

Financial Results for Q1 of the FY Ending March 31, 2023

August 10, 2022

Ok Electric Industry Co., Ltd.

Summary of Financial Results

- We continued to be affected by difficulties in procuring semiconductors and other materials.
- Net sales decreased, due to a production decline caused by a shortage of materials, such as semiconductors.
- Despite the impact on the supply chain, operating income remained unchanged, due to a decrease in fixed costs and other factors.
- Net income improved YOY, due to a decrease in extraordinary losses resulting from structural reforms.

(Billion yen)	Q1 FY2023/3 (Results)	Q1 FY2022/3 (Results)	Variance
Net sales	78.1	79.9	(1.8)
Operating income (loss)	(3.0)	(2.9)	(0.1)
Ordinary income (loss)	(3.1)	(2.6)	(0.5)
Profit (loss) attributable to owners of parent	(3.2)	(3.7)	+0.5
USD average exchange rate (Yen)	129.6	109.5	+20.1
EUR average exchange rate (Yen)	138.1	132.0	+6.1

Segment Information (Net Sales/ Operating Income)

(Billion yen)

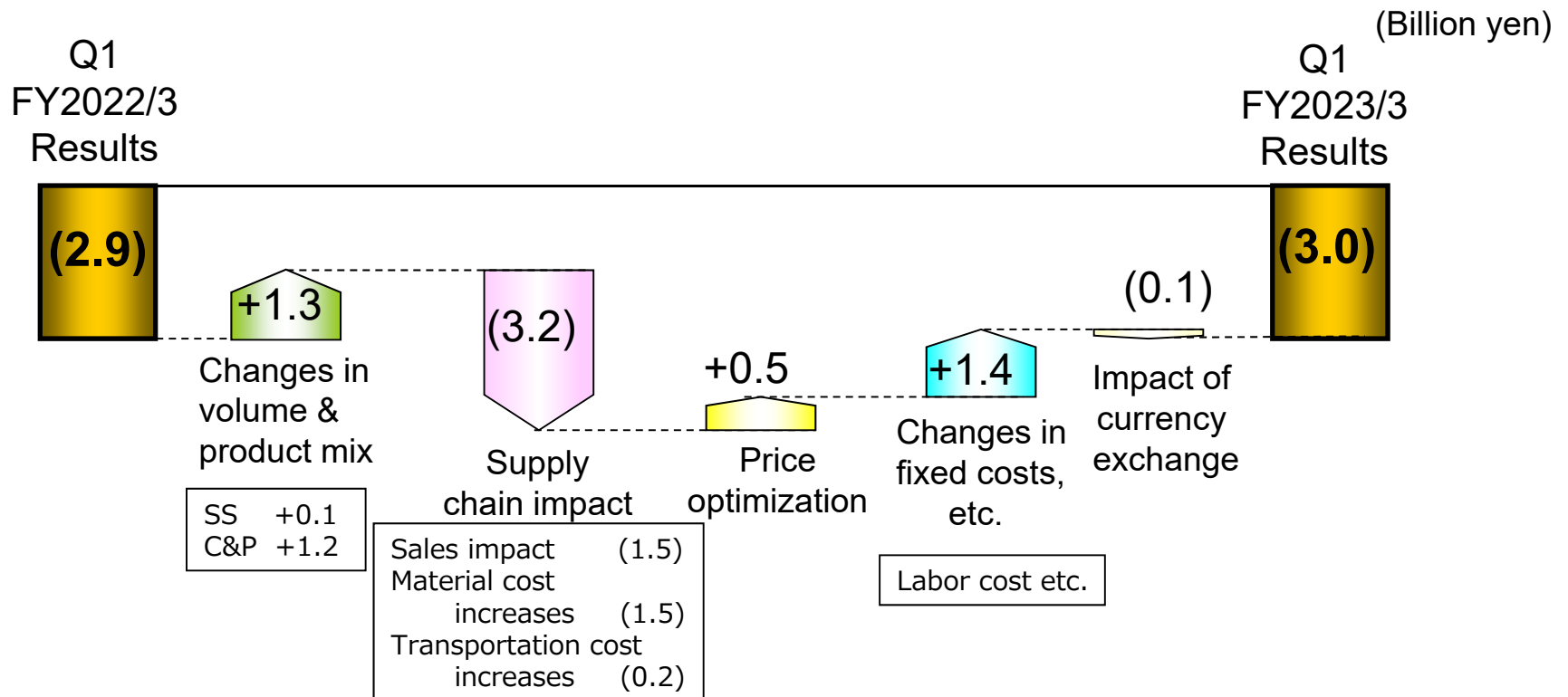
	Q1 FY2023/3 (Results)	Q1 FY2022/3 (Results)	Variance
Net Sales			
Solution Systems	36.1	33.9	+2.2
Components & Platforms	41.9	45.9	(4.0)
Others	0.1	0.1	±0.0
Total	78.1	79.9	(1.8)
Operating Income			
Solution Systems	(1.2)	(0.1)	(1.1)
Components & Platforms	(0.8)	(1.5)	+0.7
Others	0.1	0.1	±0.0
Corporate & Eliminations	(1.1)	(1.4)	+0.3
Total	(3.0)	(2.9)	(0.1)

