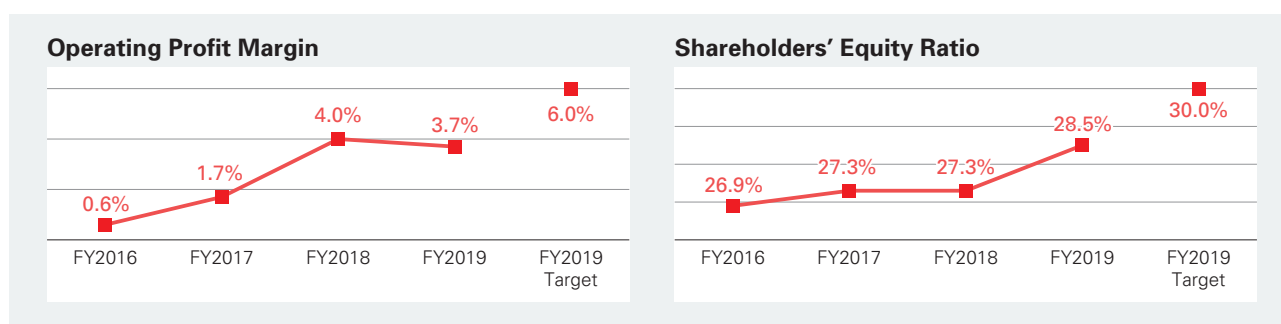


# MEDIUM-TERM BUSINESS PLAN 2022

On October 29, 2020, “Medium-Term Business Plan 2022” was announced. In this plan, based on our awareness of society and the economy, which we explained above, OKI has put together an action plan for what it must execute in the first three years in order to achieve its vision. The outline of this plan is as shown below.

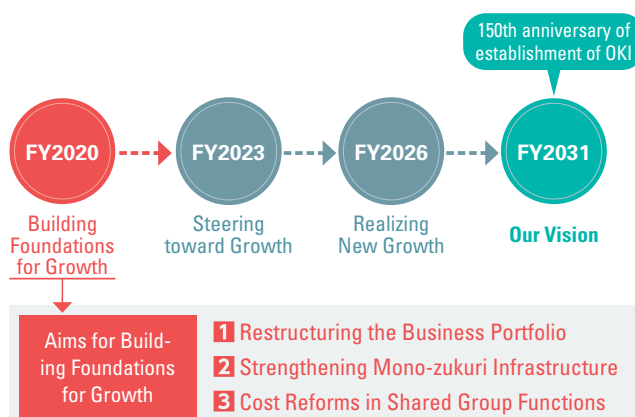
## Looking Back at the Previous Medium-Term Business Plan

In Medium-Term Business Plan 2019, we prioritized reinforcing our earning capacity, advancing our activities with the two business targets of (1) an operating profit margin of 6%, and (2) a shareholders’ equity ratio of 30% or more. As a result, our financial structure steadily improved, with our operating profit margin improving by 3.1 points, and our shareholders’ equity ratio improving by 1.6 points, but unfortunately, we were not able to meet our goal. The tasks that remain for us are resource reallocation within the framework of the hardware business, strengthening of the ability to access markets, and cost structure reforms.



## Positioning of New Medium-Term Business Plan

Medium-Term Business Plan 2022 has been positioned as the building of foundations for the realization of sustainable growth through resolving social issues. In order to achieve this, our first aim is to pave the way to resolve the business issues we have recognized by looking back at the previous medium-term business plan. That is to say, we will reconsider our Mechatronics Systems business and our Printers business, for which sales have stagnated, and aim to improve the profitability of our businesses, especially those related to hardware. Through the strengthening of governance, we will curtail expenses in back-office operations, which had increased. By way of initiatives, we will improve our ability to respond to accelerating market changes.



## Business Targets

While shifting our business portfolio to aim for growth, we will realize operating income that equals or exceeds that of fiscal year 2019, as well as the building of a stable corporate infrastructure.

