OVERVIEW OF OPERATIONS
At a Glance

The OKI Group aims to resolve social issues with the dual pillars of Mono-zukuri in the real world, and Koto-zukuri involving the creation of solutions and services that link devices to the cloud in real-time. Toward the realization of this vision, we aim to combine the technologies of the "Solution Systems business," which excels at system integration, and the "Components & Platforms business," which is strong in Mono-zukuri, and are promoting a growth strategy for Team OKI in which we engage in cooperation and co-creation efforts with our customers and partners.

Solution Systems

Business Description

We provide a variety of solutions, products, and services to support both customer DX and social infrastructure utilizing our technologies and know-how, including OKI's original device lineup, sensing technologies featuring acoustic and optical sensors, network technologies such as 5G, and AI data processing and operations. In particular, we are engaging in focus areas such as transportation, construction/infrastructure, disaster prevention, finance and retail, manufacturing, and maritime.

Business Fields

■ Public Solutions
- Roads (ETC/VICS), air traffic control, disaster prevention, firefighting
- Central government work systems, government statistics systems
- Defense systems (underwater acoustics/information)
- Infrastructure monitoring

■ Enterprise Solutions
- Carrier networks, video distribution, 5G/local 5G
- Bank branch systems for financial institutions, centered-administration systems
- Railway ticketing systems, airport check-in systems
- Manufacturing systems (ERP/IoT)

■ DX Platforms
- AI Edge computers, sensors, IoT networks
- PBX, business phones, contact centers
- Cloud services

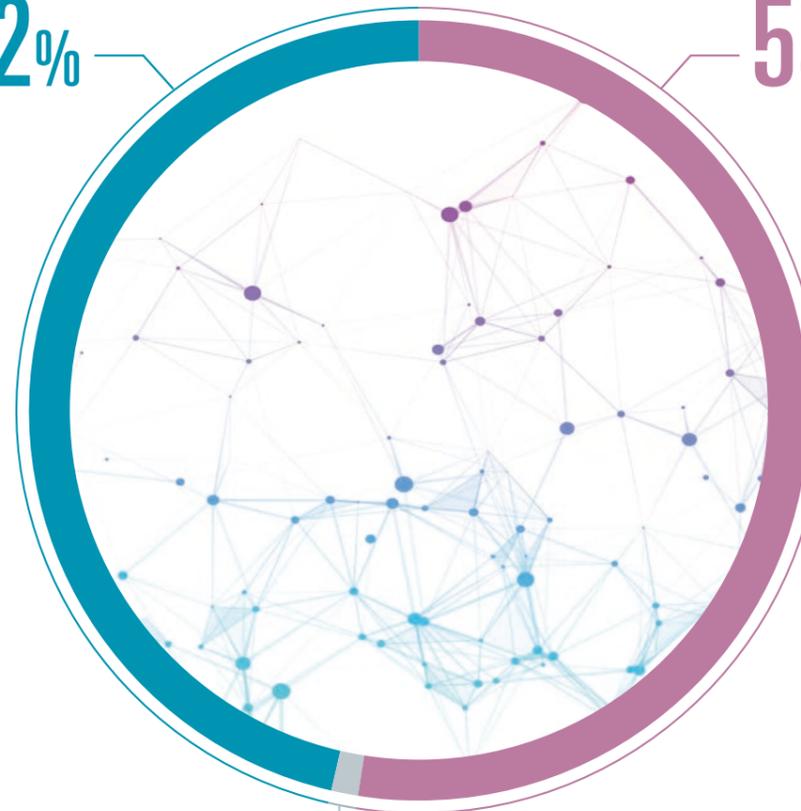#### ■ Construction and Maintenance Services

Sales Composition

46.2%

Our stationary measurement barge, Japan's only underwater acoustics measurement facility

Zero-energy high-sensitivity camera

Others
0.1%

Components & Platforms

Sales Composition

53.7%

Business Description

We contribute to resolving social issues by developing and providing a variety of components using technologies we have cultivated over the course of our long history and using our Mono-zukuri strength as a platform to provide services. Among such issues, we focus on unmanned operations, automation, and increased efficiency which will lead to the resolution of labor shortage problems and realize work-style reforms, as well as non-contact and non-face-to-face solutions required for our society's new normal that considers the spread of infectious diseases.

