

Medium-Term Business Plan 2022

~Delivering OK! to your life.~

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- 1. OKI's Business Environment and Vision**
- 2. Structural Reforms toward Growth**
- 3. Growth Strategy**
- 4. Management Targets**

- 1. OKI's Business Environment and Vision**
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1.1 OKI's Market Environment

Wide-ranging social issues surfaced, accelerating change

Environmental change:

◆ Global

- **Uncertainty (e.g., economic changes, disputes, regionalism)**
- **Environmental issues (climate change, water, resources, waste)**
- **Increasing natural disasters**
- **Technological innovations (e.g., 5G, AI)**

◆ Domestic

- **Labor shortages**
- **Falling birthrate and aging population**
- **Aging infrastructures**

◆ Paradigm shifts prompted by COVID-19

- **Acceleration of the digital shift**
- **Shift from globalism to growing nationalism**
- **Individual behavioral changes, changing/reduced consumption**
- **Growth of non-face-to-face services and the touchless economy**

1.2 OKI's Vision

Solve social issues through critical Mono-zukuri and Koto-zukuri

Support infrastructures that cannot be stopped

◆ Critical Mono-zukuri (manufacturing) :

Development of highly reliable, highly available, fault tolerant and environmentally resistant equipment

◆ Critical Koto-zukuri (creation of solutions and services) :

Solution services collaborated devices and cloud in real time

<Corporate Philosophy>

The people of OKI, true to the company's "enterprising spirit", are committed to providing information and communication services globally to meet the diversified needs of communities worldwide in the information age

<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"

<Key Message> "Delivering OK! to your life."

1.3 Identifying Material Issues (Materiality)

Enhance ESG initiatives for medium- to long-term growth of corporate value

OKI's vision and social issues that need to be addressed

Material issues (Materiality)

Creating social value

- ◆ **Products and services that help solve social issues**

Social issues: aging infrastructure, natural disasters, transportation issues, environmental issues, labor shortages, labor productivity, infectious diseases



Strengthening management infrastructure

- ◆ **Business activities that meet stakeholder expectations**

Business activities built on integrity (governance, internal controls, disclosure), response to climate change, HR management

- ◆ **Strengthen the infrastructure that support Mono-zukuri**



Expectations/demands of society and stakeholders and the social issues confronting OKI

1.4 Actions on Material Issues (Materiality)

Solve social issues
Environmental issues

Solve social issues and contribute to future of
the earth by creating eco-friendly products

◆ Preventing global warming

FY2030 : Lifecycle CO₂ reductions Reductions of 40% VS.2013

FY2050 : Energy used at all sites including plants Get CO₂ Emissions to Zero

◆ Contributing to achievement of the SDGs

- Creating and supplying products to contribute to solving customer environmental issues.
- Innovative Mono-zukuri and Koto-zukuri in the supply chain
 - Realizing Net Zero Energy Building (ZEB) of Plants



HR management
Mono-zukuri infrastructure enhancement

Promote HR development toward sustainable growth

◆ Secure and develop human resources in Mono-zukuri and growth domains

- Revitalize Mono-zukuri workplaces (adopting HR systems to increase work engagement)
 - Strengthen response to new products by utilizing skills assessment and personnel system supporting Mono-zukuri
- Build up AI human resources covering AI Edge domains
 - Promote AI education & training programs and industry-academia collaboration

◆ Promote diversity to realize a workplace where all employees can work comfortably and fully demonstrate their abilities

- Develop a variety of working styles in response to the New Normal
- Develop and support environment where various human resources such as seniors and people with disabilities can play active roles

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2.1 Medium-Term Business Plan 2019 Review: Remaining Issues

- **Resource reallocation within the large-scale framework of the hardware business**
 - Respond to environmental changes and enhance R&D structures to enable timely introduction of products
 - Respond to upstream design demands through consigned manufacturing services
- **Strengthen market access capabilities and reforming cost structures**

