

# Financial Results for 1 H of the FY Ending March 31, 2021

October 29, 2020

Ok Electric Industry Co., Ltd.

# Summary of Financial Results

- Net sales decreased due to a reactionary decline following the completion of a series of large-scale projects and the continuing expansion of COVID-19. As a result, each profit deteriorated.

(Billion yen)	1H FY2021/3 (Results)	1H FY2020/3 (Results)	Variance
Net sales	173.5	218.4	(44.9)
Operating income (loss)	(2.6)	5.2	(7.8)
Ordinary income (loss)	(3.2)	2.9	(6.1)
Profit (loss) attributable to owners of parent	(5.4)	4.1	(9.5)
USD average exchange rate (Yen)	106.9	108.6	(1.7)
EUR average exchange rate (Yen)	121.3	121.4	(0.1)

## Segment Information (Net Sales)

- **Solution Systems**  
Despite the impact of the previous fiscal year, including a reactionary decline from large-scale projects (for network-related and some government offices) and changes in sales standards, the year-on-year decrease shrank in Q2.
- **Components & Platforms**  
The impact of COVID -19 continued, mainly in overseas markets, and equipment sales remained sluggish.

(Billion yen)	1H FY2021/3 (Results)	1H FY2020/3 (Results)	Variance
Solution Systems	83.5	103.6	(20.1)
Components & Platforms	87.8	108.4	(20.6)
Others	2.2	6.3	(4.1)
<b>Total</b>	<b>173.5</b>	<b>218.4</b>	<b>(44.9)</b>

\*Results for 1H FY2020/3 are restated.

## Segment Information (Operating Income/Loss)

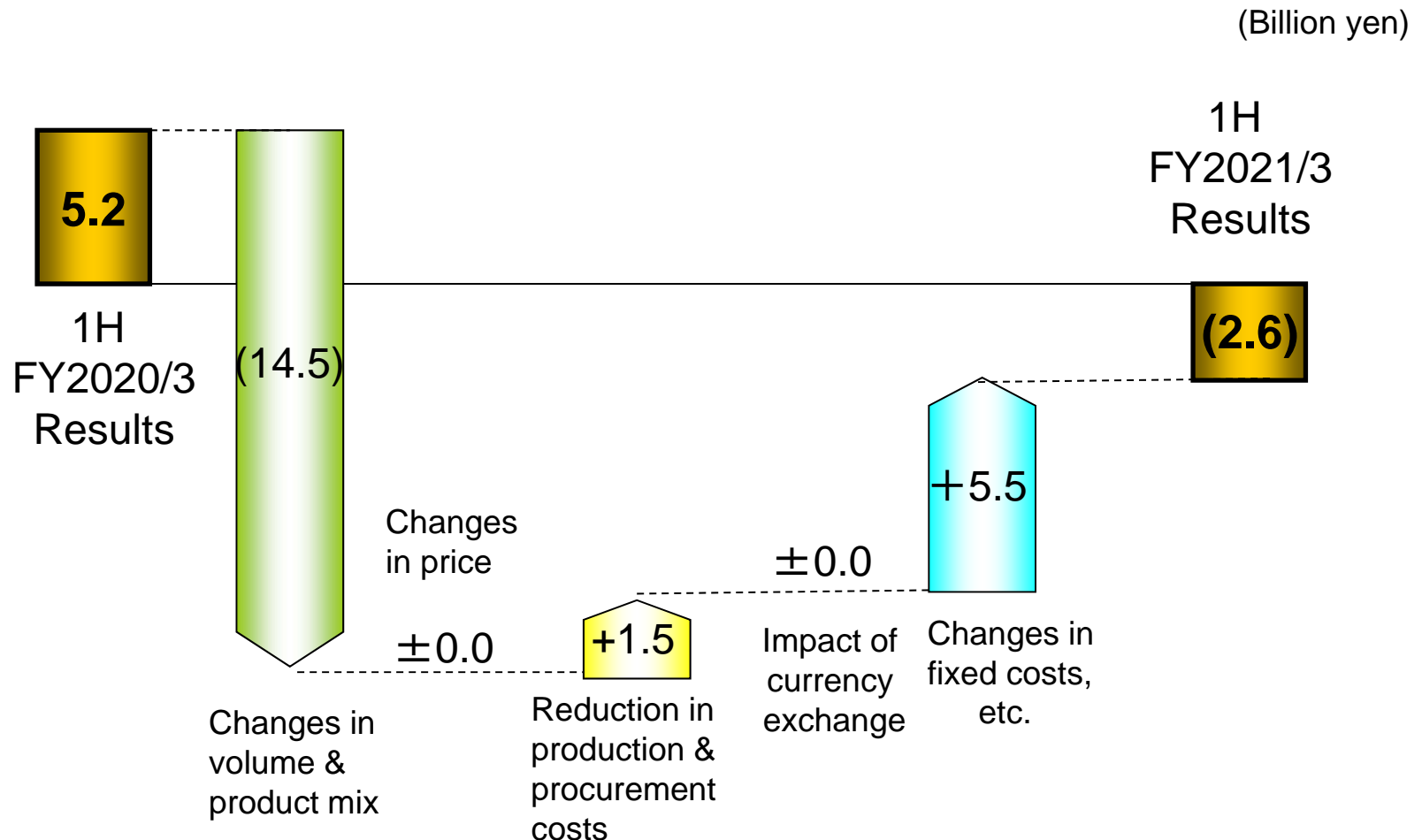
- **Solution Systems**  
Profits were stable despite the impact of a reactionary decline in sales in the previous fiscal year.
- **Components & Platforms**  
Profits were low due to sluggish sales. Sales mix is in the process of improving.

