

# Financial Results for 1H of the FY Ending March 31, 2023

November 9, 2022

Oki Electric Industry Co., Ltd.

# Summary of Financial Results

- Net sales increased YOY, despite the impact of lower production due to difficulties in procuring semiconductors and other components.
- Operating profit improved YOY due to higher sales and lower fixed costs, despite the impact of lower production and higher component prices.
- Net income improved YOY, due to a decrease in extraordinary losses resulting from structural reforms.

(Billion yen)	1H FY2023/3 (Results)	1H FY2022/3 (Results)	Variance
Net sales	162.8	159.8	+3.0
Operating income (loss)	(4.0)	(4.2)	+0.2
Ordinary income (loss)	(4.9)	(4.1)	(0.8)
Profit (loss) attributable to owners of parent	(5.7)	(6.6)	+0.9
USD average exchange rate (Yen)	134.0	109.8	+24.2
EUR average exchange rate (Yen)	138.7	130.9	+7.8

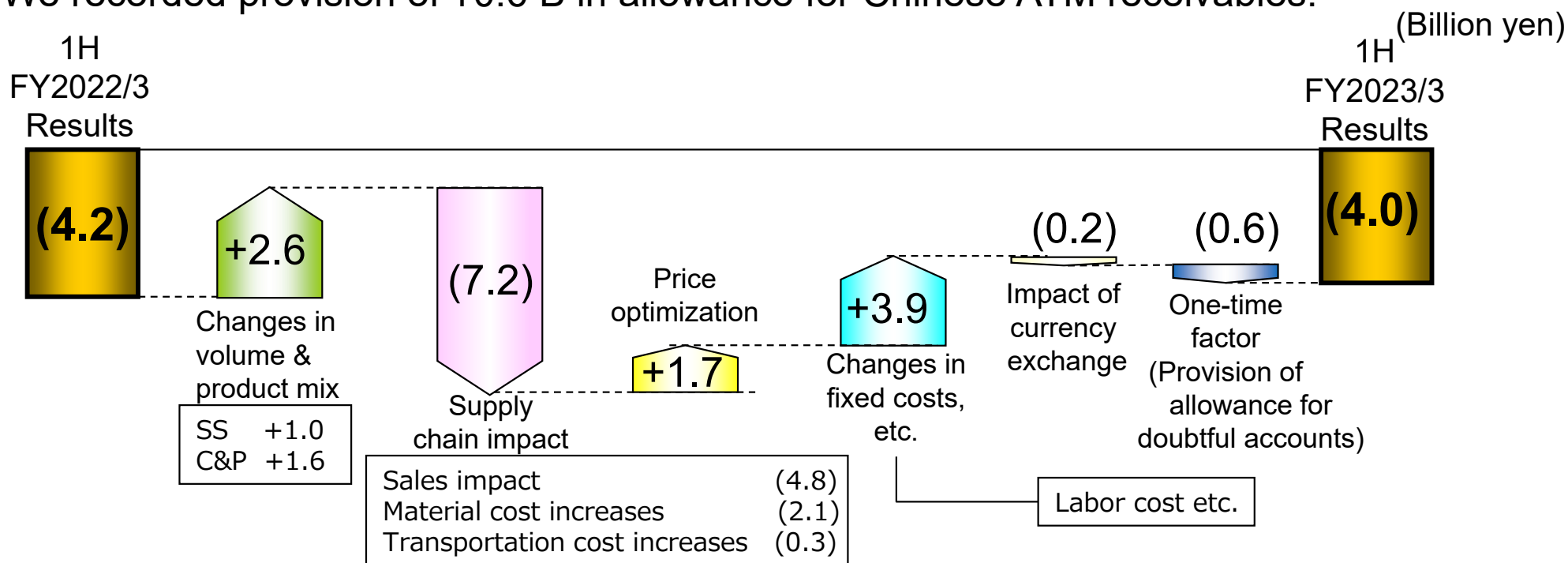
# Segment Information (Net Sales/ Operating Income)