	Issues in the approach to the next medium-term business plan
ICT	<ul style="list-style-type: none"> • Enhance the business portfolio to build more stable revenue foundations
Mechatronics Systems	<ul style="list-style-type: none"> • Apply automation technologies to create growth engines supplanting ATMs • International strategies in areas such as maintenance revenues and model sales expansion
Printers	<ul style="list-style-type: none"> • Review of business as the office printer market shrinks and each company moves toward the industrial domain
EMS	<ul style="list-style-type: none"> • Improve the market portfolio balance centered on new customer development • Enhance structures to respond to upstream design needs
Common measures	<ul style="list-style-type: none"> • Enhance governance through business standardization, cutting costs by adopting shared services and efficiency improvements

2.2 Medium-Term Business Plan 2022: Building the Foundations for Growth

Build the foundation for sustainable growth through solving social issues

Remaining issues +
paradigm shift due to COVID-19

- ◆ Accelerate measures for businesses where weaknesses are emphasized (printers, overseas)
- ◆ Respond to change of keywords (unmanned, non-contact, non-face-to-face)



Through FY2022

Building the foundations for growth

- 1) Restructure the business portfolio
- 2) Evolve Mono-zukuri infrastructures
- 3) Cost reforms in shared group functions

Get on a growth track by FY2022 and achieve profits exceeding FY2019 levels while rebuilding the business portfolio

FY2023 and later

Steer toward growth

FY2026 and later

Realize new growth

2030

Achieve
SDGs

2031

OKI 150th
anniversary

2.3 Restructuring the Business Portfolio

Focus on domains in which we can leverage our strengths in response to accelerating changes in the market

Accelerate resource shifts to strategic areas

- ◆ **Segment integration of 3 businesses*1 focused on hardware (Apr. 2020)**
 - **Resource shift of design/development : Comprehensive Mono-zukuri service, Provide devices to solve social issues**
 - **Newly establish Business Collaboration Division : Sales/Marketing enhancement**
- ◆ **Drastic review of overseas strategy focusing on competitive products**
 - **Narrow printer line-up (for business use, OEM) and reduce overseas sales bases**
 - **Business model shift to components delivering (OEM)**
 - **Utilize overseas bases to realize global partner strategy**
- ◆ **Consolidate the parent company of Printers business**
 - **Centralize corporate functions**
 - **Integrate design/development structure : Shifting engineer resources**
 - **Integrate department : Sales/marketing enhancement**

*** 1 : Mechatronics Systems, Printers, EMS**

2.4 Evolve Mono-zukuri Foundation

Enhance competitiveness through evolving Mono-zukuri foundation

- ◆ **Deliver what customers need timely and sustainably**
- ◆ **Increase customer value and realize cost cut**

- ◆ **Technological integration, R&D structure enhancement (700 engineers):**
 - Visualize of technologies using skill maps of human resources for hardware business, Integrate technology of mechatronics and electronics
- ◆ **Integrate and optimize production functions**
 - Production facility consolidation (review of overseas production bases, integration/reorganization of production subsidiaries)
 - Establish group control function (production roadmap, production planning, production technology development)
 - Process and IT integration to realize “Virtual One Factory”
- ◆ **Smart factories (Manufacturing DX model factory)**
 - Flexible Factory that can continue to respond to changing needs and technological evolution
 - Co-existence with local communities, disaster-resistant, and reduce environmental impact
- ◆ **Integration of procurement departments within the group, supply chain restructuring**

2.5 Cost reforms in shared Group functions

Cost reforms focusing on shared Group functions

¥10 billion
(Three-year
cumulative total)

[Procurement costs]

Integrate procurement function, rebuild supply chain

- ◆ **Enhance Supply Chain Management (SCM)**
 - Reorganization of supplier map utilizing overall superiority
- ◆ **Utilize procurement from the planning stage /Strengthen concurrent activities**
 - Strengthen the development and purchasing department by consolidating decentralized procurement strategy functions

¥4 billion
(Three-year
cumulative total)

[HR costs, general expenses]

Optimize cross group functions according to portfolio reorganization

- ◆ **Transfer/outsourcing of logistics business**
- ◆ **Improve office efficiency through flexible working styles**
- ◆ **Expand the scope of work at group shared companies**
- ◆ **Reduce external outflow cost**