Comprehensive Mono-zukuri services

Business Fields

■ Components
- ATMs, cash handling equipment, bank branch terminals, ticket reservations and issuing terminals, check-in terminals, foreign currency exchange machines, ATM monitoring/operation services
- Color/monochrome LED printers, color/monochrome LED multifunction printers, wide format inkjet printers, dot-impact printers

■ Mono-zukuri Platforms
- Consigned designing and manufacuring services
- Printed circuit boards
- Contract testing services

New CR-30 change machine Bill unit (right), coin unit (left)

A3 monochrome LED printer COREFIDO B842dn

TOPICS

Initiatives to Achieve the Growth of our TOKKI System Business

In April 2022—as initiatives to achieve the further growth of our TOKKI system business—OKI acquired the aircraft instrument business of the Yokogawa Group, and we also merged our two marine-acoustics subsidiaries.

By obtaining this aircraft instrument business, we plan to combine our technology, know-how, customer base, track record, etc. in the aircraft equipment market with our customer base and technical assets in order to expand our business into both the defense market and civilian market. In addition, by merging our two marine-acoustics subsidiaries, we will achieve a one-stop response to the diverse needs of our customers related to marine acoustics and marine vessels. Furthermore—as a company that takes measures against global warming and contributes to the development of marine resources by relying on core ruggedization* and acoustics technologies—we will pursue new business, including preserving marine resources, collecting marine data, and providing infrastructure utilization services for maritime companies.

*Ruggedization technologies: technologies used to make products and systems that lack environmental resistance heat resistant, cold resistant, waterproof, dust-proof, shock resistant, etc.

TOPICS

Joint Development of an A3 Monochrome Printer Engine by OKI and Ricoh

OKI and Ricoh Co., Ltd. jointly developed an A3 monochrome printer engine. Our two companies collaborated starting at the planning stage in order to develop a printer engine that would bring together our unique strengths, and we successfully reduced the development period by around 30% compared to conventional development, achieving improved development efficiency. This printer engine combines the technical strengths of each of our companies. For example, the engine uses an OKI LED print head, which achieves high definition and reliability and helps to make the equipment smaller, while Ricoh was in charge of making the paper feeding system highly reliable and capable of handling many kinds of paper, which are characteristics important for business use.

Going forward, our two companies are accelerating initiatives aimed at the further improvement of development efficiency, and we are also promoting collaboration with various partners in order to improve customer value and achieve more efficient Mono-zukuri.

OVERVIEW OF OPERATIONS

Solution Systems Business

We will accelerate the social implementation of DX solutions to realize stable earnings and sustainable growth.

Yuichiro Katagiri
Senior Vice President,
Head of Solution Systems
Business Group

Business Policy	Achieve sustainable growth by supporting customers' DX initiatives and rolling out solutions horizontally

Strengths

- Terminal technologies in edge domains
- 5G and other network technologies
- Rich installed base and use cases

Opportunities and Risks

- Further acceleration of DX
- Expansion of solutions via innovative technologies such as 5G and AI
- Increased importance of distributed processing (edge computing) due to greater volumes of information

FY2021 Results

Our net sales were ¥162.6 billion, a 14.7% year on year decrease of ¥28.2 billion, and our operating income decreased by ¥6.8 billion year on year to ¥9.5 billion. Due to ongoing instability of the supply of materials—which affected our overall production and sales—a year on year fall in the number of major deals, which had increased in the previous year, lag, and other issues, our sales decreased.

