

BUSINESS OVERVIEW

At a Glance

The OKI Group aims to solve social issues through mission-critical Mono-zukuri and Koto-zukuri. In order to achieve our vision, we will actively undertake challenges not only in existing business fields but also new fields where growth is expected, aiming to create future businesses.

PUBLIC SOLUTIONS

Business Description

We provide mission-critical solutions that are not allowed to stop to various fields such as roads, aviation, firefighting and disaster prevention, government, telecommunications, and defense. We also provide security, safety, and convenience through services specialized for customer operations related to social infrastructure by leveraging OKI's strengths.

Products and Services

- **Social Infrastructure Solutions**
 - Roads (ETC/VICS), air traffic control, disaster prevention, firefighting
 - Central government work systems, government statistics systems
 - Infrastructure monitoring
 - Carrier networks, video distribution, 5G/local 5G
- **TOKKI Systems**
 - Defense systems (underwater acoustics/information)
 - Aviation instrument

TOPICS

Updating Japan's only All-Weather Offshore Measurement Barge Facility

We have updated our all-weather offshore measurement barge located in Uchiura Mito, Numazu City, Shizuoka Prefecture. We have enlarged the measurement apertures and workrooms and increased the power generation capacity to improve the efficiency of offshore testing and consulting operations and support our focused maritime business. In addition, we will acquire weather and maritime data such as wind direction and speed, temperature and humidity, precipitation, water temperature, dissolved oxygen, and salinity, and provide these data to the fishery industry for effective utilization.



New "SEATEC NEO" Stationary Measurement Barge

ENTERPRISE SOLUTIONS

Business Description

We provide secure and convenient solution services through our integrated value chain, which includes the design, development, and installation of mechatronic products, solutions including mechatronic products and networks, as well as everything from installation, construction, and maintenance to fully-outsourced recurring ATM operation and monitoring.

Products and Services

- ATMs, cash handling equipment
- Sales branch terminals, ticket reservations and issuing terminals, check-in terminals
- ATM monitoring/operation services
- Bank branch systems for financial institutions, centered-administration systems
- Railway ticketing systems, airport check-in systems
- Manufacturing systems (ERP/IoT)
- Construction and Maintenance Services

TOPICS

Sales Launch of "Self-Service Machines for Tax and Public Funds Collection" for Municipalities to Reduce the Burden of Tax and Public Funds Collection Operations

As part of the municipality DX initiative, we have developed "Self-Service Machines for Tax and Public Funds Collection" for municipalities to improve the efficiency of tax and public funds collection operations. Taxes and public funds paid by customers through the machines are managed by the machines and linked to the municipal system to improve the work efficiency of municipal employees and enable customers to complete payment procedures easily without standing in line at the counter. We will expand the "Self-Service Machines for Tax and Public Funds Collection" to municipalities throughout Japan and contribute to the promotion of DX to improve the efficiency of municipal operations beyond tax and public funds collection operations.



Network type self-service deposit and withdrawal machines "Smart Cash Station"

COMPONENT PRODUCTS

Business Description

In addition to the sensing and communication technologies OKI has cultivated over many years, we will incorporate the latest technologies such as AI to provide Edge devices that contribute to solving social issues such as aging infrastructure and labor shortages, as well as communication products that utilize voice, video, and text to improve business productivity, and printers that offer toughness and space-saving options.

Products and Services

- Edge devices (IoT), sensor network
- PBX, business phones, contact centers
- Cloud services
- LED printer

TOPICS

The World's Smallest Color LED Printer Renewal with Label Printing Function and Roll Paper Holder Option

Due to the diversification of consumer needs, manufacturers and distributors are increasingly producing a wider variety of products in smaller quantities and using a greater variety of labels that require visibility and identification via colors, and there is growing demand for in-house production to improve efficiency in process control and label inventory management. "PLAVI Pro330S" meets these needs by contributing to improved work efficiency in the field, such as the production of shelf labels and POP in retail stores, the cutting of separated POP within one sheet of paper, and the immediate issuance of narrow color labels in the manufacturing and logistics industries.



PLAVI Pro330S when the roll paper holder is installed

EMS

Business Description

Mainly consists of EMS (consigned designing and manufacturing services), components business, and engineering business, and provides comprehensive Mono-zukuri services covering design, manufacturing, and reliability testing.