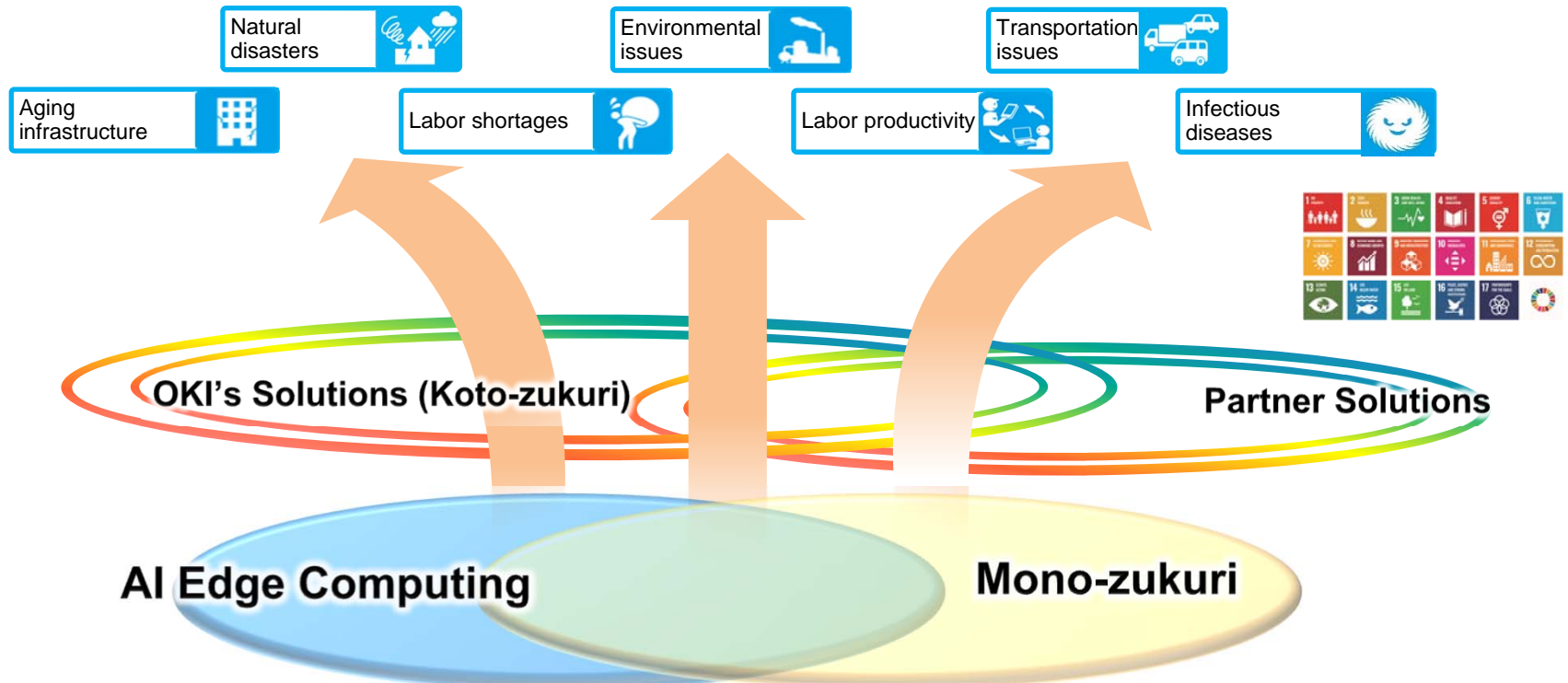
1. OKI's business environment and ideals
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3.1 OKI's Growth Strategy

**Fusion of Mono-zukuri and AI edge technology
Solve the problems of more customers**

**Grasp issues and needs accurately through strong relations with partners
Transform into a proposal-based company offering solutions to social issues
leveraging OKI's strengths/features**