Progress of Medium-Term Business Plan 2022 and Future Initiatives
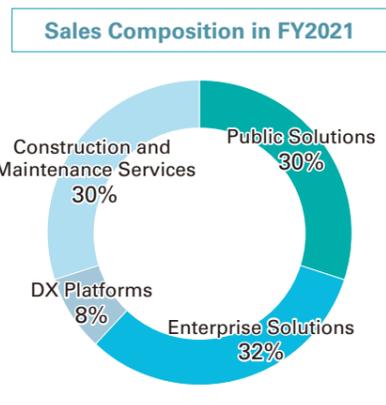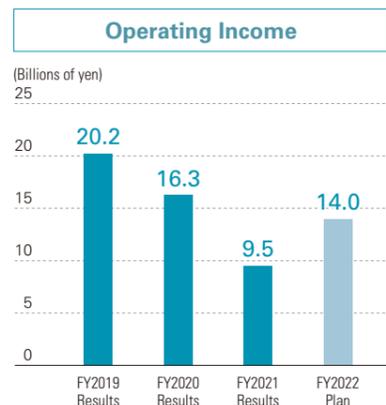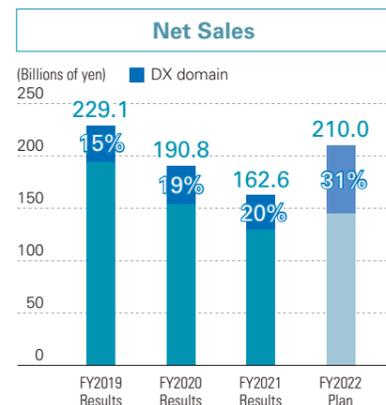
The Solution Systems business aims to realize sustainable growth by using AI Edge to support customer DX. Based on Medium-Term Business Plan 2022, our twin goals are to proactively carry out growth investments and expand sales in the DX.

Today, companies are engaging in DX initiatives year by year and investing in the digitization of work processes more aggressively. The reasons are wide-ranging, but include diversifying business models, shifts in consumption from products to solutions or services, and the need to respond to aging facilities and shortages of labor. Indeed, companies are taking COVID-19 as an opportunity to accelerate moves toward digital transformation.

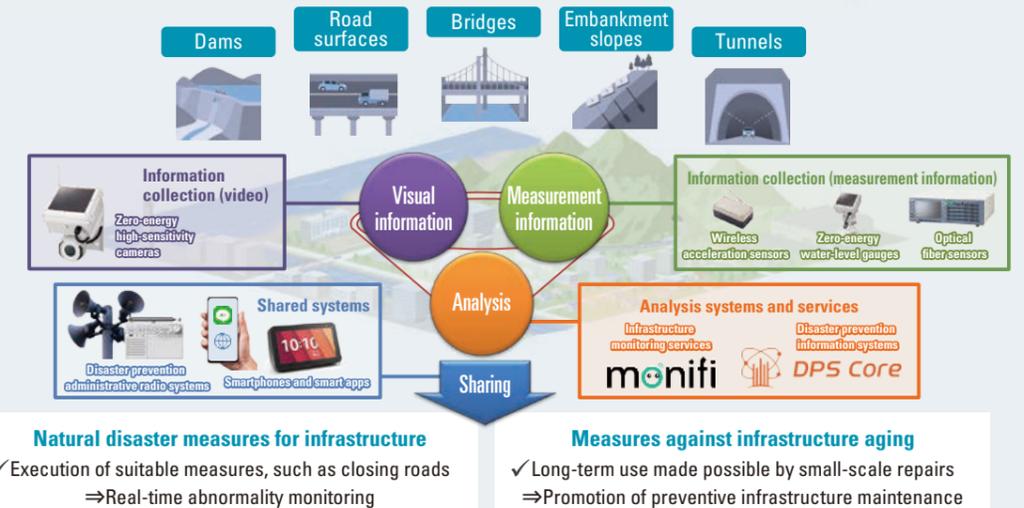In response, we are leveraging our terminal technologies in edge domains, our network technologies, and our rich use cases to promote DX; at the same time, we are working with our partners to build DX ecosystems and create new solutions. Mainly in our focal areas of transportation, construction/infrastructure, disaster prevention, finance and retail, manufacturing, and maritime, we are promoting DX via co-creation with more companies than ever before. As of July 2022, we are working to create new solutions with 95 co-creation partners, have formed technological alliances with 119 AI Edge partners, in addition to which we are collaborating with open innovation partners. In these partnerships, we are in the process of exiting developmental phases and beginning to see results.