	Results of Previous Medium-Term Business Plan FY2019	Medium-Term Business Plan Target FY2022	Business Targets
Net sales	¥457.2 billion	¥465.0 billion	Operating income ¥20.0 billion
Operating income	¥16.8 billion	¥20.0 billion	
Profit	¥14.1 billion	¥12.0 billion	Shareholders' equity ratio 30%
Shareholders' equity	¥106.2 billion	¥115.0 billion	
Shareholders' equity ratio	28.5%	30%	
Shareholder returns	¥50 dividend/share	30% or higher	
ROE	13.7%	10%	

## Structural Reforms Aimed at Growth

### Restructuring the Business Portfolio

We will perform restructuring within the framework integrating the three businesses focused on hardware, and reallocate resources toward focus areas for which growth can be anticipated in the future, such as non-contact, non-face-to-face (self-service and remote) terminals, automation that resolves labor shortages, terminals that boost work efficiency, and the like.

We will advance the fusion of development resources, including the shifting of hardware engineers. Such resources will be utilized in Mono-zukuri services and in the creation of devices which solve social issues. Furthermore, we have newly established the Business Collaboration Division in order to strengthen sales and marketing functions.

With regard to overseas businesses, we will conduct a fundamental review. In terms of our Printers business, we will focus on models such as industrial use label printers that are competitive and able to succeed on a global stage. Under this policy, in North America we will end our sales of printer hardware at the end of 2020, and in Europe we will aim to streamline operations by reducing personnel, consolidating sites, and the like. With regard to the Automation Systems business, we will curtail business and/or pull out of areas that do not match our strategy.

We will review our sales strategy, and in the future, we will aim for business expansion even if it entails a component provision model; we will not be particular about the product expansion of OKI brands as we have in the past. With regard to new products in the future, we will adopt a strategy of cooperating with our global partners, and will utilize OKI's overseas sites as a Group. In North America as well, we will utilize OKI Data Americas, our printer sales subsidiary, as a site for the expansion of the Components business.

In conjunction with the review of the Printers business, OKI Data, a subsidiary engaged in the printer business, will be absorbed into the main OKI company, and we will aim for rationalization by means of the unification of common functions.

### Strengthening Mono-zukuri Infrastructure

We will evolve our Mono-zukuri and carry out reforms with the goal of technical development that can succeed on a global stage. In order to realize the cost competitiveness, quality, and speed required by our customers and partners, we will carry out reforms aimed at manufacturing at optimal sites and cost reduction.

#### Specific Initiatives

- We will integrate our hardware businesses, and build a 700-person development structure.  
We will advance the database creation of our human resource skills and the fusion of our technologies, and will strengthen our ability to adapt to diversifying needs.
- With the goal of optimizing our manufacturing functions by integrating our three hardware businesses, we will integrate and reorganize our manufacturing subsidiaries.  
Functions allowing the Group to control manufacturing roadmaps, manufacturing technology development, and the like will be established and strengthened. In conjunction with this, the unification of processes and of IT will be advanced.
- We will advance the digital transformation of the manufacturing of OKI itself, and will carry out transitions into smart factories that could become model factories in the future.  
We will realize flexible manufacturing that responds to changes in needs, cutting edge technologies such as local 5G, and the like. We will pay consideration to coexistence with local communities, as well as the environmental burden.
- The Group as a whole will unify its procurement functions and reduce costs through concentrated purchasing and development purchasing.

### Cost Reforms in Shared Group Functions

Through reforms of common divisions, in three years, we will reduce procurement costs by ¥10.0 billion and reduce labor costs and business expenses by ¥4.0 billion.

Through integration of the procurement divisions of the OKI Group as a whole, we will strengthen supply chain management and advance further cost reductions.

#### Initiatives for Procurement Cost Reductions

- Leveraging the concentration of sales volume due to integration, we will reorganize our supplier map.
- We will strengthen procurement activities from the planning stages, as well as concurrent activities.

Procurement costs **¥10.0 billion reduction**  
(3-year accumulated total)

Labor costs and businesses expenses will be optimized across the Group.

#### Initiatives for Labor Cost and Business Expense Reductions

- We will aim to optimize costs by outsourcing non-core work.
- We will advance office reforms by means of flexible working styles such as telework, and improve productivity.
- We will advance the standardization of tasks with common functions, expand the scope of shared work, and reduce operation costs.
- We will aim for the reduction of external outsourcing costs.