Social issues OKI must address

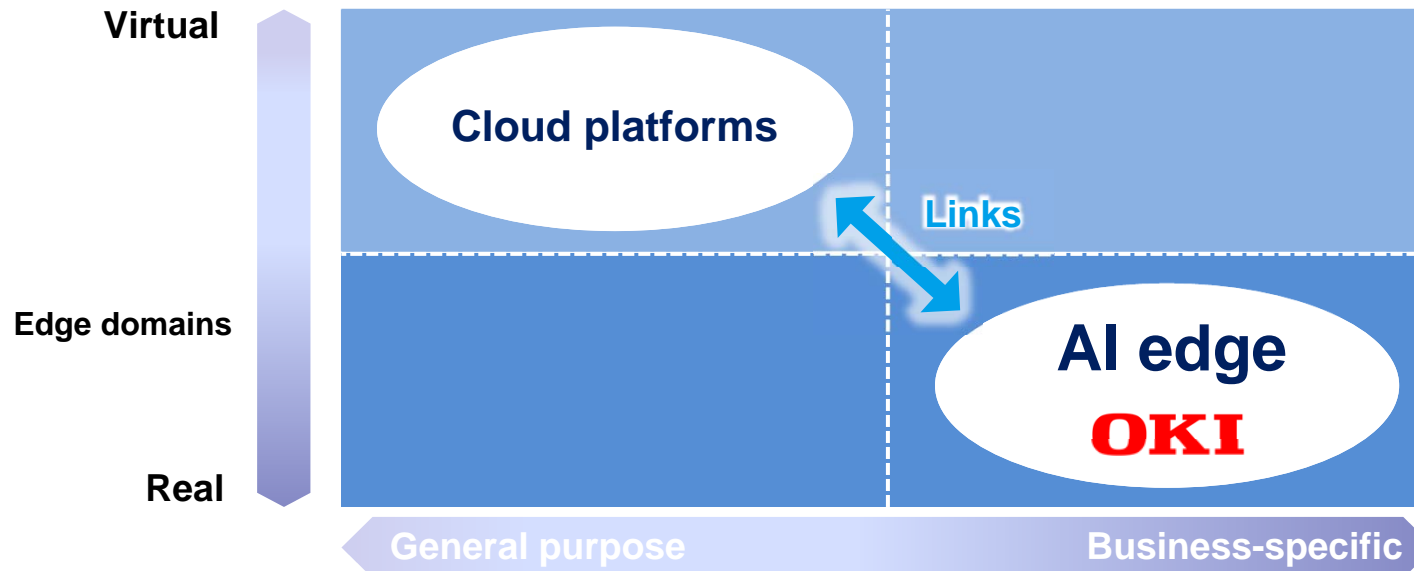


3.2 OKI's Position

Visualize site data by realistic field equipment and AI edge technologies and process such data in real time with the cloud

◆ **OKI's strengths = Customer base × installed base × technological capabilities**

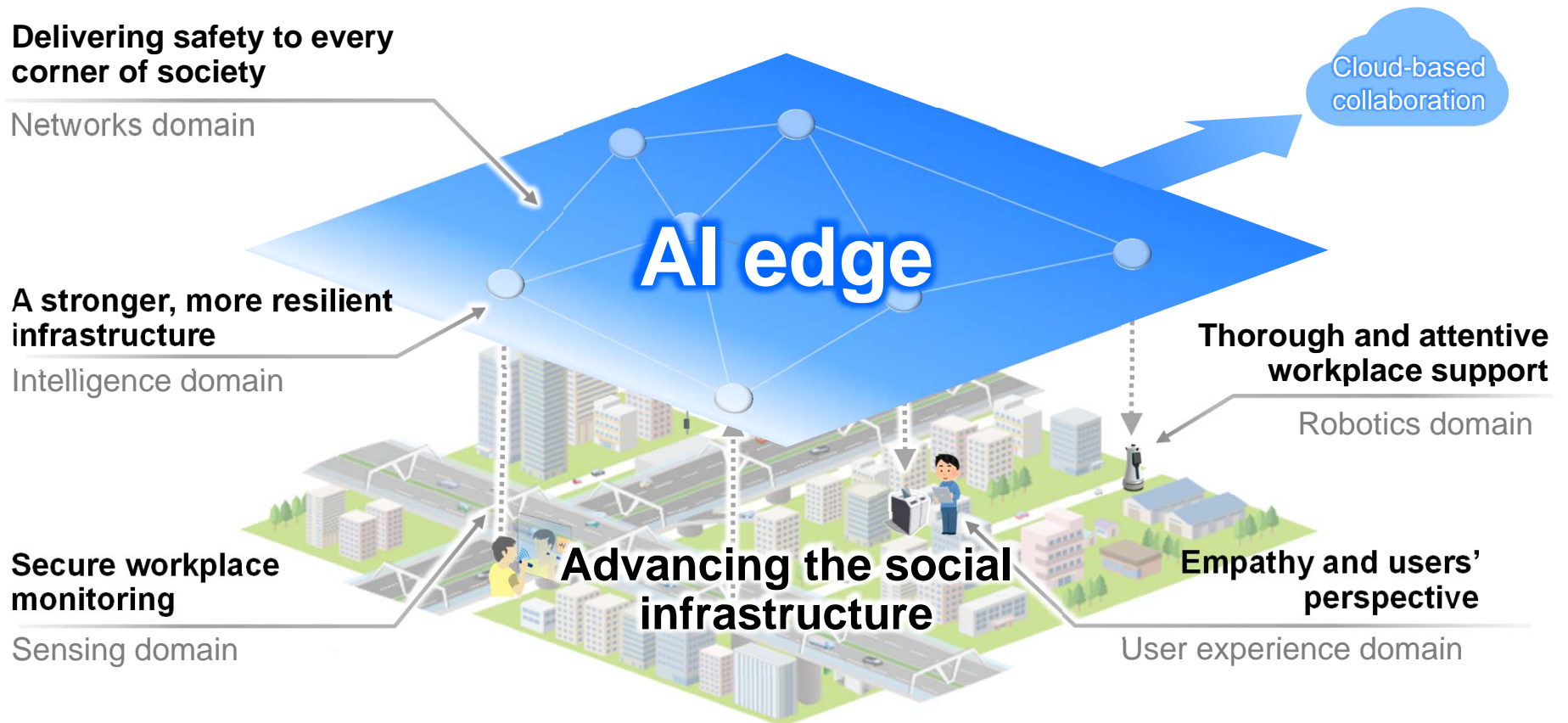
- **Customer base:** OKI's customers (primarily social infrastructure service providers)
- **Installed base:** Track record of devices in edge domains and solutions based on these devices
- **Technological capabilities:** AI edge technologies developed on the foundations of reliable devices and critical Mono-zukuri



