

# Growth Strategy for Components & Platforms

**Masatoshi Saito**  
**Senior Vice President**  
**Head of Components & Platforms Business Group**  
**Oki Electric Industry Co., Ltd.**

*140th Anniversary*  
*Towards* **2031**

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## Taking a product-centric approach to the delivery of components and platforms

**We will deliver and develop components<sup>\*1</sup> to help solve social issues.  
We will provide services through platforms based on our strength in manufacturing.**

◆ **Business opportunities**

- Response to issues such as labor shortages and infectious diseases
- Growing importance of hardware connecting people and systems

◆ **Expanding priority domains that leverage Oki's strengths**

- Devices and services that offer unmanned, contactless, and non-face-to-face solutions
- Delivery of comprehensive manufacturing services
- Utilization of the installed base (including operation services)

◆ **Global partner strategy**

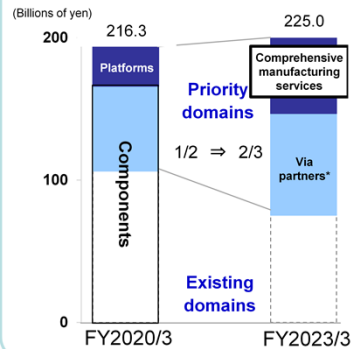
- Shift from in-house sales to global partnerships

◆ **Strengthening the ability to meet diverse customer needs**

- Technological integration, enhancement of R&D structure (700 engineers)

**FY2023/3 targets**

- **Net sales: ¥225.0 billion**
- **Operating income: ¥8.5 billion**

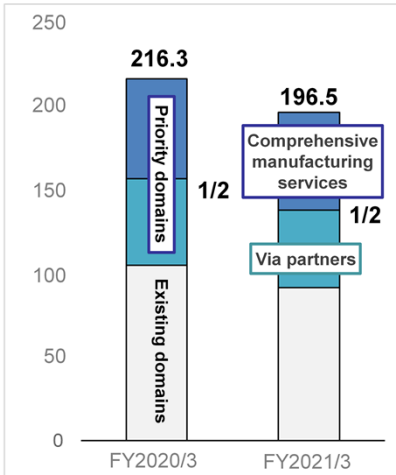


<sup>\*1</sup> Terminals, modules    <sup>\*2</sup> Including operation services

- I will call the name of the business C&P, for short.
- The goal of C&P's Medium-Term Business Plan 2022 (for which FY2023/3 is to be the final year) is to shift the business model toward growth.
- KPIs are shown in the lower right graph. In the Components area, which consists of automated machines and printers, we will aim to increase sales via partners.
- In the Platforms area, which consists of the EMS Group, we will aim to expand sales of overall manufacturing comprehensive services.
- The goal of Medium-Term Business Plan 2022 is to increase the ratio of sales in these two focus areas from one-half to two-thirds.
- After this, I will talk about growth strategies for our focus areas.

**A one-year delay in our KPI to transform the business model**

**KPI: Transform the business model**  
(Billions of yen)



We had expected the Japanese market to recover in the second half. However,

- ◆ Growth failed to materialize in priority domains. (decrease of approx. ¥6.0 billion).
- ◇ Comprehensive manufacturing services
  - Demand recovery among key customers was delayed.
- ◇ Via partners
  - Demand from the distribution and retail sectors was lower than expected.
- ◆ Structural reforms (structural enhancements) progressed according to plan.
  - Streamlining of overseas sales companies, renovation of production bases
  - Integration of subsidiaries, shifting of resource to growth fields

- In the previous fiscal year, due to the COVID-19 impact and its prolonged duration, KPIs for business model shift was delayed by a year.
- The main reason for this was a delay in the recovery of demand from our main customers for our comprehensive manufacturing services. In addition, in the business via partners, orders for equipment for distribution and retail were lower than expected.
- However, structural reforms to support growth in the current fiscal year are progressing as planned.