Reasons for Changes in Operating Income/Loss

- Production due to difficulty in procuring components and increases in material and transportation costs continue to affect performance.

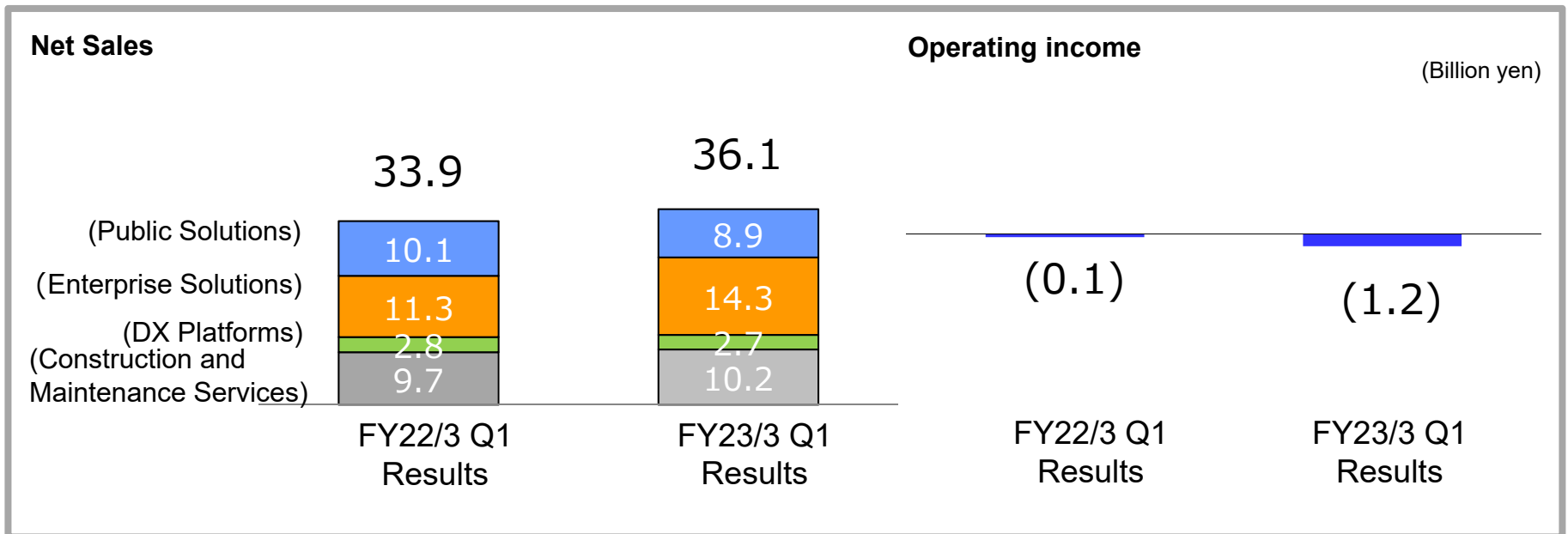
We are currently working to strengthen our response to supply chain impacts, such as by enhancing procurement capabilities and optimizing prices.

- Sales increased due to a rise in the volume of Mono-zukuri Platforms, which are doing well, and a change in the project mix in the Automation Systems business.
- Fixed costs decreased, due to structural reforms.