3.3 Priority Technologies

Advance social infrastructure with AI edge technology

Expand edge domains to every corner of society for a safe, reliable, and sustainable society



3.4 Solutions Systems Growth Strategies

Assist customer DX with AI edge

Strive to achieve sustainable growth through social implementation of DX solutions
Solve social issues through solutions created with customers and partners

◆ Business opportunities

- Further DX acceleration in the age of the new normal
- Solutions growth through technological innovations (5G, AI)
- Growing importance of decentralized processing (edge computing) due to growing volumes of information

◆ Accelerate social implementation through AI edge strategies

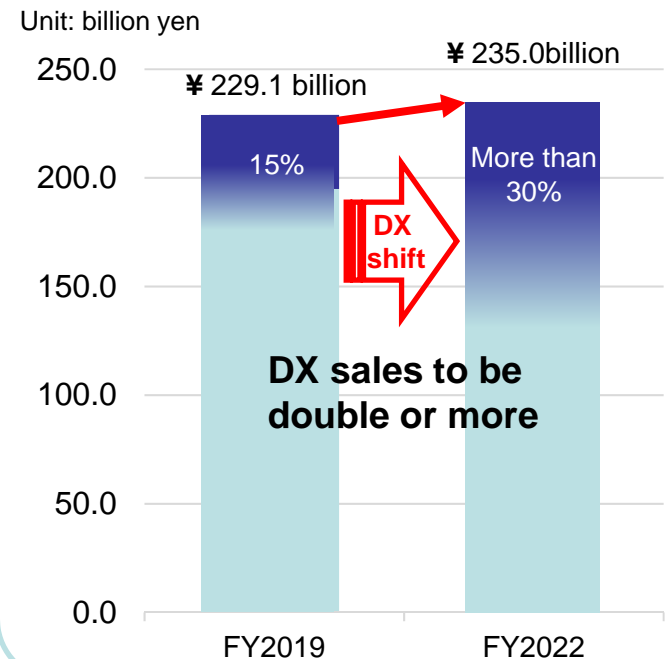
- DX accelerating with terminal technology in the edge area, strengths of network technology and abundant use cases
- Actively support the DX of customers' current system

◆ Business creation through co-creation by customers/partners

- Build an ecosystem with customers and partners
- Horizontal deployment of created solutions

