

# Financial Results for 1 H of the FY Ending March 31, 2022

November 11, 2021

Ok Electric Industry Co., Ltd.

# Summary of Financial Results

- Material procurement impact such as semiconductors expanded.
- Net sales decreased YOY in Solution Systems business.
- Operating income decreased YOY due to decreased sales.
- Extraordinary loss recorded on restructuring costs due to closure of printer plant in China.

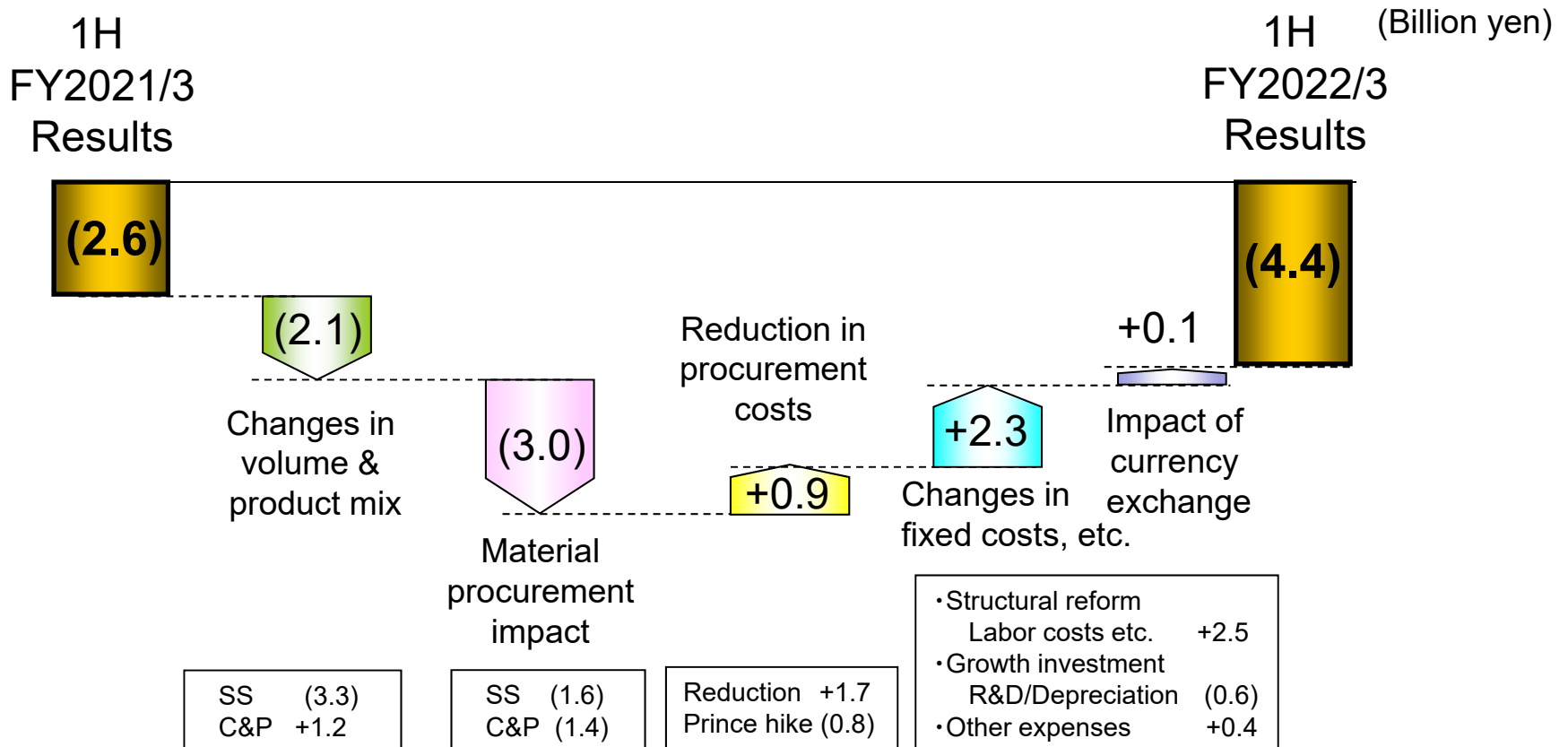
(Billion yen)	1H FY2022/3 (Results)	1H FY2021/3 (Results)	Variance
Net sales	159.8	173.5	(13.7)
Operating income (loss)	(4.4)	(2.6)	(1.8)
Ordinary income (loss)	(4.3)	(3.2)	(1.1)
Profit (loss) attributable to owners of parent	(6.7)	(5.4)	(1.3)
USD average exchange rate (Yen)	109.8	106.9	+2.9
EUR average exchange rate (Yen)	130.9	121.3	+9.6