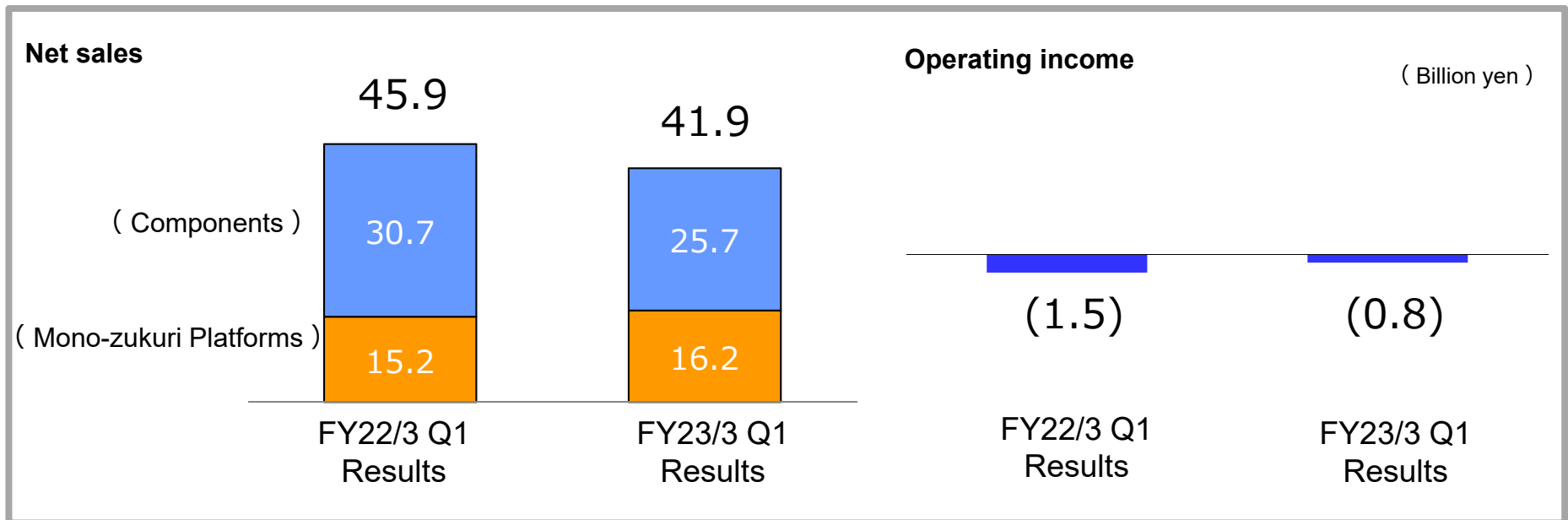
Overview: Solution Systems Business

- Revenue from Enterprise Solutions increased, as projects shifted from the previous year due to difficulty in procuring materials.
Operating income decreased, due to a rise in materials procurement costs.
- DX domain sales 1Q: ¥8.4 B (YOY: ¥6.2 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 remained unchanged due to the impact of foreign exchange rates.
- Operating income increased YOY due to a decline in fixed costs due to structural reforms in the Peripheral Products business and a change in the project mix in the Automation Systems business.



Balance Sheets

- There is no major changes in the composition of each asset and liability.
- Shareholders' equity ratio decreased by 1.8 points.

(Billion yen)	Jun. 2022	Mar. 2022	Variance
Current assets	212.7	211.8	+0.9
Fixed assets	158.9	157.3	+1.6
Assets	371.6	369.2	+2.4
Current liabilities	170.8	158.0	+12.8
Fixed liabilities	99.1	103.6	(4.5)
Liabilities	269.9	261.5	+8.4
Shareholders' equity	101.5	107.4	(5.9)
Others	0.2	0.2	±0.0
Net assets	101.7	107.6	(5.9)
Total liabilities and net assets	371.6	369.2	+2.4
Shareholders' equity ratio (%)	27.3	29.1	(1.8)
D/E ratio (times)	0.9	0.8	(0.1)

Cash Flows

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

(Billion yen)	Q1 FY2023/3 (Results)	Q1 FY2022/3 (Results)	Variance
I Cash flows from operating activities	0.0	21.4	(21.4)
II Cash flows from investing activities	(4.9)	(4.3)	(0.6)
Free cash flows (I + II)	(4.9)	17.1	(22.0)
III Cash flows from financing activities	4.3	(6.6)	+10.9
Cash and cash equivalents	34.2	52.5	(18.3)
Purchases of PP&E and intangible assets	3.9	4.5	(0.6)
Depreciation	2.9	3.0	(0.1)