FY2022 targets

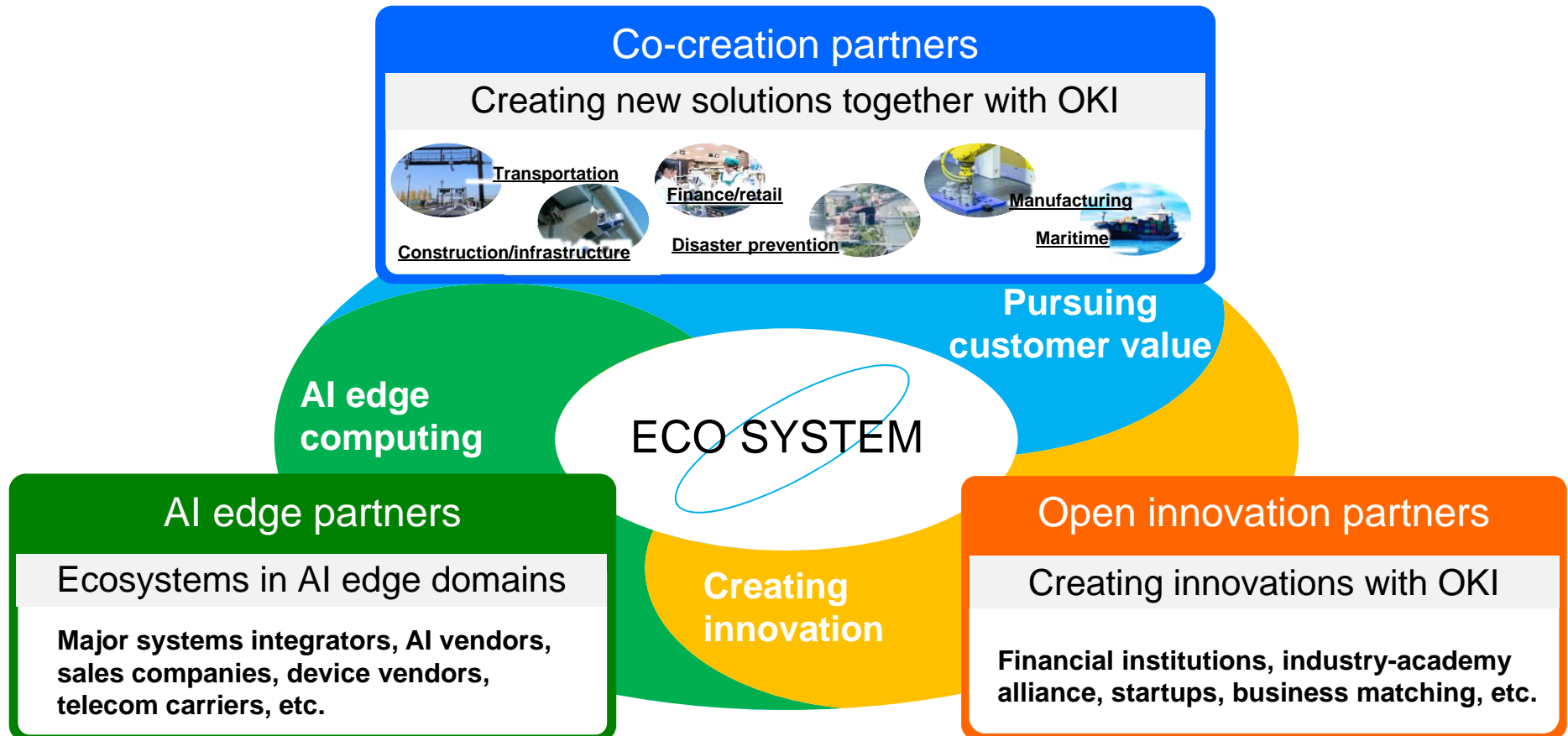
- **Net sales: ¥235.0 billion**
- **Operating income: ¥19.0 billion**



3.4 Solutions Systems Growth Strategy: Ecosystem

Expand business by creating new solutions through co-creation with customers

**Co-creation leveraging OKI's AI edge technologies and innovation
Promote social implementation of DX solutions through co-creation**



3.5 Components & Platforms Growth Strategy

From a product-centric approach to deliver components and platforms

**Deliver and develop components*1 to help solve social issues
Service provision through platforms based on our Mono-zukuri strengths**

