payment of Directors' retirement allowance.

(4) Basis for provision of income and expense

(i) Sales of products

Revenue from product sales in the Solution Systems business and the Components & Platforms 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.

(ii) Provision of services

Revenue from provision of services in the Solution Systems business and the Components & Platforms 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.

For contract productions and engineering work of social infrastructure mainly in the Solution Systems 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.

(5) 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.

(6) Amortization of goodwill and amortization period

(Translation)

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

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

(i) Method of accounting for retirement benefits

a. 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.

b. 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.

(ii) Application of group tax sharing system

The group tax sharing system is applied.

### Changes in Accounting Policies

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. This change has no impact on the consolidated financial statements.

### Notes on Accounting Estimates

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

(1) Amount recognized on the consolidated financial statements for the fiscal year

Allowance for doubtful receivables: ¥8,832 million

(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, includes accounts receivable of RMB1,111.957 million (¥21,594 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) from Shenzhen Yihua Computer Industrial Co., Ltd. (hereinafter “Yihua Industrial”) in long-term trade receivables. OBSZ filed a request for arbitration with the South China International Economic and Trade Arbitration Commission, on October 10, 2015, demanding payment of such accounts receivable 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 million (¥21,301 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) 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

(Translation)

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 to the Supreme People's Court on January 5, 2022. The case is currently pending.

Given that it is expected to take a considerable amount of time before Yihua Industrial fulfills the arbitration result of Case A, OBSZ has allowance for doubtful receivables recorded from the past year.

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

For OBSZ, as a result of discounting cash flows that are considered recoverable when the probability of the ruling on December 23, 2021 being upheld and the law suit being settled in Case B is taken into account for a period that is considered to be required for recovery, RMB454.835 million (¥8,832 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) is estimated to be irrecoverable and added to allowance for doubtful receivables.

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

There is a possibility that the amount estimated to be irrecoverable will vary significantly depending on the outcome of the lawsuit of Case B.

## **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 fiscal year

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 was ¥57,618 million (including revenue for projects completed before the end of the fiscal year). Of which, an amount recognized for the fiscal year in relation to construction projects that were work-in-progress at the end of the fiscal year is ¥29,546 million.

- (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

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 reliably 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 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.

(Translation)

### 3. Estimate of recoverability of deferred tax assets

- (1) Amount recognized on the consolidated financial statements for the fiscal year

Deferred tax assets: ¥9,627 million

- (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. We believe deferred tax assets recognized for the fiscal year are highly recoverable based on the projection of future taxable income over a period during which deferred tax assets are deductible.

An estimate of future taxable income used in evaluating the recoverability of deferred tax assets is based on the future business plans.

- (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.

### Additional Information

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

The Company and its consolidated subsidiaries in Japan have applied the group tax sharing system from the fiscal year under review. 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 consolidated subsidiaries in Japan 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 have disclosed such information.

### Notes to Consolidated Balance Sheet

1. Assets pledged as collateral for borrowings	
Investments in securities	¥4,671 million
Liabilities collateralized by the abovementioned assets:	
Short-term borrowings	¥3,500 million
2. Accumulated depreciation on property, plant and equipment	¥163,953 million
3. Liabilities for guarantee	
Guarantee for borrowings by employees	¥37 million



(Translation)

#### 4. Contingent liabilities

OKI Brasil Indústria e Comércio de Produtos e Tecnologia em Automação S.A. (hereinafter “OKI Brasil”), a consolidated subsidiary of the Company, received an additional tax assessment notice of ICMS (tax on circulation of goods and services) of BRL90 million (¥2,359 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) from the tax authorities of Sao Paulo State on August 20, 2018. However, OKI Brasil refuses to accept this order, and it has filed a lawsuit.

The Company cannot reasonably estimate the probability of the occurrence of a loss or the amount of a loss at present.

#### Notes to Consolidated Statement of Changes in Net Assets

##### 1. Matters concerning class and total number of shares outstanding as of the end of FY2022

Common stock: 87.217 million shares

##### 2. Matters concerning appropriation of surplus

###### (1) Dividends paid

Resolution	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 29, 2022	Common stock	Retained earnings	2,597	30.00	March 31, 2022	June 30, 2022

###### (2) Dividends for which the record date falls in the fiscal year under review and the effective date falls in the following fiscal year.

Proposal	Class of shares	Source of dividends	Total dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2023	Common stock	Retained earnings	1,732	20.00	March 31, 2023	June 28, 2023

##### 3. Number of shares to be issued upon exercise of stock acquisition rights

Category	Breakdown of stock acquisition rights	Type of shares to be issued upon exercise of stock acquisition rights	Number of shares to be issued upon exercise of stock acquisition rights (shares)
The Company	FY2016 Stock Acquisition Rights (issued on August 16, 2016)	Common stock	17,900
	FY2017 Stock Acquisition Rights (issued on August 15, 2017)	Common stock	26,100
	FY2018 Stock Acquisition Rights (issued on August 14, 2018)	Common stock	29,800
	FY2019 Stock Acquisition Rights (issued on August 14, 2019)	Common stock	33,700
	FY2020 Stock Acquisition Rights (issued on August 18, 2020)	Common stock	41,400

(Translation)

## Notes on 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.

#### (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.

(Translation)

2. Disclosure concerning fair value of financial instruments

As of March 31, 2023 (consolidated balance sheet date), the amount recorded in the consolidated balance sheet, fair value, and the amount of differences are as shown in the table below.