(Billion yen)	1H FY2021/3 (Results)	1H FY2020/3 (Results)	Variance
Solution Systems	4.0	5.6	(1.6)
Components & Platforms	(3.6)	3.1	(6.7)
Others	(0.1)	(0.1)	0.0
Corporate & Eliminations	(2.8)	(3.4)	+0.6
<b>Total</b>	<b>(2.6)</b>	<b>5.2</b>	<b>(7.8)</b>

\*Results for 1H FY2020/3 are restated.

# Reasons for Changes in Operating Income/Loss

- The impact of volume fluctuations was significant. Some recovery was achieved through a review of overall costs, etc.



## Balance Sheets

- There is no major change in the composition of each asset and liability. Total assets were reduced.
- Shareholders' equity ratio decreased by 0.5 points.

(Billion yen)	Sep. 2020	Mar. 2020	Variance
Current assets	205.1	236.7	(31.6)
Fixed assets	137.0	135.7	1.3
Assets	342.1	372.5	(30.4)
Current liabilities	149.1	159.9	(10.8)
Fixed liabilities	96.9	106.1	(9.2)
Liabilities	246.0	266.0	(20.0)
Shareholders' equity	95.9	106.2	(10.3)
Others	0.2	0.2	0.0
Net assets	96.1	106.4	(10.3)
Total liabilities and net assets	342.1	372.5	(30.4)
Shareholders' equity ratio (%)	28.0	28.5	(0.5)
D/E ratio (times)	0.8	0.7	+0.1

# Cash Flows

- Cash flows are almost unchanged from the previous year except for asset sales in the previous year.
- Cash reserves are at a level with some leeway.

(Billion yen)	1H FY2021/3 (Results)	1H FY2020/3 (Results)	Variance
I Cash flows from operating activities	16.6	12.1	+4.5
II Cash flows from investing activities	(10.1)	1.4	(11.5)
Free cash flows ( I + II )	6.5	13.5	(7.0)
III Cash flows from financing activities	(6.7)	(13.3)	+6.6
Cash and cash equivalents	46.2	26.6	+19.6
Purchases of PP&E and intangible assets	20.1	7.4	+12.7
Depreciation	6.1	6.1	-

# Financial Forecasts

- Net sales, operating income and segment figures are unchanged from the previous forecasts.
- Profit attributable to owners of parent includes the extraordinary losses arising from business restructuring.

Exchange rate assumptions: ¥110/USD, ¥120/EUR

		(Billion yen)	FY2021/3 Forecasts	FY2020/3 Results	Variance
Solution Systems	Net sales		195.0	229.1	(34.1)
	Operating income		15.0	20.2	(5.2)
Components & Platforms	Net sales		205.0	216.3	(11.3)
	Operating income		1.0	5.2	(4.2)
Others	Net sales		5.0	11.9	(6.9)
	Operating income		0.0	(0.6)	+0.6
Corporate & Eliminations	Operating income		(7.5)	(8.0)	+0.5
Total	Net sales		405.0	(457.2)	(52.2)
	Operating income		8.5	16.8	(8.3)
	Ordinary income		8.0	13.8	(5.8)
	Profit attributable to owners of parent		1.0	14.1	(13.1)

\*Restate figures for FY2020/3 have been partially revised.