# Segment Information (Net Sales/ Operating Income)

(Billion yen)			
<b>Net Sales</b>	1H FY2022/3 (Results)	1H FY2021/3 (Results)	Variance
Solution Systems	68.9	82.7	(13.8)
Components & Platforms	90.7	90.5	+0.2
Others	0.2	0.3	(0.1)
<b>Total</b>	<b>159.8</b>	<b>173.5</b>	<b>(13.7)</b>
<b>Operating Income</b>	1H FY2022/3 (Results)	1H FY2021/3 (Results)	Variance
Solution Systems	(0.2)	4.0	(4.2)
Components & Platforms	(1.2)	(3.7)	+2.5
Others	0.1	(0.1)	+0.2
Corporate & Eliminations	(3.1)	(2.8)	(0.3)
<b>Total</b>	<b>(4.4)</b>	<b>(2.6)</b>	<b>(1.8)</b>

# Reasons for Changes in Operating Income/Loss

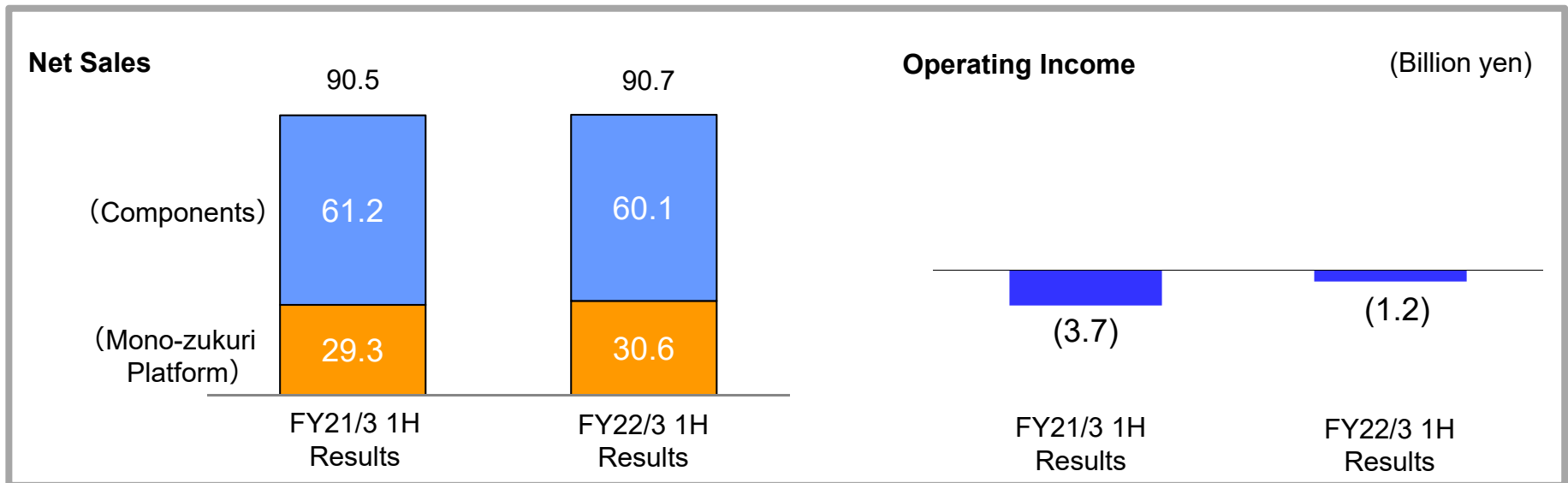
- Impacts on production and sales increased due to material procurement difficulties.
- Changes in volume was negative due to large-scale projects for Solution Systems in the previous fiscal year, despite increases in FA/semiconductor manufacturing equipment and printer consumables for Components & Platforms.
- Price hike caused by procurement difficulties diluted procurement cost reductions.
- Fixed costs improved through structural reforms and reduction of group-wide costs.