(Unit: Millions of yen)

	Amount recorded in consolidated balance sheet (*1)	Fair value (*1)	Difference
(1) Investments in securities (*3)	25,744	25,758	14
(2) Long-term trade receivables	24,941		
Allowance for doubtful receivables (*4)	(12,159)		
	12,782	12,782	-
(3) Long-term debt (*5)	(50,688)	(51,040)	352
(4) Derivative transactions (*6)	(173)	(173)	-

(\*1) Those recorded as liabilities are shown in brackets.

(\*2) Notes are omitted on cash and deposits; notes and accounts receivable, and contract assets; notes and accounts payable; and short-term borrowings, because they are settled within a short period and thus the fair values are close to the book values.

(\*3) Shares without market value (unlisted shares, ¥8,370 million in the consolidated balance sheet) are not included in “(1) Investments in securities.”

(\*4) Allowance for doubtful receivables specifically provided for long-term trade receivables is deducted.

(\*5) Long-term debt that will be reimbursed within one year (¥19,420 million) is classified as “short-term” borrowings in the consolidated balance sheet.

(\*6) 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.

(Translation)

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

Category	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.

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

Category	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 debt	–	51,040	–	51,040

(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 value of the long-term trade receivables is the amount calculated by deducting the present estimated doubtful receivables from the book value. The estimated doubtful receivables are calculated based on the present value of loans/receivables by discounting estimated cash flows, which are considered recoverable when taking into account the probability related to lawsuits, for a period that is considered to be required for recovery. Based on this, the fair value is categorized in Level 3.

Long-term debt

The fair value of these items is based primarily on the method of calculation whereby the sum of

(Translation)

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 debt with floating interest rates is prescribed to be subject to special accounting treatment applicable to interest rate swaps. Hence, the fair value of a long-term debt is 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 debt is 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 debt as hedged items. Hence, their fair value is included in that of long-term debt.

(Translation)

## Notes on Revenue Recognition

### 1. Information on disaggregation of revenue from contracts with customers

(Unit: Millions of yen)

	Reportable segment			Other (Note)	Total
	Solution Systems	Components & Platforms	Total		
<Breakdown of net sales>					
Revenue from contracts with customers	179,344	186,289	365,633	527	366,161
Other revenue	18	2,916	2,934	-	2,934
Total net sales	179,362	189,205	368,568	527	369,096
<Geographical market>					
Revenue from contracts with customers					
Japan	176,936	127,726	304,662	527	305,190
Europe	35	25,400	25,435	-	25,435
Asia	2,372	20,916	23,288	-	23,288
North America	-	7,965	7,965	-	7,965
Others	0	4,280	4,281	-	4,281
Other revenue					
Japan	18	2,916	2,934	-	2,934
<Timing of revenue recognition>					
Revenue from contracts with customers					
Revenue recognized at one point	54,181	153,209	207,390	67	207,458
Revenue recognized over time	125,163	33,079	158,242	460	158,703

(Note) "Other" includes businesses that are not under the reporting segment, such as service provision, manufacture and sales of other devices or products.

(Unit: Millions of yen)

	By business areas (Solution Systems) (Note)				
	Public Solutions	Enterprise Solutions	DX Platform	Engineering work and maintenance services	Total
Revenue from contracts with customers	54,204	61,502	14,441	49,195	179,344
Other revenue	-	-	18	-	18
Total net sales	54,204	61,502	14,460	49,195	179,362

(Note) The following describes the main products and services in each business area.

Business area	Main products and services
Public Solutions	Road (ETC/VICS), aviation control, disaster preparedness, fire fighting, central government agencies systems, government statics systems, defense systems (underwater acoustics/information), aircraft equipment, infrastructure monitoring, etc.
Enterprise Solutions	Carrier network, video distribution, 5G and local 5G, financial store systems, concentrated operation systems, railway ticket systems, airport check-in systems, manufacturing systems (ERP/IoT), etc.
DX Platform	AI edge computers, sensors, IoT network, PBX, business phones, contact centers, cloud services, etc.
Engineering work and maintenance services	Engineering work, maintenance services, etc.

(Translation)

(Unit: Millions of yen)

	By business areas (Components & Platforms) (Note)		
	Components	Mono-zukuri Platform	Total
Revenue from contracts with customers	110,955	75,334	186,289
Other revenue	2,916	-	2,916
Total net sales	113,871	75,334	189,205

(Note) The following describes the main products and services in each business area.