◆ Business opportunities

- Responding to issues including labor shortages and infectious diseases
- Growing importance of hardware connecting people to systems

◆ Expanding priority domains leveraging OKI strengths

- Devices and services to realize unmanned, contactless, and non-face-to-face solutions
- Delivering integrated Mono-zukuri services
- Utilization of installation base(including operation service)

◆ Global partner strategy

- From in-house sales to global partner

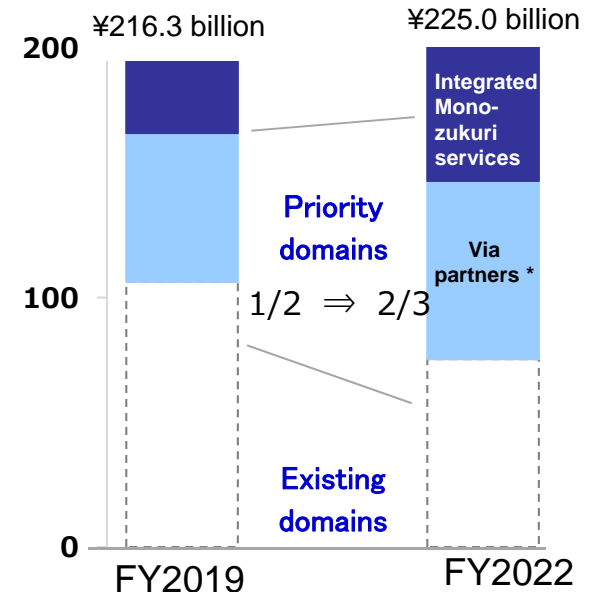
◆ Strengthening the ability to meet diverse customer needs

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

FY2022 targets

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

Unit: billion yen



*1 Terminal, module

*2 Including operations services

3.5 Components & Platforms Growth Strategy: Global partner strategy

Strengthen market access and new product creation By joint development with global partners

◆ Deliver both Components and Platforms to partners aiming at solving social issues

Develop and provide world-class components and platforms with hardware advantages corresponding to diversifying challenges including automation, efficiency/unmanned, contactless, non-face-to-face

Design / development / production support
by providing comprehensive Mono-zukuri services

OKI's strengths

Technological capabilities/expertise to meet customer needs

Automation technologies

Technologies merging distinctive hardware, mechatronics and electronics

High quality/ stable delivery

High complexity/flexibility
(varied models, volumes, and flows)