(Billion yen)

	1H FY2023/3 (Results)	1H FY2022/3 (Results)	Variance
<b>Net Sales</b>			
Solution Systems	74.5	68.9	+5.6
Components & Platforms	88.0	90.7	(2.7)
Others	0.2	0.2	±0.0
<b>Total</b>	<b>162.8</b>	<b>159.8</b>	<b>+3.0</b>
	1H FY2023/3 (Results)	1H FY2022/3 (Results)	Variance
<b>Operating Income</b>			
Solution Systems	(0.9)	(0.2)	(0.7)
Components & Platforms	(0.7)	(1.1)	+0.4
Others	0.2	0.1	+0.1
Corporate & Eliminations	(2.6)	(3.1)	+0.5
<b>Total</b>	<b>(4.0)</b>	<b>(4.2)</b>	<b>+0.2</b>

# Reasons for Changes in Operating Income/Loss

- The supply chain impact continued in Q2.  
We took steps to ensure that projects shifted from the previous year due to difficulties in procuring materials and prices were optimized.  
We are currently working to strengthen our response to supply chain impacts, such as by enhancing procurement capabilities and adapting replacement parts through design changes.
- Changes in volume were positive due to an increase in the volume of Mono-zukuri Platforms and projects shifted from the previous year.
- Fixed costs decreased, due to structural reforms.
- We recorded provision of ¥0.6 B in allowance for Chinese ATM receivables.

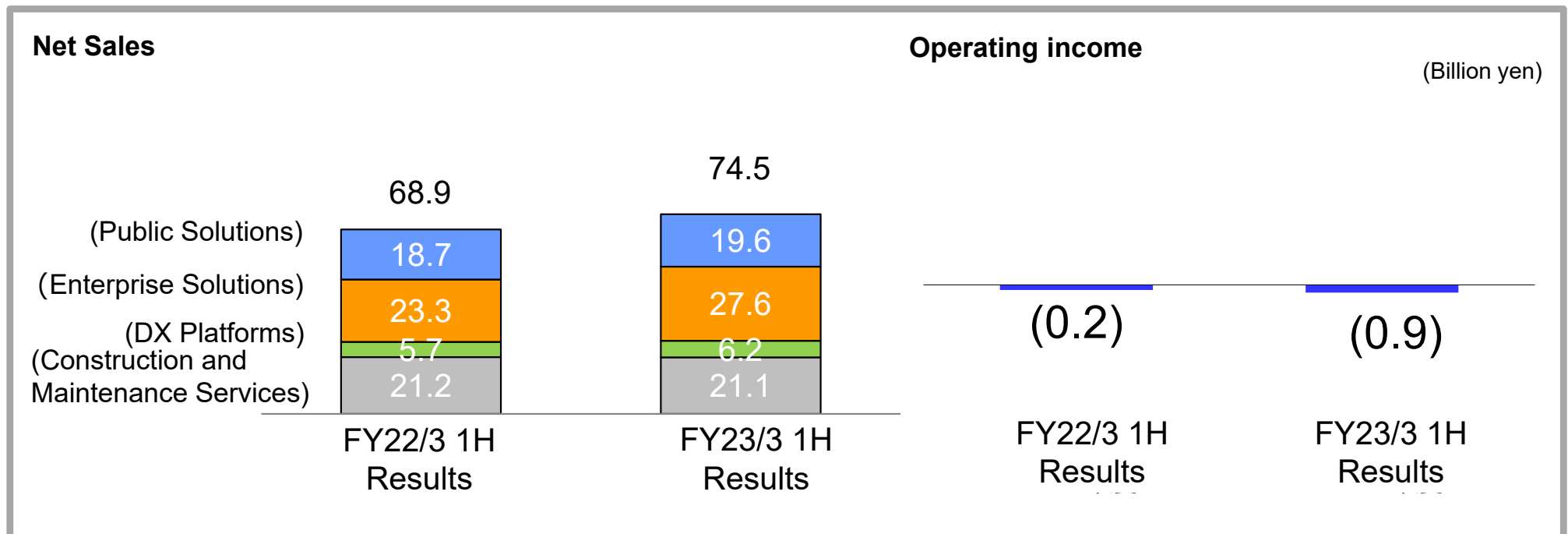


# Overview: Solution Systems Business

- Sales of Public Solutions and Enterprise Solutions increased, as projects shifted from the previous year due to difficulties in procuring materials.