Business area	Main products and services
Components	ATM, cash processors, store terminals, reservation ticket terminals, check-in terminals, currency exchange machines, ATM monitoring and operation services, color and monochrome LED printers, color and monochrome LED multifunction machines, large format inkjet printers, dot impact printers, etc.
Mono-zukuri Platform	Contract design and production services, printed circuit boards, etc.

## 2. Information to understand the revenue from contracts with customers

Information forming the basis for understanding revenue is as stated in “Principles for Preparing Consolidated Financial Statements and Notes to Changes in Scope of Consolidation and Scope of Equity Method Application 3. Accounting standards (4) Basis for provision of income and expense.”

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

### (1) Balances of receivables from contracts with customers, contract assets and contract liabilities

(Unit: Millions of yen)

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

(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.

(Note 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.

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

(Note 4) Contract liabilities are included in “Others” under the current liabilities in the consolidated financial statements.

(Translation)

(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.

(Unit: Millions of yen)

	Fiscal year under review
Within one year	29,682
One year to three years	22,975
Over three years	706
Total	53,364

**Notes to Per-share Information**

1. Net assets per share: ¥1,143.96
2. Loss per share: ¥32.33



## Transcript of Accounting Auditors' Report on Consolidated Financial Statements

### Independent Auditors' Report

May 19, 2023

To: Board of Directors  
Oki Electric Industry Co., Ltd.

PricewaterhouseCoopers Aarata LLC  
Tokyo Office  
Tsuyoshi Saito,  
Engagement Partner, Certified Public Accountant  
Takeaki Ishibashi,  
Engagement Partner, Certified Public Accountant  
Yoshihiro Shiribiki,  
Engagement Partner, Certified Public Accountant

#### Audit opinion

We have audited the consolidated financial statements – the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets equity and notes to the consolidated financial statements – of Oki Electric Industry Co., Ltd. for the 99th term from April 1, 2022 to March 31, 2023 in accordance with Article 444 paragraph (4) of the Companies Act.

We concluded that the consolidated financial statements fairly present in all aspects of Oki Electric Industry's and its subsidiaries' assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

#### Basis for audit opinion

We have conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Responsibility of auditors for the audit of the consolidated financial statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of management, Audit & Supervisory Board Members and the Audit & Supervisory Board for preparing consolidated financial statements

Oki Electric Industry's management is responsible for preparing and presenting fairly these consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present these consolidated financial statements that are without material misstatement due to fraud or errors.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with corporate accounting standards generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

#### Responsibility of auditors for the audit of the consolidated financial statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with corporate accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### Conflict of interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

(Translation)

## Non-Consolidated Balance Sheet

(as of March 31, 2023)

(Millions of yen)

Account title (Assets)	Amount		Account title (Liabilities)	Amount	
Current assets			Current liabilities		
Cash and deposits		25,075	Electronically recorded obligations - operating		3,465
Notes receivable		1,114	Accounts payable, trade		44,131
Accounts receivable, trade		48,169	Short-term borrowings		66,251
Contract assets		19,448	Current portion of long-term debt		19,420
Lease investment assets		7,583	Lease obligations		3,296
Finished goods:		12,530	Accounts payable, others		12,866
Work in process:		14,282	Other accrued expenses		7,212
Raw materials and supplies:		20,355	Income taxes payable		396
Advance payments - trade		80	Contract liabilities		5,195
Prepaid expenses		3,128	Deposits received		24,477
Short-term loans receivable		13,897	Unearned revenue		3
Accounts receivable, others		8,738	Provision for product warranties		879
Others		1,055	Provision for directors' bonuses		92
Allowance for doubtful receivables		(9)	Provision for loss on construction contracts		2,539
Total current assets		175,451	Provision for contingent loss		49
Non-current assets			Asset retirement obligations		0
Property, plant and equipment			Others		111
Buildings	43,885		Total current liabilities		190,388
Accumulated depreciation	29,090	14,795	Long-term liabilities		
Structures	2,382		Long-term debt		31,268
Accumulated depreciation	1,902	480	Lease obligations		5,881
Machinery and equipment	14,464		Deferred tax liabilities		9,052
Accumulated depreciation	12,657	1,807	Retirement benefits		11,450
Vessels	192		Provision for product warranties		441
Accumulated depreciation	93	98	Provision for loss on business of subsidiaries and affiliates		503
Vehicles	89		Provision for contingent loss		66
Accumulated depreciation	83	5	Asset retirement obligations		1,196
Tools, furniture and fixtures	42,339		Others		1,249
Accumulated depreciation	36,806	5,532	Total long-term liabilities		61,108
Land		9,010	Total liabilities		251,497
Construction in progress		2,013	(Net Assets)		
Total property, plant and equipment		33,743	Shareholders' equity		
Intangible assets			Capital stock		44,000
Right of using facilities		112	Additional paid-in capital		21,476
Software		15,430	Capital reserve		15,000
Total intangible assets		15,543	Other additional paid-in capital		6,476
Investments and other assets			Retained earnings		7,445
Investments in securities		31,219	Other retained earnings		7,445
Investments in and advances to subsidiaries and affiliates		31,107	Retained earnings carried forward		7,445
Contribution		6	Treasury stock, at cost		(833)
Contribution in subsidiaries and affiliates		1,545	Total shareholders' equity		72,088
Long-term loans receivable from subsidiaries and affiliates		22,250	Valuation, translation adjustments and others		
Claims provable in bankruptcy, rehabilitation and other		28	Net unrealized holding gain/loss on other securities		807
Long-term prepaid expenses		1,289	Loss/gain on deferred hedges		(32)
Prepaid pension cost		19,099	Total valuation, translation adjustments and others		775
Lease and guarantee deposits		2,597	Subscription rights to shares		121
Others		228			
Allowance for doubtful receivables		(9,628)			
Total investments and other assets		99,744			
Total non-current assets		149,031	Total net assets		72,985
Total assets		324,482	Total liabilities and net assets		324,482