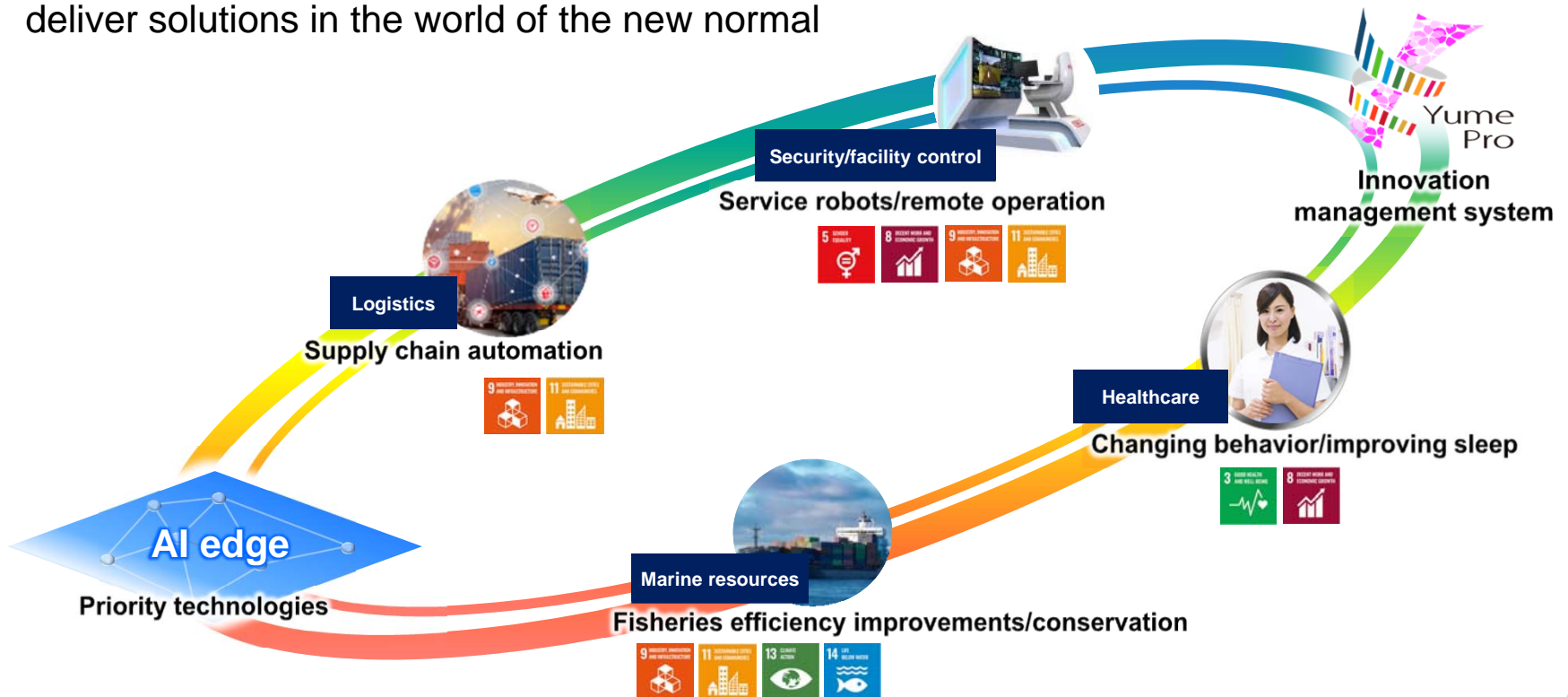
3.6 Innovation

Challenge new business fields toward the new normal

Challenge new business fields through innovations fusing R&D with business development

◆ Promote fusion of new business fields with co-creation projects

Promote co-creation and innovation in new fields by drawing on AI edge strengths to deliver solutions in the world of the new normal



3.7 Investing in Growth

Capital investment

Groupwide deployment and introduction of facilities, equipment, and IT systems to set the foundations for growth strategies

R&D expenses

Research on the advanced technologies needed to remain a company capable of delivering solutions to social issues through critical Mono-zukuri and Koto-zukuri

¥ 70~80 billion
(Three-year cumulative total)

¥ 45 billion
(Previous medium-term plan results)

[Capital investment] (including M&A)

- ◆ Enhance Mono-zukuri foundation:
Realize a “Virtual One Factory”
Production at facilities optimized for product characteristics
- ◆ Smart factories: World-leading production plans
- ◆ DX promotion: Renewal ERP and IT integration

¥ 40 billion
(Three-year cumulative total)

¥ 30 billion
(Previous medium-term plan results)

[R&D costs] (including promotion of innovation)

- ◆ Develop new DX solutions and components
- ◆ Five priority technologies: Sensing, networking, intelligence (AI), robotics, user experience
- ◆ Promote co-creation and innovation: Yume Pro Process

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Management Targets

Operating income: ¥ 20.0 billion

Shareholders' equity ratio: 30%

Realize stable business foundations with operating income exceeding FY2019 levels by restructuring the business portfolio toward growth

Previous three-year plan results	FY2019
Net sales	¥457.2 billion
Operating income	¥16.8 billion
Net income	¥14.1 billion
Shareholders' equity	¥106.2 billion
Shareholders' equity ratio	28.5%
Returns to shareholders	¥50 dividends/share
ROE	13.7%




Current three-year plan targets	FY2022
Net sales	¥465.0 billion
Operating income	¥20.0 billion
Net income	¥12.0 billion
Shareholders' equity	¥115.0 billion
Shareholders' equity ratio	30%
Returns to shareholders	More than 30%
ROE	10%

Closing

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

A pair of hands is shown from the bottom right, cupping a glowing, semi-transparent globe. The globe is composed of a network of white lines and dots, representing a global network or infrastructure. The hands are illuminated from below, creating a warm, golden glow that highlights the texture of the skin and the intricate details of the globe's network. The background is a soft, out-of-focus blue and white bokeh.



Open up your dreams

Reference: The world of social solutions targeted by OKI

Smart city based on accelerating DX