Operating income decreased due to the negative impact of foreign exchange in addition to the sharp rise in component prices.

- DX domain sales 1H: ¥15.8 B (YOY: ¥13.9 B)



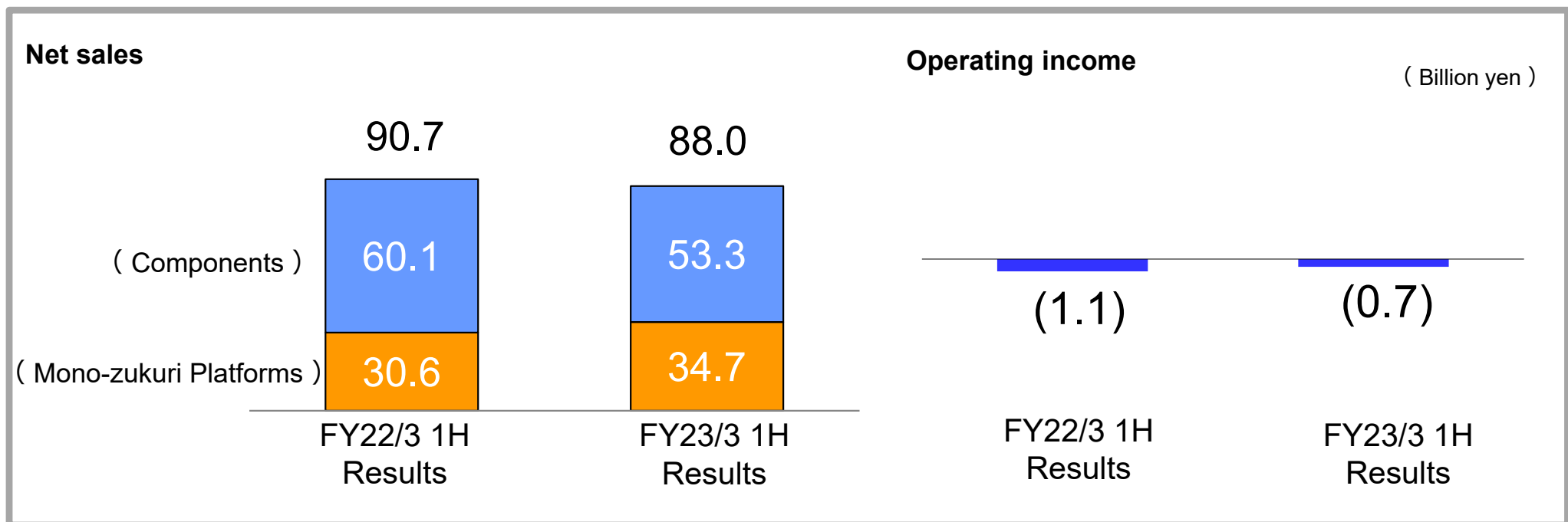
# Overview: Components & Platforms Business

- Sales of Mono-zukuri Platforms for FA/semiconductor manufacturing equipment continued to be strong.

Sales of Components decreased due to the impact of semiconductor shortages on production in the Automation Systems business.

Sales in the Peripheral Products business increased due to the impact of foreign exchange rates.

- Operating income increased YOY due to higher sales of the Mono-zukuri Platforms and lower fixed costs resulting from structural reforms mainly at overseas subsidiaries in the Peripheral Products business.



# Balance Sheets

- Short-term borrowings increased due to an increase in working capital caused by the supply chain impact.
- Shareholders' equity ratio decreased by 2.7 points.