# Investments and Cash Flows Forecasts

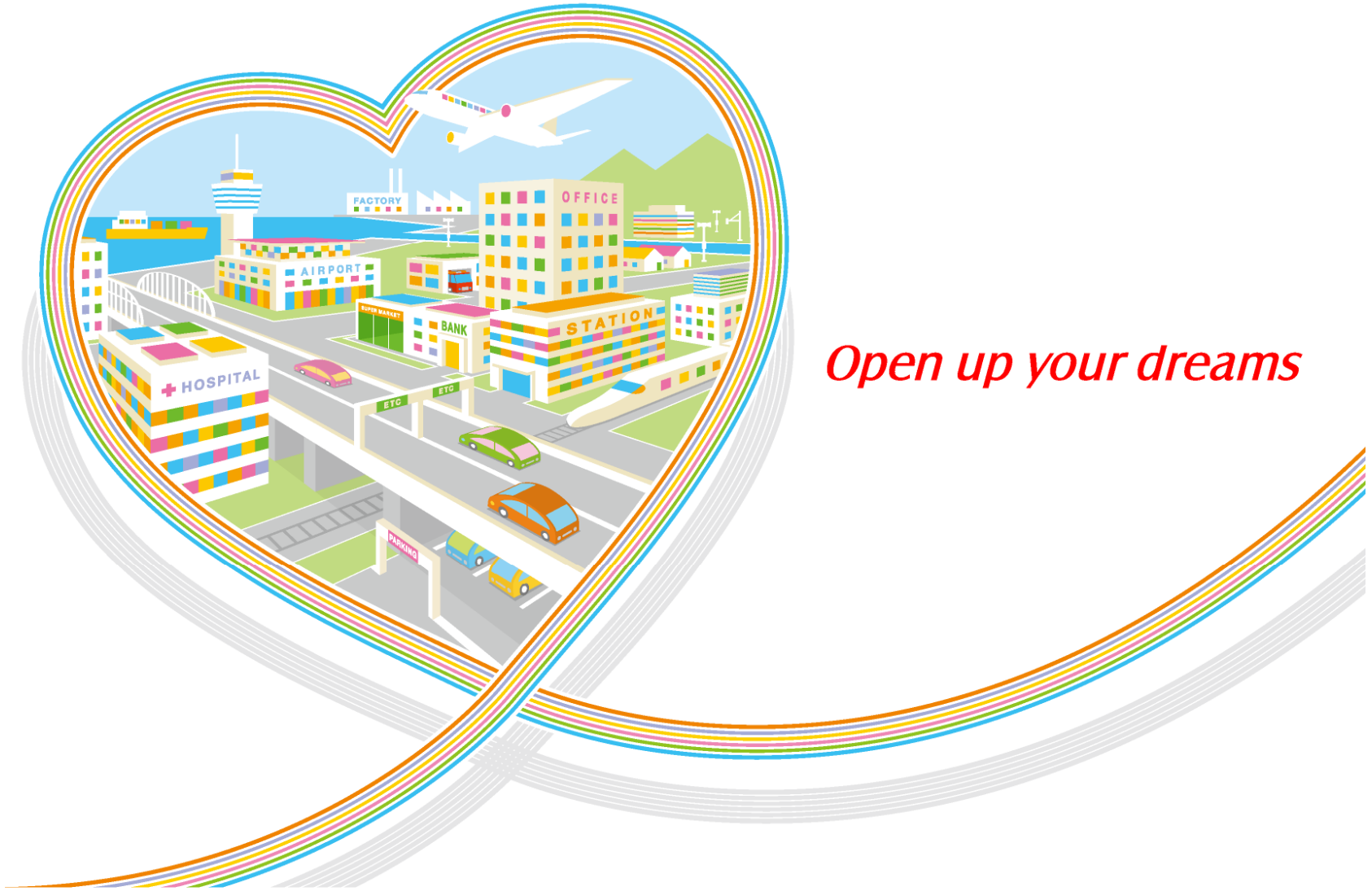
Investments (Billion yen)	FY2021/3 Forecasts	FY2020/3 Results	Variance
Capital Expenditure	21.0	19.2	+1.8
Depreciation	13.0	12.0	+1.0
R&D	12.0	10.6	+1.4

Cash Flows (Billion yen)	FY2021/3 Forecasts	FY2020/3 Results	Variance
I Cash flows from operating activities	20.0	32.5	(12.5)
II Cash flows from investing activities	(20.0)	(3.0)	(17.0)
Free cash flows ( I + II )	0.0	29.5	(29.5)

# Notice

- The projections and plans in this material are based on information currently available to OKI as of the date of publication and certain assumptions judged as rational, therefore actual results are subject to change depending upon the changes of business environments and other conditions.
- Indication method of amounts in hundred millions (yen) are as follow:  
Amounts in each item are rounded to the nearest hundred million yen. Variances are calculated in the hundred millions.



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