As one of our investments during the three-year period of our current Medium-Term Business Plan, we acquired the aircraft instrument business of the Yokogawa Group on April 1, 2022. As a result, we successfully expanded our TOKKI system business into the aircraft equipment market. In addition, we merged our two marine-acoustics subsidiaries to establish OKI Com-Echoes Co., Ltd. Through this merger, we will strive to achieve co-creation with diverse players as we strengthen both our selling ability and product appeal in the maritime development support/engineering field as well as the marine vessels/private special-purpose machinery field, thereby expanding our marine acoustics business.
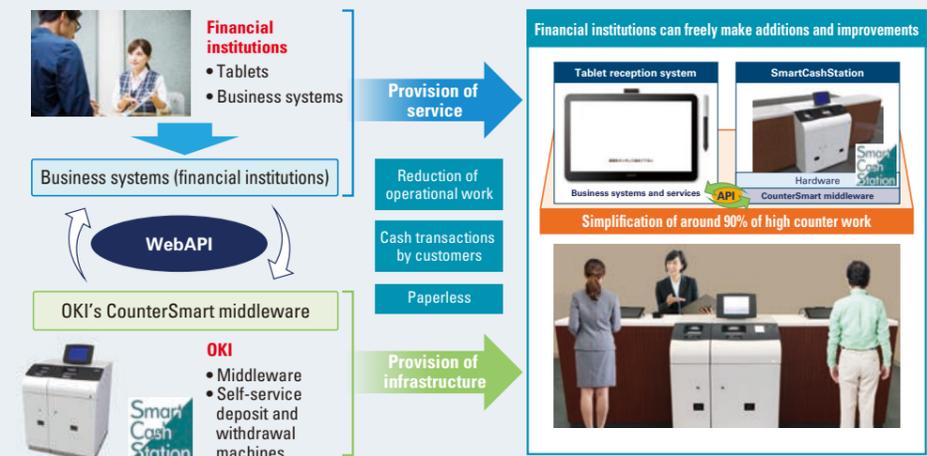
Net Sales

(Billions of yen) ■ DX domain

- FY2019 Results: 229.1 (15%)
- FY2020 Results: 190.8 (19%)
- FY2021 Results: 162.6 (20%)
- FY2022 Plan: 210.0 (31%)

Operating Income

(Billions of yen)

- FY2019 Results: 20.2
- FY2020 Results: 16.3
- FY2021 Results: 9.5
- FY2022 Plan: 14.0

Sales Composition in FY2021

- Public Solutions 30%
- Enterprise Solutions 32%
- Construction and Maintenance Services 30%
- DX Platforms 8%

Solution Systems Business: Latest Examples

Measures to Address Infrastructure Disasters and Aging

Dams / Road surfaces / Bridges / Embankment slopes / Tunnels

Information collection (video) — Zero-energy high-sensitivity cameras

Visual information — Measurement information — Analysis — Sharing

Information collection (measurement information) — Wireless acceleration sensors / Zero-energy water-level gauges / Optical fiber sensors

Shared systems — Disaster prevention administrative radio systems / Smartphones and smart apps

Analysis systems and services — Infrastructure monitoring services / Disaster prevention information systems — monifi / DPS Core

Natural disaster measures for infrastructure
✓Execution of suitable measures, such as closing roads
⇒Real-time abnormality monitoring

Measures against infrastructure aging
✓Long-term use made possible by small-scale repairs
⇒Promotion of preventive infrastructure maintenance

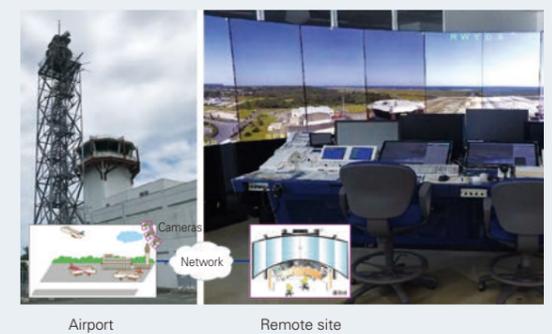### Next-Generation High Counters

Building semi-self-service high counters with business tablet systems developed by financial institutions as well as OKI's CounterSmart middleware and self-service deposit and withdrawal machines