(Translation)

## Non-Consolidated Statement of Operations

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Account title	Amount	
Net sales		234,884
Cost of sales		197,910
Gross profit		36,974
Selling, general and administrative expenses		53,859
Operating loss		(16,885)
Non-operating income		
Interest income	473	
Dividend income	8,031	
Foreign exchange gain	605	
Other	1,160	10,271
Non-operating expenses		
Interest expense	1,776	
Provision of allowance for doubtful receivables	(454)	
Penalty	(290)	
Other	974	2,004
Ordinary loss		(8,618)
Extraordinary profit		
Gain on sale of investments in securities	334	334
Extraordinary loss		
Loss on sale and disposition of property, plant and equipment	192	
Loss on impairment of fixed assets	394	
Nondeductible write-downs of shares of subsidiaries and affiliates	399	
Loss on disaster	138	1,124
Loss before income taxes		(9,408)
Income taxes	(3,361)	
Income taxes deferred	244	(3,117)
Loss		(6,291)

(Translation)

**Non-Consolidated Statement of Changes in Net Assets**

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Additional paid-in capital			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Capital reserve	Other Additional paid-in capital	Total additional paid-in capital	Other retained earnings	Total Retained earnings		
Balance at April 1, 2022	44,000	15,000	6,488	21,488	16,334	16,334	(861)	80,962
Changes during the term under review								
Dividends from surplus					(2,597)	(2,597)		(2,597)
Loss					(6,291)	(6,291)		(6,291)
Purchases of treasury stock							(0)	(0)
Disposition of treasury stock			(11)	(11)			28	16
Net changes in items other than shareholders' equity during the term under review								
Net changes during the term under review	–	–	(11)	(11)	(8,889)	(8,889)	27	(8,873)
Balance at March 31, 2023	44,000	15,000	6,476	21,476	7,445	7,445	(833)	72,088

	Valuation, translation adjustments and others			Subscription rights to shares	Total net assets
	Unrealized holding gain/loss on other securities	Loss/gain on deferred hedges	Total valuation, translation adjustments and others		
Balance at April 1, 2022	763	22	785	138	81,886
Changes during the term under review					
Dividends from surplus					(2,597)
Loss					(6,291)
Purchases of treasury stock					(0)
Disposition of treasury stock					16
Net changes in items other than shareholders' equity during the term under review	44	(54)	(10)	(16)	(27)
Net changes during the term under review	44	(54)	(10)	(16)	(8,900)
Balance at March 31, 2023	807	(32)	775	121	72,985

(Translation)

## Notes to Non-consolidated Financial Statements

### Significant Accounting Policies

#### 1. Standards and valuation methods for negotiable securities

Shares of subsidiaries and affiliated companies:

Stated at cost based on the moving average method

Other negotiable securities:

Those other than shares without market value:

Stated at fair value.

(The difference between book value and fair value is included in net assets. The sale cost is calculated by using the moving average method.)

Shares without market value: Stated at cost based on the moving average method

#### 2. Standards and valuation methods for derivatives, etc.

Derivatives: Stated at fair value

#### 3. Standards and valuation methods for inventories

Finished goods: 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.)

#### 4. Depreciation and amortization of non-current assets

Property, plant and equipment (excluding lease assets): Declining-balance method

The straight-line method is applied to buildings, excluding annexed structures, acquired on or after April 1, 1998.

Intangible assets (excluding lease assets)

Software for sale in the market:

Amortization method based on the estimated amounts of sales in the estimated number of years for sales (3 years)

Software for internal use:

Straight-line method based on the estimated durable years (mainly 5 years)

Others: Straight-line method

Lease assets

(Lease assets relating to finance lease transactions without transfer of ownership):

They are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

(Translation)

## **5. Basis for provision of reserves**

### Allowance for doubtful receivables

To prepare for any losses on accounts receivable and loans, the Company calculates the amount of potential loss by using the historical loss ratio in the case of non-classified loans/receivables and by individual assessment in the case of classified loans/receivables.