(Billion yen)	Sep. 2022	Mar. 2022	Variance
Current assets	217.4	211.8	+5.6
Fixed assets	159.8	157.3	+2.5
Assets	377.2	369.2	+8.0
Current liabilities	185.4	158.0	+27.4
Fixed liabilities	92.1	103.6	(11.5)
Liabilities	277.6	261.5	+16.1
Shareholders' equity	99.4	107.4	(8.0)
Others	0.2	0.2	±0.0
Net assets	99.6	107.6	(8.0)
Total liabilities and net assets	377.2	369.2	+8.0
Shareholders' equity ratio (%)	26.4	29.1	(2.7)
D/E ratio (times)	1.1	0.8	+0.3

# Cash Flows

- Operating cash flow worsened YOY due to an increase in working capital caused by the supply chain impact.

	1H FY2023/3 (Results)	1H FY2022/3 (Results)	Variance
(Billion yen)			
I Cash flows from operating activities	(12.3)	9.9	(22.2)
II Cash flows from investing activities	(10.4)	(7.5)	(2.9)
Free cash flows ( I + II )	(22.7)	2.4	(25.1)
III Cash flows from financing activities	19.0	(6.3)	+25.3
Cash and cash equivalents	31.7	38.0	(6.3)
Purchases of PP&E and intangible assets	9.1	7.2	+1.9
Depreciation	5.9	6.2	(0.3)



# (Reference) Quarterly Results

(Billion yen)

Net Sales	FY2022/3					FY2023/3	
	1Q	2Q	3Q	4Q	FY	1 Q	2Q
Solution Systems	33.9	35.0	38.7	55.0	162.6	36.1	38.4
Components & Platforms	45.9	44.8	47.8	50.5	189.0	41.9	46.1
Others	0.1	0.1	0.1	0.1	0.4	0.1	0.1
<b>Total</b>	<b>79.9</b>	<b>79.9</b>	<b>86.6</b>	<b>105.7</b>	<b>352.1</b>	<b>78.1</b>	<b>84.6</b>

Operating Income	FY2022/3					FY2023/3	
	1Q	2Q	3Q	4Q	FY	1Q	2Q
Solution Systems	(0.1)	(0.1)	1.7	8.0	9.5	(1.2)	0.3
Components & Platforms	(1.5)	0.4	4.5	0.1	3.5	(0.8)	0.1
Others	0.1	0.0	0.1	0.1	0.3	0.1	0.1
Corporate & Eliminations	(1.4)	(1.7)	(2.1)	(2.3)	(7.5)	(1.1)	(1.5)
<b>Total</b>	<b>(2.9)</b>	<b>(1.3)</b>	<b>4.1</b>	<b>5.9</b>	<b>5.9</b>	<b>(3.0)</b>	<b>(1.0)</b>

# (Reference) Major Products and Services

## Solution Systems

### ■ Public Solutions

- Roads (ETC, VICS), air traffic control, disaster preparedness, fire prevention
- Business systems for central government offices, government statistics systems
- Defense systems (underwater acoustics, information)
- Aircraft equipment
- Infrastructure monitoring

### ■ Enterprise Solutions

- Carrier networks, video distribution, 5G/local 5G
- Bank branch systems, system to centralized back office operations
- Railway ticket issuance systems, airport check-in systems
- Manufacturing systems (ERP, IoT)

### ■ DX Platforms (products and services)

- AI edge computers, sensors, IoT networks
- PBXs, business phones, contact centers
- Cloud services

