

MESSAGE FROM THE CEO

With an “enterprising spirit,” we will pursue our goal of “Delivering OK! to your life.” We are intently committed to achieving the Medium-Term Business Plan 2025.



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One year after becoming President and COO in April 2022, I became CEO in April 2023. Prior to that, I had served as president of a subsidiary company for many years. When I took over at OKI, I dared to follow the old ways of doing things and observe its inner workings to try to gain a better understanding of the Company as a whole. I saw that the core of the problem was OKI's vertically siloed and conservative corporate culture, which I am currently committed to transforming. I pledged in last year's OKI Report to “create a corporate

culture in which all employees can take on new challenges without being afraid of the corresponding risks” and to “tear down organizational walls to bring our management and sites closer together to boost our in-house vitality,” and the measures to keep the promises were incorporated into the new Medium-Term Business Plan announced in May 2023. In the remainder of this message, I will explain the details of the measures and my ideas on how to steer the OKI Group toward growth.

Review of Medium-Term Business Plan 2022

The Medium-Term Business Plan 2022, which set operating income of 20 billion yen and a shareholders' equity ratio of 30% as management targets, was not achieved due to drastic changes in the external environment, including sluggish demand stemming from the COVID-19 pandemic, shortages of procured parts, and price hikes. We positioned fiscal year 2022, the final year of the plan, as a year of crisis response, and although we made some progress in reducing supply chain impacts by strengthening procurement activities, promoting alternative designs, and optimizing prices to our customers, we were unable to achieve the single-year plan targets. As President, I am keenly aware of my responsibility and cannot help but feel deep regret about this situation.

The various external factors mentioned above cannot be assigned all the blame. I believe that the essence of the problem lies in our fundamental lack of response to environmental changes. While other companies made all-out efforts to

respond to similar environmental changes, we lacked the speed and dynamism to do so.

Fundamental to this are the corporate culture and organizational structure issues I mentioned at the beginning. It is undeniable that, relative to its size in terms of sales, OKI has become a subdivided multilayered organization and this has led to a conservative corporate culture that tends to vertically divide business divisions, follow precedent, and get trapped in local optimal, which has hindered quick and accurate decision-making. I also believe that our domestically oriented business structure has also contributed to narrowing our perspective when making business decisions. In the business reorganization that took place in April 2023, prior to the announcement of the Medium-Term Business Plan, we abolished our Business Group System and simplified our previous eight business divisions into five. This was a first step toward overcoming our difficult situation.

Discussions on Formulation of New Medium-Term Business Plan

In light of the organizational and cultural issues identified in the Medium-Term Business Plan 2022, the formulation of the Medium-Term Business Plan 2025 was based on lively discussions among executives and a strong commitment to listening to and incorporating the voices of as many employees as possible.

Specifically, we discussed each item in the business plan in a working group-like format with key persons from each business or related division, and then the key persons briefed the Board of Directors on the status of our deliberations and exchanged opinions directly with the directors. As a result, although it took some time, I believe we were able to inject on-the-ground reality into the plan. At the same time, through this process, many of those participated in the deliberations had a change in mindset, from passively following the plan as it was given to actively working on it as if it were their own

business, and began to escape their silos and communicate cross-organizationally. The outside directors provided us with candid opinions on the plan, as well as sometimes harsh comments on the speed and format of our deliberations.

In the implementation phase of the plan, to manage progress based on changes in the situation on the ground, the managers in charge of each business regularly report on the progress of their measures to the Board of Directors and receive appropriate advice. I also believe it is important to ensure that measures are incorporated into the operations of each division and even of each individual employee to increase their sense of accomplishment, which is why I am also putting effort into further revitalizing communication mainly by personally traveling to each location to exchange ideas and opinions.

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About the Medium-Term Business Plan 2025

Based on these discussions, the Medium-Term Business Plan 2025 was formulated. Under the basic policy of “steer toward growth and break free from the downward trend,” we set management targets of net sales of 450 billion yen, operating income of 18 billion yen, and a shareholders’ equity ratio of 30% for fiscal year 2025, with the aim to “return to FY2019 levels of performance and restore the weakened financial foundation,” and “create future businesses for FY2026 and beyond.” To meet these targets, we will implement the measures set forth under “steering toward growth 1st Stage,” which will lead to “steering toward growth 2nd Stage” (fiscal year 2026 and beyond), which aims to expand future businesses by 2031, the 150th anniversary of the Company’s founding.

OKI’s Vision: Identifying the Three Fields of Contribution

In formulating this plan, we made some adjustments to OKI’s Vision. The ideal of the OKI Group remains unchanged: based on the “enterprising spirit” enshrined in our corporate philosophy, we will pursue our goal of “Delivering OK! to your life.” In other words, we will solve social issues through the provision of mission-critical products that cannot be stopped. However, we have updated the materiality and fields of contribution to better clarify OKI’s contribution to solving social issues in its business.

Under the materiality “providing products and services that help solve social issues,” the OKI Group will contribute to three fields: safe and convenient social infrastructure, conservation of global environment, and job satisfaction and productivity enhancement. We will concretely specify the value we provide in each field of contribution and work to realize it in each business. For example, in the social infrastructure field, as the infrastructure developed during Japan’s high-growth period continues to age, we will visualize its condition and connect it to remote monitoring and preventive maintenance. In the environmental field, while strengthening the provision of products that contribute to the environment, we will contribute

to environmental conservation and resource utilization by, for example, using our underwater acoustic technology for ocean data visualization. In the field of productivity, we will contribute to solving labor shortages through automation and self-service operations using the technology developed for our ATMs.