Our Understanding of the Operating Environment

A shift in emphasis from physical items to experiences, moving away from hardware

Concentration of management resources, BPO strategy

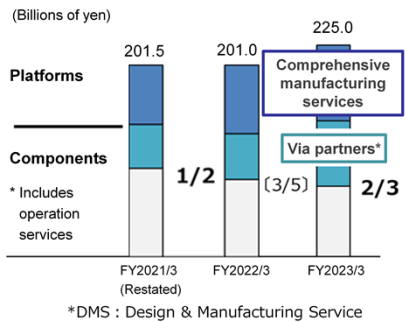
Positioning of hardware as the point of intersection between society and people

Our “keywords of growth:” Play a backstage role in our mission of “delivering OK! to your life.”\*

\*This key message refers to our goal of helping to resolve social issues and realize a sustainable society.

<p><b>Components</b> (Automation, labor-saving equipment) (Technology for optimizing mechatronics)</p> <p>Transform the business model by focusing on priority fields</p> <ul style="list-style-type: none"> <li>➢ Products for partners</li> <li>➢ Operation services</li> </ul>	<p><b>Platforms</b> (Comprehensive manufacturing services) (Technologies that increase mounting density and reliability)</p> <ul style="list-style-type: none"> <li>➢ DMS*</li> </ul>
◇700-person development team	◇Global manufacturing bases

KPI: Transform the business model



- First, I would like to talk about the business environment in our society and in our clients' companies.
- There is a trend of focusing management resources on core processes, a shift is occurring from products to services, and the importance of connecting cyber and real is being questioned.
- In this environment, we are developing our Components business, which provides terminals and modules for automation and labor saving, and our Platforms business, which provides manufacturing itself as a service.
- The key word for growth is to support the society in the background. Our products and module services have been provided under the OKI brand, but we aim to provide them more widely to our partners in the future. Through this business model shift, we aim to grow our C&P business.
- In this mid-term plan period, there are 3 areas that we will focus on in particular: products for partners, operation services, and DMS. In order to achieve these goals, we will concentrate our 700-person development team, which were established through the integration of the 3 businesses, and global production bases into priority fields.
- In order for OKI to be recognized as a partner by our customers, we must play a supporting role, but I believe that we cannot be trusted without knowing the market. We would like to enhance marketing and increase our resources with the new Business Collaboration Promotion Division centered, in order to gain the trust of our customers.

Background to the Need for Automation and Labor Savings

Labor shortage

Work style reform

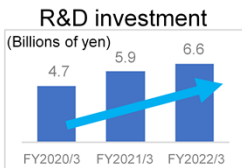
Non-contact /Non-face-to-face

Growth measures

- Resolve customer issues from the fields of finance to distribution, retail and new areas (medical)
- Expand operation services that leverage the installed base

Products for partners

- Provide core modules (roll out globally)
- Enhance the product lineup (expand sales of winning products)
- Resolve issues in new fields (other than cash and paper)



Concentrate investment in product development

(Gradually roll out from 2H of FY2022/3)

Operation services

- Shift away from a business model of selling physical items
- Develop ATM operational expertise for other sectors

Service operation ratio



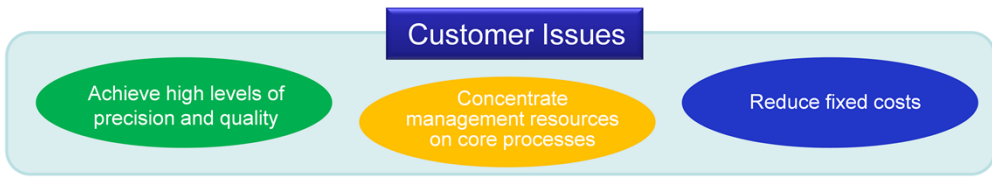
Develop expertise

For financial institutions

↓  
For other sectors (distribution, transport, etc.)