Financial institutions
- Tablets
- Business systems

Business systems (financial institutions)

WebAPI

OKI's CounterSmart middleware

OKI
- Middleware
- Self-service deposit and withdrawal machines

Provision of service / Reduction of operational work / Cash transactions by customers / Paperless / Provision of infrastructure

Financial institutions can freely make additions and improvements
- Tablet reception system
- SmartCashStation
- Business systems and services — API — CounterSmart middleware — Hardware
- Simplification of around 90% of high counter work

Supporting Safe Air Traffic (Remote Control Tower Equipment)

- OKI—which has a track record of delivering air traffic control consoles to airports throughout Japan—has delivered remote control tower equipment that enables an understanding of and provides information on flights at and near radio airports—which do not have air traffic controllers—with a lot of air traffic to the Aviation Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (Naha Airport and Amami Airport).

- OKI uses multiple large displays at a remote site to display a 360-degree panoramic version of video filmed by using multiple cameras set up at the airport. When these cameras detect a moving object, the view of the object with a detection frame is shown on the large displays to call attention to it, and specified moving objects can also be tracked and visually confirmed by using movable cameras.

- We will consider the operations at Naha Airport and Amami Airport as we promote further technological development to contribute to the digital transformation (DX) of air traffic control work.

Cameras / Network

Airport / Remote site

OVERVIEW OF OPERATIONS

Components & Platforms Business

We will contribute to society and achieve growth through Mono-zukuri as a backstage role "Delivering OK! to your life."

Masatoshi Saito
Senior Vice President and Member of the Board, Head of Components & Platforms Business Group

Business Policy	Grow sustainably by solving social issues through Mono-zukuri

Strengths	Opportunities and Risks
• Hardware, mechanical and electrical optimizing technologies • Product sales footprint • Production for high levels of difficulty/various kinds, various volume, various flows	• Paperless, cashless development • Increasing needs for automation, manpower reduction • Customers' issues (fixed cost reductions, concentrating management resources on core processes, achieving high precision and high quality)

FY2021 Results

Our net sales were ¥189 billion, a 6.2% year on year decrease of ¥12.5 billion. In the Mono-zukuri Platforms business area, although we maintained good performance in terms of FA and semiconductor manufacturing equipment, the shortage of materials had a major effect on our production and sales, which resulted in a decrease in sales. In terms of profit, although the decrease in sales had an effect, we also benefitted from reduced fixed costs due to Peripheral Product business structural reforms as well as a ¥3.2billion reversal of our allowance for doubtful receivables as to ATM receivables for China, which resulted in our operating income increasing by ¥4.5 billion year on year to ¥3.5 billion.
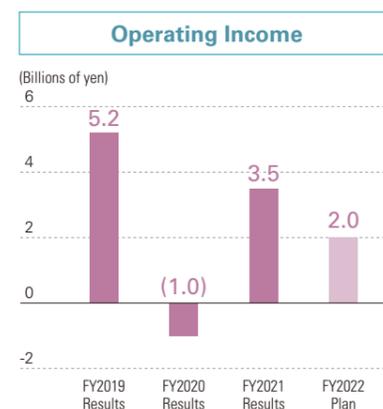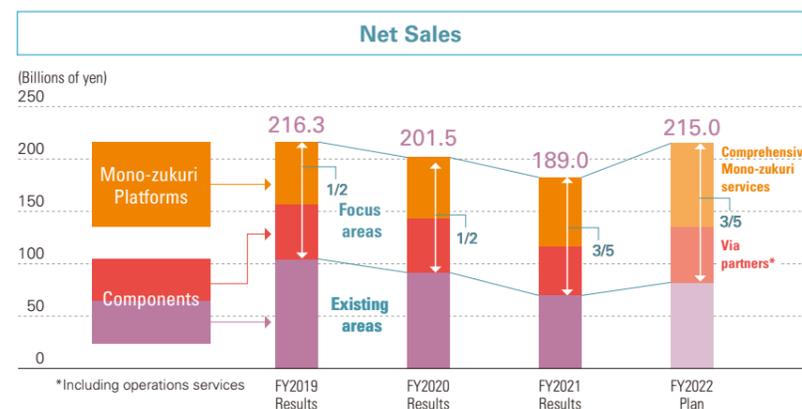
Progress of Medium-Term Business Plan 2022 and Future Initiatives