Labor costs and business expenses **¥4.0 billion reduction**  
(3-year accumulated total)

## MEDIUM-TERM BUSINESS PLAN 2022

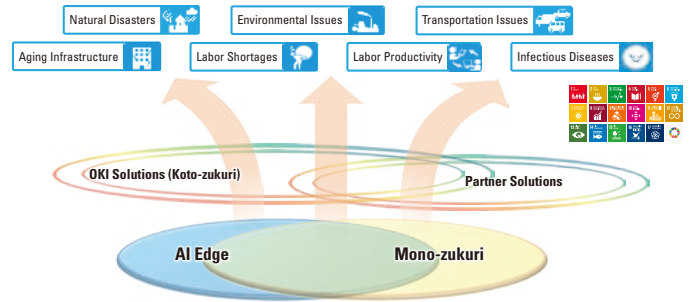
### Growth Strategy

Targeting seven social issues, such as natural disasters and infectious diseases, we aim to leverage the strengths of edge technology and Mono-zukuri in order to solve social issues through collaboration and co-creation with our customers and partners, and to achieve growth.

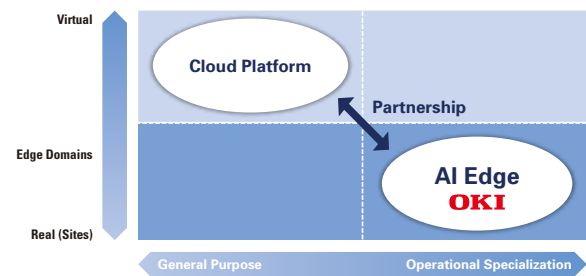
OKI's strengths are its customer base, its installed base, and its technological capabilities. We have a rich track record of providing many devices and solutions in real edge domains to customers who provide services for social infrastructure, such as government agencies and organizations in the fields of finance and transportation.

We will target real sites at which social issues are occurring, and develop businesses with AI Edge technology as our strength. AI Edge involves providing edge technologies with intelligence, and conducting processing in the real world. In cases such as highly detailed videos, high-volume real-time sensors, and high-speed, high-data communications using local 5G, processing using edge computing has become crucial. At a time when many vendors are focusing on the virtual world, OKI will focus on real sites with specialized operations. We will link to cloud service vendors via networks, and support social infrastructures or provide solutions that solve social issues.

#### Social Issues OKI Should Address



#### OKI's Position



### Innovation

OKI has integrated its Corporate Research & Development Center and its innovation functions, and prepared a structure for promoting innovation. In order to continually create new businesses and products that contribute to society, we will aim for the creation of medium- to long-term businesses that will be our future pillars, under the innovation management system (IMS) standard outlined in ISO 56002. Throughout the entire company, we will link together innovation and work site operations by layering processes as a system with two levels. From the initial stages, we will closely provide information to business sections, create processes that entail joint development while receiving advice, and make arrangements which enable smoothly passing the baton to the business sections for innovation.

In the four industrial fields shown in the figure, we will leverage the strengths of AI Edge to fuse R&D and business development, and advance co-creation aimed at solving social issues in the "new normal."

#### Promotion of new fields and co-creation projects



### Growth Investment

With the goal of deploying and introducing the facilities, equipment, and IT systems that will be the foundation of our growth strategy, we will invest between ¥70.0 billion and ¥80.0 billion over three years, including M&A. This will include such activities as the strengthening of the Mono-zukuri infrastructure in order to realize manufacturing at optimal sites, the transition to smart factories, the renewal of ERP with the aim of promoting the digital transformation of the OKI Group, and IT consolidation.

Moreover, in order to continue being "a company that solves social issues through critical Mono-zukuri and Koto-zukuri," we will invest ¥40.0 billion in R&D over three years with the goal of research into necessary cutting edge technologies, new digital transformation solutions, the development of components, the development of technologies related to AI Edge and so forth.

Capital expenditures	¥70.0 billion to ¥80.0 billion (3-year accumulated total)
R&D investments	¥40.0 billion (3-year accumulated total)