- I would like to talk about our two growth initiatives in the Components area, products for partners and operation services.
- In the past, we have mainly focused on providing products in the financial market, but we will now shift our focus to the new fields of distribution, retail, and even medical care, where growth is expected.
- As for products for partners, a number of development projects are currently underway simultaneously, with product launches scheduled to begin in the second half of this fiscal year. For this reason, we have significantly increased our investment, and at the same time, we have shifted the allocation of investment from traditional areas to retail devices, which is our focus area.
- On the other hand, we have an installed base of many devices in Japan. We are shifting our business model from the footprint we have built through product sales to the form of operational services.
- Looking at the current application status of the service, it is still at about 20% of our footprint, and we recognize that there is still room for expansion. We will continue to update and expand this operation service as a solution to the recent needs of our customers for operational efficiency.
- In this way, we intend to aggressively shift to the retail and recurring domains. To this end, preparations for product development and service menu development are progressing as planned, and we have already received a large OEM order for retail, as just one example.
- In addition, our operation services have been mostly provided to the financial industry, but we are now approaching other industries as well, and we would like to expand our services by utilizing the know-how we have accumulated through ATM operations.
- Here, too, OKI must have market knowledge in order to be trusted and recognized by customers. We recognize that marketing is the key in this field, as well.

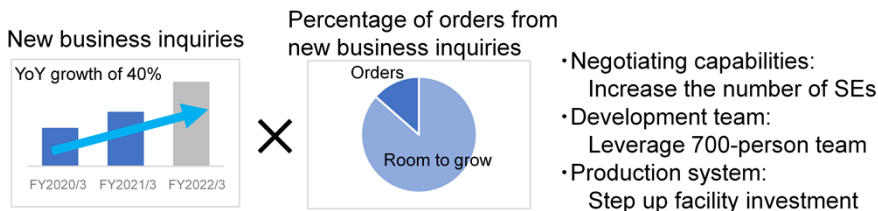
4. Initiatives Related to Platforms (Comprehensive Manufacturing Services) 6/7



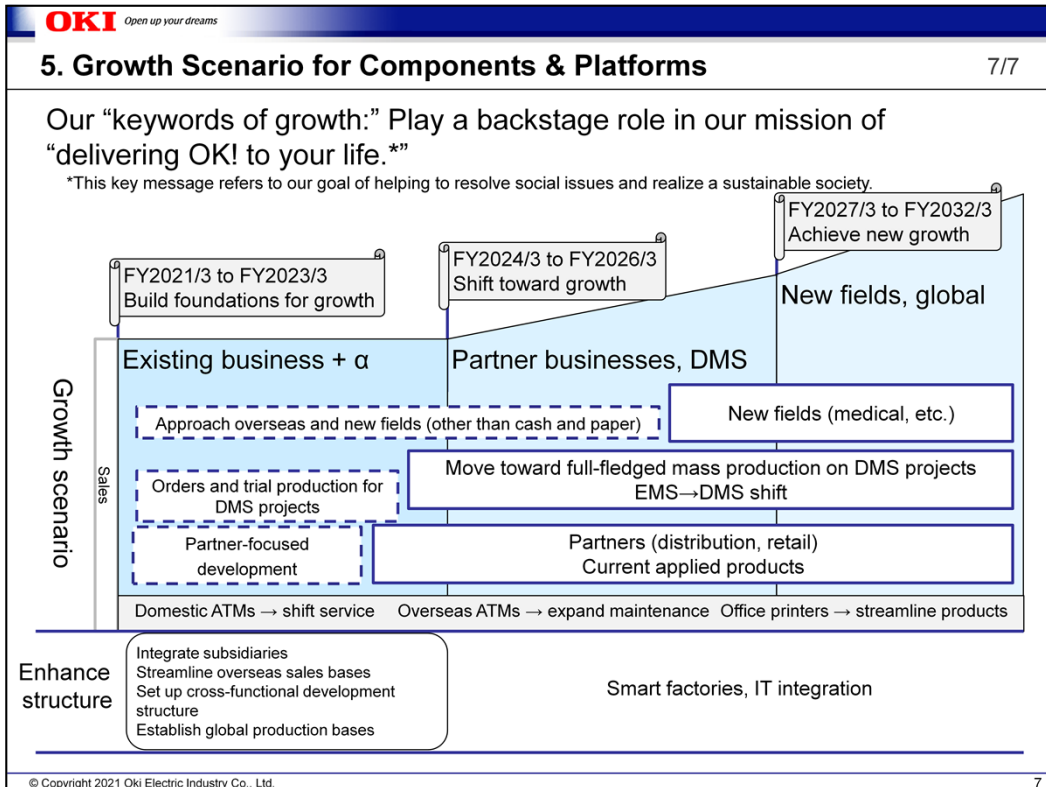
- Growth measures**
- Expand the order-receiving process: Manufacturing → design, manufacturing, and maintenance services
  - Expand order targets: mounting boards → units → entire devices