### Provision for product warranties

To prepare for the expenses caused by free repairs that occur after product sales, the Company includes a provision for product warranties based on past performance or individual estimates.

### Provision for directors' bonuses

To prepare for the payment of bonuses to officers (includes Executive Officers, the same applies below), the Company records the amount attributable to the current fiscal year out of the amount of bonuses expected to be paid to officers.

### Provision for loss on construction contracts

To prepare for any losses on construction contracts, the estimated amounts of losses for the following fiscal years are calculated for some of the order backlog as of the end of the fiscal year under review, which are likely to incur losses and for which the amounts thereof can be reasonably estimated.

### Provision for contingent loss

To prepare for losses that may occur in the future, the Company includes a provision for contingency losses rationally calculated based on individual risks, etc.

### Provision for loss on the Anti-Monopoly Act

To prepare for any losses relating to the Anti-Monopoly Act, the estimated amount for the current fiscal year end is recorded.

### Retirement benefits

To prepare for payment of retirement benefits to employees, the Company records the amount recognized to accrue at the end of the fiscal year based on the estimated values of retirement benefit obligations and pension assets.

Prior service cost is amortized by the straight-line method over a certain number of years (12 years) within the average remaining years of service of employees.

The actuarial difference is amortized proportionately using the straight-line method over a certain number of years (12 years) within the average remaining service period of the employees from the fiscal year after the one in which it arises.

### Provision for loss on business of subsidiaries and affiliates

In order to prepare for a loss on business of subsidiaries and affiliates, the Company records the amount of expected loss to bear in consideration of the financial position, operating results, etc. of these companies.

(Translation)

## **6. Basis for provision of income and expense**

### **(1) Sales of products**

Revenue from product sales 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.

### **(2) Provision of services**

Revenue from provision of services is recognized according 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.

For contract productions and engineering work of social infrastructure, 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.

## **7. Hedge accounting methods**

### **(1) 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.

### **(2) 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.

### **(3) Hedging policy**

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

### **(4) Assessment method of hedging effectiveness**

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.

## **8. Other important matters in preparation of non-consolidated financial statements**

### **(1) Accounting for retirement benefits**

The methods of accounting for unappropriated amounts of unrecognized prior service costs and unrecognized actuarial gains and losses for retirement benefits differ from those in the consolidated financial statements.

### **(2) Application of group tax sharing system**

The group tax sharing system is applied.

## **Changes in Accounting Policies**

Application of Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023, and it has applied the new accounting policy provided for by the Implementation Guidance on Accounting Standard for Fair Value Measurement prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair



(Translation)

Value Measurement. This change has no impact on the non-consolidated financial statements.

### Notes on Accounting Estimates

#### 1. Estimate of recoverability of receivables from consolidated subsidiaries

##### (1) Amount recognized on the non-consolidated financial statements for the fiscal year

Allowance for doubtful receivables ¥9,568 million

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

###### (i) Overview

The Company provides Oki Hong Kong, Ltd. (hereinafter “OHL”), a consolidated subsidiary which primarily engages in the material procurement and logistics management businesses in China, with loans in the amounts of US\$134 million and RMB216.5 million (¥22,098 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year under review) as of the end of the fiscal year, and they are included in long-term loans receivable from subsidiaries and affiliates. In addition, OHL has accounts receivable from Oki Electric Industry (Shenzhen) Co., Ltd. (hereinafter “OSZ”), which has accounts receivable from Oki Banking Systems (Shenzhen) Co., Ltd. (hereinafter “OBSZ”).

As described in the “Notes to Consolidated Financial Statements, Notes on Accounting Estimates, 1. Estimate of recoverability of claims for which litigation is currently pending,” accounts receivable from Shenzhen Yihua Computer Industrial Co., Ltd. (hereinafter “Yihua Industrial”) have been outstanding at OBSZ and, as a result, the payment of a similar amount from OBSZ to OSZ, and from OSZ to OHL remains unpaid. In light of such retention status, OHL recorded an allowance for doubtful receivables against accounts receivable from OSZ in conjunction with an allowance for doubtful receivables recorded by OBSZ for accounts receivable from Yihua Industrial. This resulted in negative net worth at OHL at the end of the fiscal year, giving rise to a serious issue regarding repayment of the loans provided by the Company.

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

The Company classifies the loans to OHL into doubtful accounts and recorded an allowance for doubtful receivables for an estimated amount of loss up to an amount by which OHL’s liabilities exceed its assets from the previous year, as a result of making judgment of OHL’s activities in the material procurement and logistics management businesses, management status, and ability to pay comprehensively. The amount of US\$71.655 million (¥9,568 million if converted to Japanese yen based on the exchange rate as of the end of the fiscal year) was recognized at the end of the fiscal year.