The Components & Platforms business is advancing its shift to a business model that will serve as a foundation for growth based on Medium-Term Business Plan 2022, aiming to achieve sustainable growth by resolving social issues through Mono-zukuri. In terms of focus areas, we aim to expand the ratio of sales for product, module, and service provision for partner companies in the Components business and comprehensive Mono-zukuri services overall in the Platforms business from

one-half in fiscal year 2019. Our keyword for growth is playing a backstage role in our mission of "Delivering OK! to your life."

OKI will support society and our customers providing social infrastructure in resolving the issues they face through Mono-zukuri and achieve growth.

In order to achieve this growth, we are steadily progressing as planned with structural reforms, such as reducing personnel, consolidating sites, and reorganizing production sites in line with our revised overseas sales strategy. The 700-employee development team and global production sites established through the integration of our three former businesses are concentrating on fields of focus, with the majority devoted to the development of new fields such as retail and DMS (Design & Manufacturing Services). In addition, in order for customers to recognize us as a trustworthy partner, we are also working to refine and increase resources for the Business Collaboration Division newly established in fiscal year 2020. We will continue to optimize our personnel and resource allocations for new product development.

In fiscal year 2021, although our sales decreased due to a shortage of materials, in the second half, we announced products developed for our partners as well as jointly developed products, and we are making steady progress in terms of shifting our business model.

Net Sales

(Billions of yen)

Mono-zukuri Platforms / Components

	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Plan
Total	216.3	201.5	189.0	215.0

Focus areas: 1/2 (FY2019), 1/2 (FY2020), 3/5 (FY2021), 3/5 (FY2022 Via partners*)

Comprehensive Mono-zukuri services

Existing areas

*Including operations services

Operating Income

(Billions of yen)

	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Plan
	5.2	(1.0)	3.5	2.0

Initiatives to Strengthen Our Mono-zukuri Infrastructure

Three pillars

Portability	Smart factories	System integration
Alternative production	Advanced technologies	Visualization
Mutually complementary	Design and manufacturing craftsmen and robots	Production lines / Warehouses
Alternative production between factories	Collaboration between craftsmen and robots	Global online cooperation

Components Initiatives

Labor shortages, work-style reforms, and non-contact/non-face-to-face solutions are common issues across various fields, and OKI's mission-critical, light-weight mechatronics, our area of expertise, are finding increasing opportunities to play an active role. While OKI has been providing automation and manpower reduction technologies primarily to financial markets, against this backdrop we have begun initiatives to resolve issues faced by industries we had not focused on until now, such as distribution and retail as well as medical care. We currently have several development projects underway and are planning a sequential launch of new products from the second half of fiscal year 2021.

Furthermore, in addition to providing ATMs to financial markets, we also provide a wide range of operational services related to ATM maintenance and security, and we are taking advantage of our business results related to providing environments that enable our customers to concentrate on their core business as we strive to expand our operational services in the logistics and retail fields.

Mono-zukuri Platforms Initiatives

We aim to expand the range of services offered and increase sales through enhanced DMS. By promoting co-creation from the design stage, we can achieve efficient Mono-zukuri for

our customers. Due to our proactive approach towards various industries and a high level of customer need, we receive a tremendous amount of inquiries and our business negotiations are growing steadily in number. By further increasing opportunities for business negotiations and enhancing our promotional activities that lead these negotiations to orders, we are working to ensure that customers can select OKI's Mono-zukuri with trust.

In addition, to strengthen our Mono-zukuri infrastructure, we are working on invigorating our Mono-zukuri sites based on three pillars: portability, smart factories, and system integration. Here, "portability" means building a system that enables production at an alternative factory if an event that makes production difficult occurs at a given factory. In terms of "smart factories," advanced production engineers, or craftsmen, lead and collaborate with the IoT and robots with the aim of achieving the evolution of factories. Finally, for "system integration," we are introducing production management systems and progress management systems in order to establish a network that connects our factories and makes it possible to visualize their progress, performance, and other details.