**DMS business environment**

New business inquiries are robust (social infrastructure, industry).  
The key is to increase the number of orders.



- I would like to talk about two measures: expanding the process and scope of the platform area.
- Process expansion, as we have already announced, means that we will expand the processes that we can be entrusted, including product development and design, these upstream processes, as well as downstream processes for maintenance services, although so far, we have only been entrusted with production.
- By expanding the scope of our business, we mean that we will take advantage of the effects of the integration of the 3 businesses, especially mechatronics technology, to expand the scope of orders from mainly PCB mounting to units and finally to the entire equipment.
- In response to these measures, we have been fortunate to receive a lot of inquiries and the number of business negotiations has been steadily increasing. However, the order rate has been stagnant, and we believe that there is still room for growth.
- We believe that, regarding the issue of how to capture these strong opportunities, we are lacking responsiveness in each process. We would like to strengthen our business negotiation, development, and production capabilities throughout the current medium-term business plan.
- As for the delay in the recovery of demand from our major customers, as I mentioned at the beginning of this report, this segment has been recovering rapidly since the fourth quarter of the fiscal year under review, we received more orders in the semiconductor equipment field in March and April than before.  
In this way, by expanding the process and the scope of coverage, we will strive to grow the business of comprehensive manufacturing services.



- So far, I have talked about the growth strategy of the focus areas in C&P. Here is the essence of the content, including the time frame. The dashed line indicates the development investment phase. We will concentrate the development resources we have consolidated through the integration of the 3 businesses into focused areas. The solid line indicates the revenue contribution phase. The products and services we have developed will expand sales and contribute to earnings as growth drivers.
- In the Medium-term Business Plan 2022, we will make upfront investments in our focus areas, as well as in existing areas and additional areas. "Additional areas" refers to the first part of our focus areas. We will secure revenue here.
- In the next medium-term plan, we will aim to boost our top line through mass production of DMS and products for partners created by the investments we have made as described so far.
- Unfortunately, the recovery in profitability has been slow due to the unprecedented business environment caused by COVID-19, but we are making steady progress in the measures to build a foundation for growth, which is the most important activity in the Medium-Term Business Plan 2022. In spite of the difficult situation, the performance of the fourth quarter of the fiscal year under review alone was significantly better than that of FY2020/3, due to a combination of risk-averse demand in response to the recent instability in the supply chain.
- Therefore, we are determined to achieve business growth by implementing the structural reforms, investing in advanced development to expand our top line, and conducting solid marketing.

# Delivering OK! to your life.

Key message indicating OKI Group' initiatives to realize its vision

The OKI Group helps create a safe and convenient infrastructure for customers and society as a whole through the key Japanese concepts of “Mono-zukuri” and “Koto-zukuri” and seeks for sustainable growth together with society