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

As the amount by which OHL’s liabilities exceed its assets changes in tandem with the allowance for doubtful receivables recorded by OBSZ for accounts receivable from Yihua Industrial, the estimated amount of loss may vary significantly subject to the status of the appeal by OBSZ.

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

##### (1) Amount recognized on the non-consolidated financial statements for the fiscal year

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 was ¥37,971 million (including revenue for projects completed before the end of the fiscal year). Of which, an amount recognized for the fiscal year in relation to construction projects that

(Translation)

were work-in-progress at the end of the fiscal year is ¥22,851 million.

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

The calculation method for the amount in (1) is the same as the one described in the Notes to Consolidated Financial Statements, “Notes on Accounting Estimates 2. Estimate of total costs used to measure the progress of the performance obligation in the recognition of revenue.”

3. Future cash flows estimated based on the determination to recognize the impairment loss

(1) Amount recognized on the non-consolidated financial statements for the fiscal year

Property, plant and equipment	¥33,743 million
Intangible assets	¥14,228 million
Long-term prepaid expenses	¥1,289 million

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

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

The Company determines whether to recognize the impairment loss of the given asset or asset group, when there is an indication that the asset or asset group may be impaired (hereinafter “indication of impairment”) at the end of a fiscal year. An indication of impairment is recognized when a loss or negative cash flow caused by marketing activities in which the asset or asset group is used is ongoing or likely to be ongoing, or when a significant downturn of the business is identified. Whether to recognize the impairment loss of the asset or asset group with indication of impairment is determined by comparing the total future cash flow before discount obtained from the asset or asset group (including net sales value in future of assets other than main assets) and the book value, and if the former is smaller than the latter, the Company recognizes the impairment loss.

The Company determines that indication of impairment is found company-wide, including common assets. However, impairment loss has not been recognized because the company-wide total future cash flow before discount, which was calculated based on the projected profit and loss in the next fiscal year and onwards, is greater than the book value of the Company’s assets. Major assumptions used to estimate the future cash flow before discount are net sales and expenses in the Medium-Term Business Plan 2025. The business plan enlists projections of future net sales and expenses, etc., based on management strategy taking into account past performance and the current business environment.

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

It is possible that impairment loss may be reported in the next fiscal year if a significant change occurs in the business environment, which necessitates a downward revision of the above assumption, resulting in the company-wide total future cash flow before discount calculated based on the projected future profit and loss becoming smaller than the book value of the Company’s assets.

(Translation)

### Notes to Non-consolidated Balance Sheet

1. Assets provided as collateral

Investments in securities	¥4,671 million
Liabilities collateralized by the abovementioned assets	
Short-term borrowings	¥3,500 million

2. Guarantee liabilities:

The Company provides guarantees for bank borrowings made by employees, and subsidiaries and affiliates as shown below.

OKI BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS E TECNOLOGIA EM AUTOMAÇÃO LTDA.	¥3,852 million (BRL146.930 million)
Oki Europe Ltd.	¥2,483 million (GBP15 million)
OKI Circuit Technology Co., Ltd.	¥1,955 million
Oki Data Manufacturing (Thailand) Co., Ltd.	¥734 million (\$5.5 million)
OKI INDIA PRIVATE LIMITED	¥725 million (INR444.846 million)
OKI Crosstech Co., Ltd.	¥678 million
Three other entities:	¥638 million
Total:	¥11,067 million

3. Monetary claims receivable from and payable to subsidiaries and affiliates

Short-term monetary claims receivable from subsidiaries and affiliates:	¥30,242 million
Long-term monetary claims receivable from subsidiaries and affiliates:	¥1,161 million
Short-term monetary claims payable to subsidiaries and affiliates:	¥43,345 million
Long-term monetary claims payable to subsidiaries and affiliates:	¥67 million

### Notes to Non-consolidated Statement of Operations

Transactions with subsidiaries and affiliates

Net sales:	¥36,397 million
Purchases:	¥83,228 million
Non-operating transactions:	¥10,426 million

### Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of treasury stock as of the end of the fiscal year

Common stock:	598 thousand shares
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(Translation)

## Notes to Deferred Tax Accounting

### 1. Major factors giving rise to deferred tax assets and liabilities

Deferred tax assets	
Loss carry forwards	¥14,919 million
Nondeductible write-downs of shares of subsidiaries and affiliates	¥11,113 million
Nondeductible retirement benefits	¥5,042 million
Adjustments of losses on transfers among consolidated subsidiaries	¥3,418 million
Allowance for doubtful receivables	¥2,951 million
Nondeductible accrued bonuses	¥1,258 million
Nondeductible write-downs of inventories	¥1,163 million
Provision for loss on construction contracts	¥777 million
Others	¥4,242 million
<hr/>	
Subtotal deferred tax assets	¥44,883 million
Valuation allowance	¥(40,954) million
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Total deferred tax assets	¥3,928 million
<hr/>	
Deferred tax liabilities	
Gain on valuation of investment securities	¥(5,723) million
Prepaid pension cost	¥(4,786) million
Nondeductible unrealized gain on contribution of securities to the pension trust	¥(1,916) million
Others	¥(556) million
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Total deferred tax liabilities	¥(12,981) million
<hr/>	
Net deferred tax assets	¥(9,052) million

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

The Company has applied the group tax sharing system from the fiscal year under review. 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 has 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.