# Overview: Components & Platforms Business

- Mono-zukuri Platforms: strong demand for FA/semiconductor manufacturing equipment. Components: steady demand for printer consumables in Europe and the U.S. Gradually recovered from COVID-19 situation in overseas market in Automation Systems, although the situation varies by region.  
The production impact due to the shortage of materials increased.
- Profits improved significantly due to the reduction of fixed costs resulting from structural reforms in Peripheral Products business.
- TOPICS
  - Ended printer production in China and consolidated at the Thai plant. Reorganization of the global production map is almost complete.



# Balance Sheets

- There is no major change in the composition of each asset and liability. Total assets were reduced.
- Shareholders' equity ratio decreased by 0.6 points.

(Billion yen)	Sep 2021	Mar. 2021	Variance
Current assets	198.7	222.2	(23.5)
Fixed assets	151.8	151.0	+0.8
<b>Assets</b>	<b>350.4</b>	<b>373.2</b>	<b>(22.8)</b>
Current liabilities	151.6	154.2	(2.6)
Fixed liabilities	94.5	105.8	(11.3)
<b>Liabilities</b>	<b>246.1</b>	<b>259.9</b>	<b>(13.8)</b>
Shareholders' equity	104.2	113.0	(8.8)
Others	0.2	0.3	(0.1)
<b>Net assets</b>	<b>104.4</b>	<b>113.3</b>	<b>(8.9)</b>
<b>Total liabilities and net assets</b>	<b>350.4</b>	<b>373.2</b>	<b>(22.8)</b>
Shareholders' equity ratio (%)	29.7	30.3	(0.6)
D/E ratio (times)	0.7	0.7	±0.0

# Cash Flows

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

(Billion yen)	1H FY2022/3 (Results)	1H FY2021/3 (Results)	Variance
I Cash flows from operating activities	9.9	16.6	(6.7)
II Cash flows from investing activities	(7.5)	(10.1)	+2.6
Free cash flows ( I + II )	2.4	6.5	(4.1)
III Cash flows from financing activities	(6.3)	(6.7)	+0.4
Cash and cash equivalents	38.0	46.2	(8.2)
Purchases of PP&E and intangible assets	7.2	20.1	(12.9)
Depreciation	6.4	6.1	+0.3



# Financial Forecasts

- Initial forecasts left unchanged.

		FY2022/3 Forecasts	FY2021/3 Results	Variance
		(Billion yen)		
Solution Systems	Net sales	198.5	190.8	7.7
	Operating income	16.5	16.3	0.2
Components & Platforms	Net sales	201.0	201.5	(0.5)
	Operating income	2.5	(0.4)	2.9
Others	Net sales	0.5	0.6	(0.1)
	Operating income	0.0	(0.1)	+0.1
Corporate & Eliminations	Operating income	(7.0)	(6.4)	(0.6)
Total	Net sales	400.0	392.9	7.1
	Operating income	12.0	9.5	2.5
	Ordinary income	12.0	9.4	2.6
	Profit attributable to owners of parent	3.5	(0.2)	3.7

\*The figures for FY2021/3 have been restated.

Exchange rate assumptions: ¥105/USD  
¥120/EUR

# Financial Forecasts

- Material procurement impact is expected to continue in the second half.

The full-year forecast remains unchanged after conservatively factoring in the impact currently anticipated.

- Initiatives toward material procurement impact

- Production measures such as expansion of suppliers and flexible operation
- Price optimization in response to cost increase
- Cost measures

# (Reference) Quarterly Results

(Billion yen)