Recovering Business Performance and Restoring Weakened Financial Foundation

One of the themes of the Medium-Term Business Plan 2025 is to “return to FY2019 levels of performance and restore our weakened financial foundation.” However, this does not signify a return to the past. To break free from the downward trend that has lasted for nearly 10 years and steer toward growth, the first imperative is to recover the financial foundation that was weakened during the previous Medium-Term Business Plan. As a yardstick, we selected OKI’s business performance in fiscal year 2019 before the COVID-19 pandemic. In addition to growing earnings by steadily capitalizing on projects carried over from the previous Medium-Term Business Plan and on large-scale projects, we will reduce our working capital and optimize our asset holdings.

Furthermore, we conducted a review of our business portfolio and business strategy as the first measure to ensure we are steering toward growth. We organized our five business divisions in our new business structure into four segments and classified the positioning of each segment as either “growth” (Public Solutions, EMS) or “stability” (Enterprise Solutions, Component Products). The specific strategies for each segment are provided in the Overview of Operations section of this report. For each segment, depending on its positioning, we will implement a dynamic and speedy business development that includes subsidiaries and strengthen business management by introducing a ROIC perspective.

As the second measure, we strengthened our sales, technology, and production functions to enhance our business capabilities. In the marketing & sales section, in addition to reorganizing existing area-based organizations into

market-based organizations, we newly established Global Business & Marketing Division to strengthen our overseas business. With regard to technology, we established the Technology Division, where we will concentrate our efforts on R&D and leading-edge technology development by leveraging our strengths in edge technologies. With regard to production, we established the Production & Procurement Management Division to manage the production and procurement functions, which were previously divided by business unit, across the entire company. We will improve production efficiency and optimize QCD under the “Virtual One Factory” concept that connects all the Group’s production plants.

Creating Future Businesses

Under the other theme, “creating future businesses for FY2026 and beyond,” by strengthening our mono-zukuri infrastructure and using the technologies and processes developed through innovation activities for products and services, we aim to create value in our three fields of contribution and create businesses that contribute to solving social and customer issues, with social infrastructure, manufacturing, and ocean as our focused areas.

The cornerstone of this value creation strategy is the “full participation innovation” strategy we have been working on since fiscal year 2017. We developed a system and provided education aimed at the continuous creation of new businesses, and many ideas emerged from that, but the next step of putting the ideas into practice, for example in the form of a commercial product, was taking too long. We therefore newly established Innovation Business Development Center to strengthen these activities and accelerate commercialization for the future with a view to global expansion.




A further emphasis under this theme is a restart of our overseas business. The markets for printers and ATMs, the core of our overseas business, are shrinking due to global trends. However, when thinking about the future of the Company, a domestically oriented business structure is a major problem, and expanding the overseas business is essential. Positioning overseas sales companies as front-line bases for all OKIs, we will grow sales of existing products, expand the air display business and EMS parts business, and link this to R&D from a global perspective and management talent development. By fiscal year 2031, we hope to increase overseas sales from the current level of 50 billion yen to 100 billion yen.

Sustainability Initiatives

In the Medium-Term Business Plan 2025, we positioned the practice of sustainability management as one of the measures to “steer toward growth.” As indicated in the three fields of contribution of our business, sustainability is the very essence of OKI’s management goal of “Delivering OK! to your life.” The newly established Sustainability Promotion & Corporate Communication Division will take the lead in systematically promoting environmental, social, and governance activities based on the new materiality.

Under one material issue, “transforming into a corporate culture that continuously creates value,” to create an environment in which diverse human resources can play an active role, we will invest 4 billion yen per year in human resources initiatives including recruitment, talent development, and revision of the grading system. To achieve a culture of taking on challenges, we will improve employee engagement through these human resources measures, implement the above-mentioned “full participation innovation,” and ensure free and vigorous communication across the organization.



Materiality	Safe and convenient social infrastructure	Conservation of global environment	Job satisfaction and productivity enhancement
<ul style="list-style-type: none"> • Providing products and services that help solve social issues • Reducing environmental impact through business activities • Transforming into a corporate culture that continuously creates value • Strengthening management foundation to support sustainable growth 	 <p>Achieve safe and secure infrastructure use through on-site visualization and remote monitoring</p> <p>Create safe and secure transportation methods using data</p>	 <p>Provide products that contribute to the environment</p> <p>Preserve the environment and utilize resources through ocean data visualization</p>	 <p>Address labor shortages through self-service and automation</p> <p>Improve operational efficiency with real-time sensing</p>

OKI’s materiality and the social value it provides in its three fields of contribution

In Conclusion

I have discussed OKI’s initiatives for the future, centered on the Medium-Term Business Plan 2025. It is true that reforming a manufacturing company like OKI takes time. However, to ensure that we are able to break free from the downward trend, I am determined to take the measures necessary for growth from a long-term perspective without falling into

short-term thinking. While remaining intently committed to achieving the Medium-Term Business Plan 2025, everyone in the OKI Group will work with an “enterprising spirit” toward our goal of “Delivering OK! to your life.”

I look forward to the ongoing guidance and encouragement of all our stakeholders in this regard.