(Translation)

## Notes to Related Party Transactions Subsidiaries, etc.

Attribute	Name of company, etc.	Location	Capital	Business	Voting right ratio	Relationship with related party	Description of transactions	Transaction amount (mil. yen)	Account item	Ending balance (mil. yen)
Subsidiary	OKI Crosstech Co., Ltd.	Chuo-ku, Tokyo	¥2,001 million	Equipment work, designing, construction and maintenance of telecommunication, firefighting and other facilities, maintenance, operations and technical support for ICT equipment and systems, and sales of related equipment and supplies	(Direct) 100%	Supply products, etc., purchase of services	Borrowings of funds	—	Deposits received	13,512
Subsidiary	OKI Software Co., Ltd.	Warabi, Saitama Pref.	¥400 million	Development, design, manufacture and maintenance of software and embedded software, system building services, SI/solution services, consulting, outsourcing and sales of information equipment	(Direct) 100%	Production of software on a contract basis, etc.	Purchase of services	14,017	Accounts payable, trade	3,814
Subsidiary	OKI Electric Cable Co., Ltd.	Kawasaki (Kanagawa)	¥4,304 million	Manufacture and sales of electrical wire, electronic equipment parts, metal products and synthetic resin material processed goods	(Direct) 100%	Purchase of products	Borrowings of funds	—	Deposits received	3,577
Subsidiary	OKI Nextech Co., Ltd.	Tokorozawa (Saitama)	¥400 million	Development, design, manufacture, sales and maintenance of information and communications devices, industrial electronic devices, medical electronic equipment and other electronic devices as well as electronic parts	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	5,652	Short-term loans receivable	6,225
Subsidiary	OKI Data Manufacturing (Thailand) Co., Ltd.	Thailand	420 million Thai baht	Manufacture of information processing equipment	(Direct) 100%	Purchase of products	Purchase of products	31,637	Accounts payable, trade	5,526
Subsidiary	OKI Hong Kong, Ltd.	Hong Kong	US\$10.292 thousand	Holdings company, material procurement	(Direct) 100%	Supply products, etc., lending of funds	Lending of funds	23,406	Long-term loans receivable from subsidiaries and affiliates	22,098

Notes:

- The transaction amount excludes consumption tax, etc., while the ending balance includes consumption tax, etc.
- Conditions of transactions and policy in determining conditions
  - The Company determines conditions regarding purchase of services and purchase of products based on market prices and conducting negotiation.
  - The Company determines the interest rate for the lending of funds by taking the market rate of interest into consideration. However, for some subsidiaries, the Company determines the said interest rate by taking the financial position of the subsidiaries. Transaction amount shows the average balance during the fiscal year because the transactions are repetitive.
- An allowance for doubtful accounts of ¥9,568 million has been recorded for loans to OKI Hong Kong, Ltd. Furthermore, an allowance for doubtful accounts of ¥454 million has been provisioned this fiscal year.

## Notes to Per-share Information

- Net assets per share: ¥841.20
- Loss per share: ¥72.63

(Translation)

**Notes on Revenue Recognition**

Notes on the information to understand the revenue from contracts with customers are omitted since the same contents are described in “Notes on Revenue Recognition” in the Notes to Consolidated Financial Statements.

**Explanatory notes on Company to Which Consolidated Dividend Regulations Apply**

The Company will be a company to which consolidated dividend regulations apply after the final day of the fiscal year under review becomes the final day of the final fiscal year.

## Transcript of Accounting Auditors' Report

### Independent Auditors' Report

May 19, 2023

To: Board of Directors  
Oki Electric Industry Co., Ltd.

PricewaterhouseCoopers Aarata LLC  
Tokyo Office  
Tsuyoshi Saito,  
Engagement Partner, Certified Public Accountant  
Takeaki Ishibashi,  
Engagement Partner, Certified Public Accountant  
Yoshihiro Shiribiki,  
Engagement Partner, Certified Public Accountant

#### Audit opinion

We have audited the non-consolidated financial statements—the non-consolidated balance sheet, the non-consolidated statement of operations, the non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements—and its supporting schedules (“Financial Statements, etc.”) of Oki Electric Industry Co., Ltd. for the 99th term from April 1, 2022 to March 31, 2023 in accordance with Article 436, paragraph (2), item (i) of the Companies Act.

We concluded that the Financial Statements, etc. fairly present in all aspects of Oki Electric Industry's assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

#### Basis for audit opinion

We have conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Responsibility of auditor for the audit of the Financial Statements, etc.” section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

#### Responsibility of management, Audit & Supervisory Board Members and the Audit & Supervisory Board for preparing Financial Statements, etc.