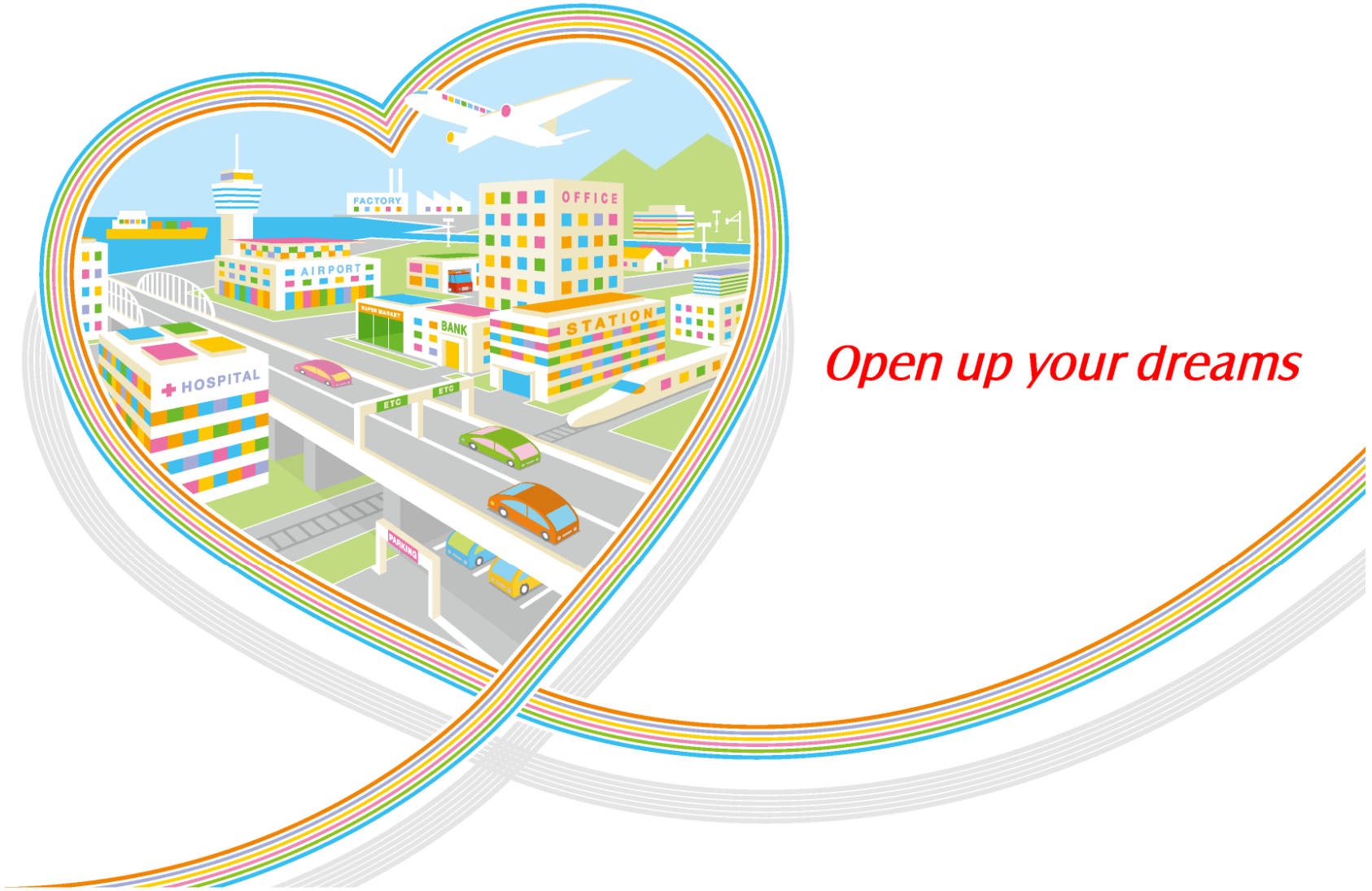
Net Sales	FY2021/3					FY2022/3	
	1Q	2Q	3Q	4Q	FY	1 Q	2Q
Solution Systems	39.6	43.1	44.6	63.5	190.8	33.9	35.0
Components & Platforms	41.6	48.9	48.6	62.4	201.5	45.9	44.8
Others	0.2	0.1	0.2	0.1	0.6	0.1	0.1
<b>Total</b>	<b>81.4</b>	<b>92.1</b>	<b>93.4</b>	<b>126.0</b>	<b>392.9</b>	<b>79.9</b>	<b>79.9</b>

Operating Income	FY2021/3					FY2022/3	
	1Q	2Q	3Q	4Q	FY	1 Q	2Q
Solution Systems	1.8	2.2	2.5	9.8	16.3	(0.1)	(0.1)
Components & Platforms	(1.6)	(2.1)	(0.6)	3.9	(0.4)	(1.6)	0.4
Others	0.0	(0.1)	(0.1)	0.1	(0.1)	0.0	0.1
Corporate & Eliminations	(1.2)	(1.6)	(1.8)	(1.8)	(6.4)	(1.3)	(1.8)
<b>Total</b>	<b>(1.1)</b>	<b>(1.5)</b>	<b>0.0</b>	<b>12.1</b>	<b>9.5</b>	<b>(3.0)</b>	<b>(1.4)</b>

# 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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