### ■ Construction and Maintenance Services

## Components & Platforms

### ■ Components

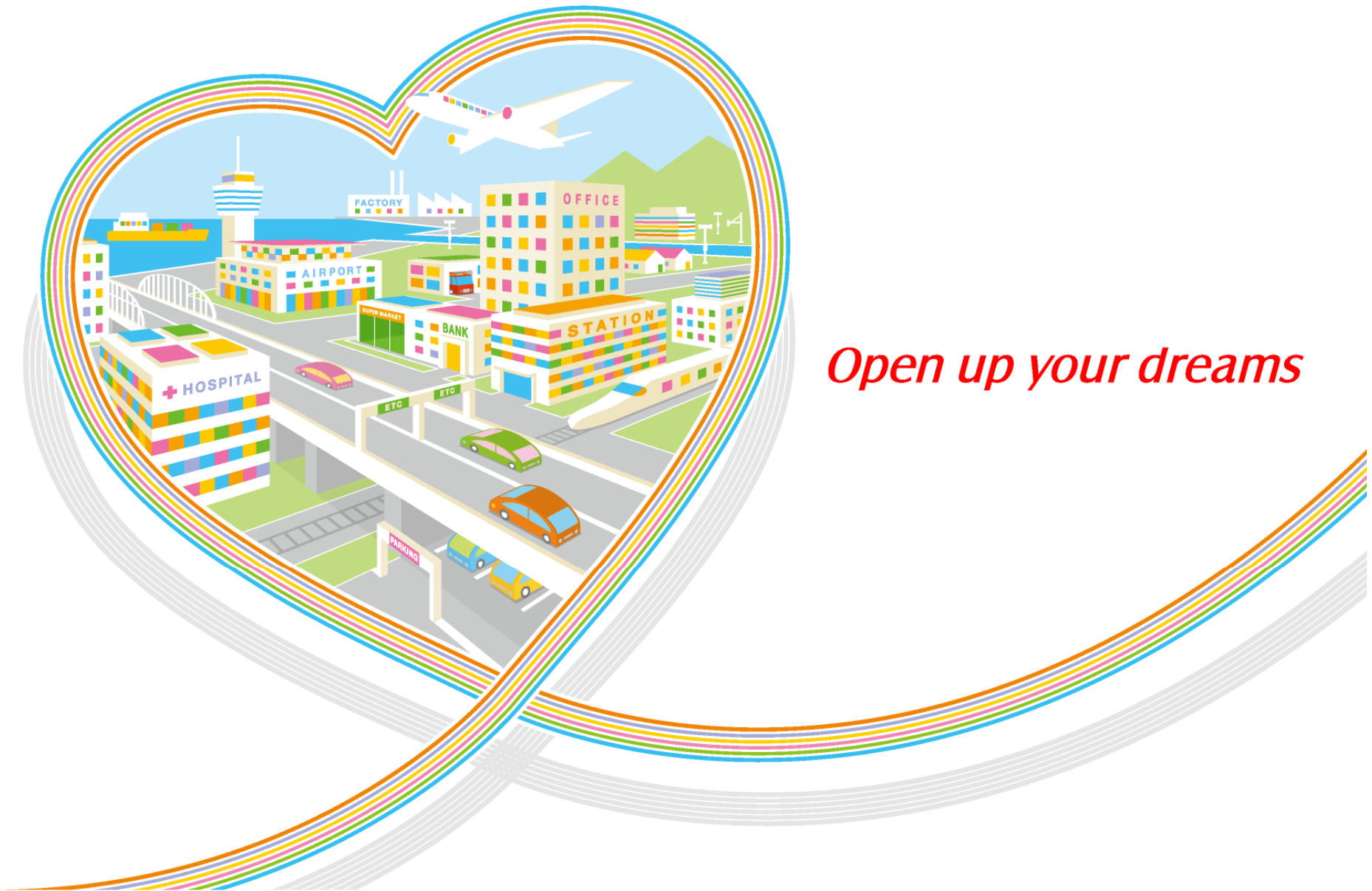
- ATMs, cash handling equipment
- Bank branch terminals, ticket reservations issuing terminals, check-in terminals
- ATM monitoring/operation services
- LED printers
- Wide format inkjet printers
- Dot-impact printers

### ■ Mono-zukuri Platforms

- Consigned designing and manufacturing services
- Printed circuit boards

# 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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