Oki Electric Industry's management is responsible for preparing and presenting fairly the Financial Statements, etc. in accordance with corporate accounting standards generally accepted in Japan. This includes designing and operating internal control that the management determines necessary to prepare and fairly present the Financial Statements, etc. that are without material misstatement due to fraud or errors.

In preparing the Financial Statements, etc., management is responsible for assessing whether it is appropriate to prepare the Financial Statements, etc. with the assumption of a going concern, and in accordance with corporate accounting standards generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

#### Responsibility of auditors for the audit of the Financial Statements, etc.

Our responsibilities are to obtain reasonable assurance about whether the Financial Statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the Financial Statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of the Financial Statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the Financial Statements, etc., obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the Financial Statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the Financial Statements, etc. or, if the notes to the Financial Statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Financial Statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the Financial Statements, etc. and notes thereto are in accordance with corporate accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the Financial Statements, etc., including the related notes thereto, and whether the Financial Statements, etc. fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

**Conflict of interest**

We or engagement partners have no interests in the Company, which should be stated in compliance with the Certified Public Accountants Act.



## Transcript of Audit & Supervisory Board's Report

### Audit & Supervisory Board's Report

We, the Audit & Supervisory Board, have prepared upon consultation this Audit Report based on reports compiled by each Audit & Supervisory Board Member with respect to Directors' performance of their duties during the 99th fiscal year from April 1, 2022 to March 31, 2023, as follows:

#### 1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit

- (1) The Audit & Supervisory Board specified an audit policy, compiled audit plans and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audits and also received reports from Directors and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.
- (2) Each Audit & Supervisory Board Member, according to the audit standards, policy and plans set up by the Audit & Supervisory Board, has maintained good communications with Directors, the internal audit division and other employees and strived to collect information and improve the audit environment and conducted an audit by following the methods described below:
  - (a) We attended the meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and principal operating offices. With respect to the subsidiaries of the Company, we have maintained good communications and exchanged information with Directors, Audit & Supervisory Board Members and others and received reports on business conditions from the subsidiaries as needed.
  - (b) In addition, we have periodically received reports from Directors and employees, among others, required explanation when necessary, and made opinions with regard to the status of operations and the systems established thereon (internal control systems) made by the Board of Directors concerning the establishment of systems defined in Article 100, paragraph (1) and paragraph (3) of the Regulations for Enforcement of the Companies Act as necessary for ensuring compliance with laws and the Company's Articles of Incorporation in the performance of duties by Directors, described in the Business Report, and for ensuring appropriateness of duties of corporate group consisting of joint stock company and its subsidiaries. With respect to the internal controls over financial reporting, we have received reports on the internal control evaluation and status of the audits from the Directors, etc. and the PricewaterhouseCoopers Aarata LLC, and asked them for explanations as necessary.
  - (c) We have monitored and verified whether the accounting auditors maintained their independence and properly implemented audits, received from the auditors reports on the performance of their duties and asked them for explanations as necessary. The accounting auditors reported to us that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Corporate Calculation Regulations) have been established in accordance with the quality control standards concerning audits (Business Accounting Council, October 28, 2005), and asked them for explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report for the said fiscal year and their supplementary schedules, financial statements for the said fiscal year (balance sheet, statement of operations, statement of changes in shareholders' equity, and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in shareholders' equity, and notes to consolidated financial statements).

#### 2. Results of Audit

- (1) Results of audit of the business report
  - (a) We consider that the business report and its supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
  - (b) With respect to the Directors' performance of their duties, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Articles of Incorporation.
  - (c) We consider that the details of the resolution made by the Board of Directors concerning internal control procedures are proper. With respect to the details described in the Business Report and the Directors' performance of their internal control duties, we have found no issues to be pointed out. Furthermore, regarding internal controls over financial reporting, as of the creation of this audit report, we have received reports from Directors, etc. and PricewaterhouseCoopers Aarata LLC to the effect that there are no significant deficiencies that should be disclosed.
- (2) Results of audit of financial statements and their supplementary schedules  
We consider that the auditing methods and results of the Company's Accounting Auditors, PricewaterhouseCoopers Aarata LLC, are proper.
- (3) Results of audit of consolidated financial statements  
We consider that the auditing methods and results of the Company's Accounting Auditors, PricewaterhouseCoopers Aarata LLC, are proper.

May 19, 2023

The Audit & Supervisory Board, Oki Electric Industry Co., Ltd.  
Toshiya Hatakeyama, Standing Audit & Supervisory Board Member  
Toshiyuki Yokota, Standing Audit & Supervisory Board Member  
Hideo Shiwa, Outside Audit & Supervisory Board Member  
Ryuichi Makino, Outside Audit & Supervisory Board Member  
Yoshihiro Tsuda, Outside Audit & Supervisory Board Member