(Reference) Quarterly Results

(Billion yen)

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

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

(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)
- 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

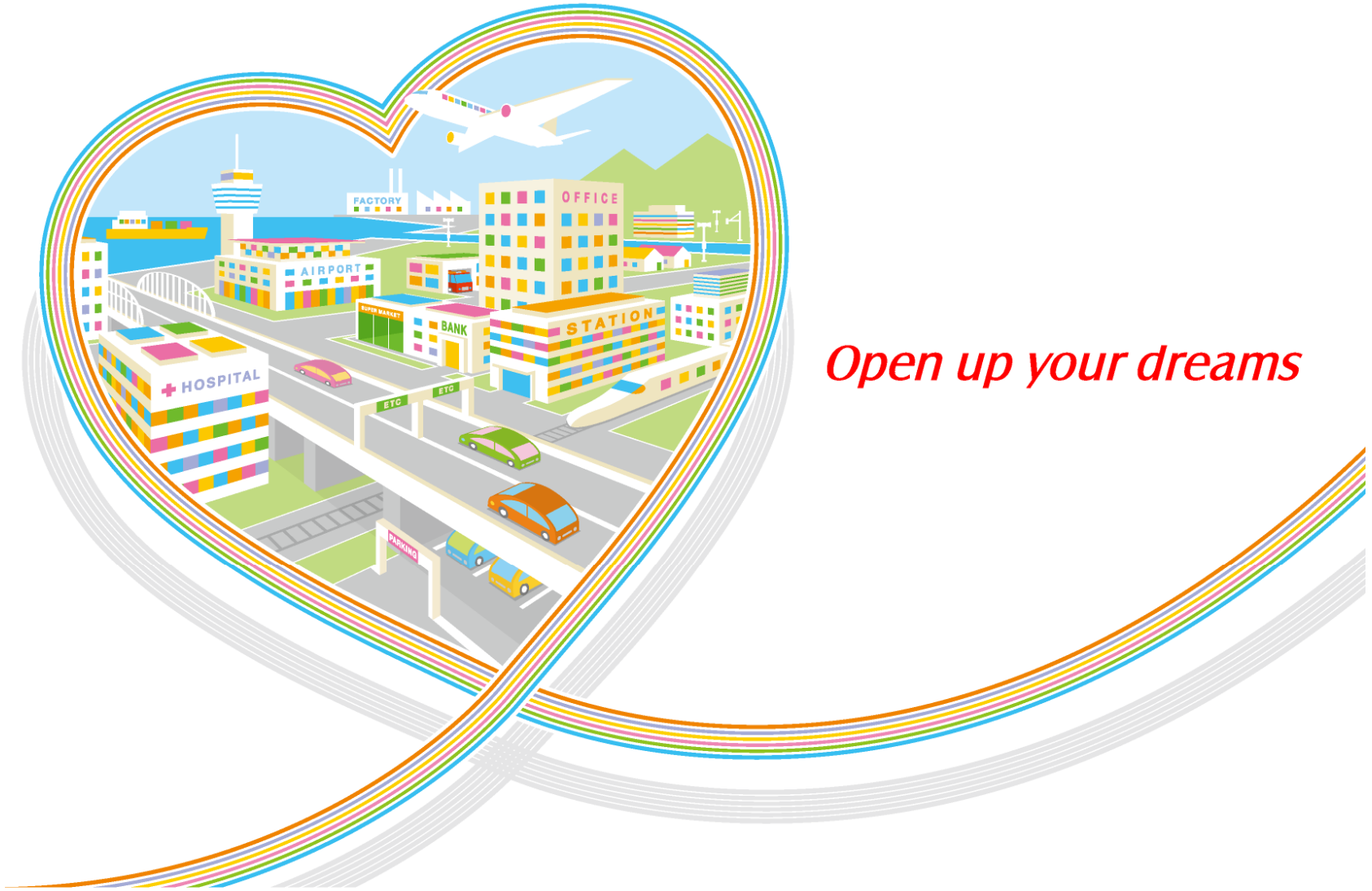
- ATMs, cash handling equipment
- Bank branch terminals, ticket reservations issuing terminals, check-in terminals
- ATM monitoring/operation services
- LED printers
- Wide format inkjet printers
- Dot-impact printers

■ 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.



Open up your dreams