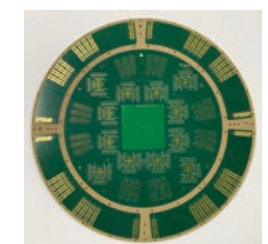
Products and Services

- Consigned designing and manufacturing services
- Components (printed wiring boards / cables and electrode wires / motors)
- Engineering
- Power supplies / cases

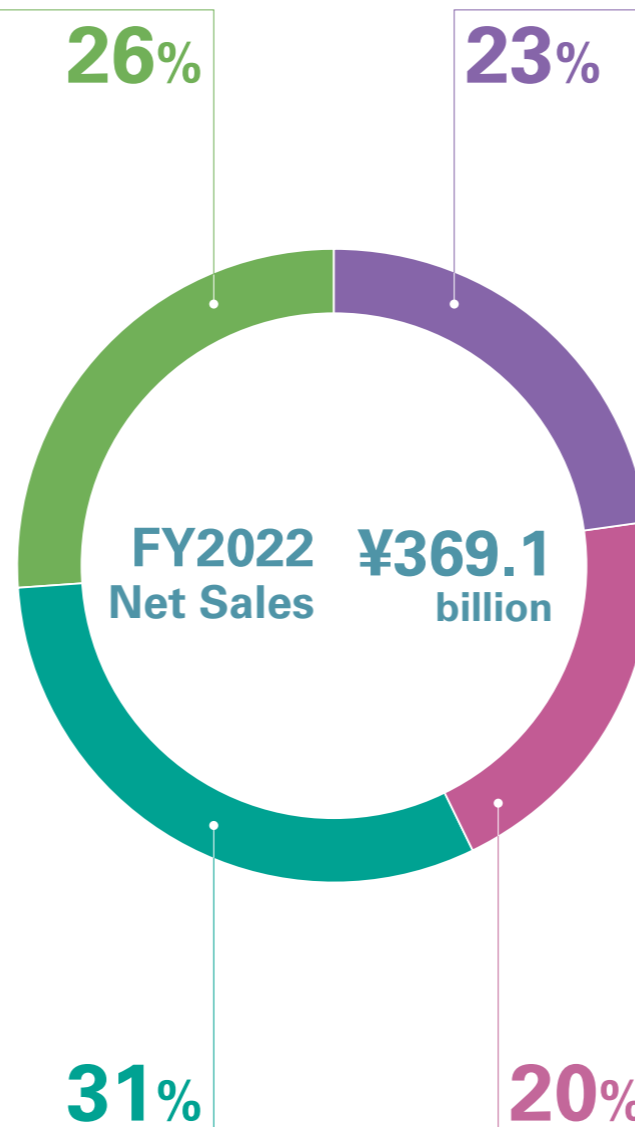
TOPICS

Start of Mass Production of Semiconductor Test Substrates for Large Size (643 x 558 mm)

We have started mass production of test substrates (substrates for inspection equipment) that are approximately 30% larger than conventional ones to accommodate capability tests of next-generation semiconductors. As semiconductors continue to be refined (denser wiring and more PIN diodes) and more integrated on a large scale, the area of test circuits is expanding and test equipment is becoming larger in order to process many complex signals and perform capability tests. Test substrates used for equipment must also have even more refined circuitry and larger and more multilayered substrates to accommodate more complex capability tests. The test substrate that we have begun mass production of is capable of testing large LSI (5,000-PIN class) and next-generation memory.



Large probe card now in mass production



PUBLIC SOLUTIONS

Business Policy Contribute to customers' development by providing solutions that support social infrastructure

For the base fields, we will provide safe and secure social infrastructure through new highly convenient products. We will aim for growth in both axes by taking on the challenges in new fields focused on automated driving, V2X infrastructure, and disaster prevention.

Hajime Inoue

Executive Officer
Head of Social Infrastructure Solutions Division



While the defense business remains strong, we will spin off core technologies, such as acoustics developed in the defense business, to the private sector and enter the maritime business. We will aim for growth through global expansion utilizing the channels of the civil aviation business.

Yoichi Kato

Senior Executive Officer
Head of TOKKI Systems Division



FY2022 Results

Net sales were 95.7 billion yen, including a base increase from the acquisition of the aviation instrument business. Operating income was 3.4 billion yen due to soaring materials prices and foreign exchange effects.

Strengths

- Sensing technology / network technology focusing on Edge fields
- Wide installed base / business know-how

Opportunities and Risks

- Recovery from COVID-19 and supply chain impacts
- Green infrastructure and acceleration toward digitization

Initiatives to Achieve the Medium-Term Business Plan 2025

In the firefighting, disaster prevention, transportation, and defense businesses, we will raise the baseline by steadily reaping the rewards of large projects through introducing new product and other such measures. In addition, we aim to achieve 130.0 billion yen in sales and 9.5 billion yen in operating income in fiscal year 2025 for Public Solutions through aggressive investment and the provision of operation-specialized platforms.

We will implement three policies to achieve our vision.

1 Introduction of New Products

We will introduce new, differentiated products that meet customer needs, and steadily capture demand for updates centered on firefighting and disaster prevention.

2 Entry into New Business Fields

We will deepen the use and application of data acquired from Edge devices, which is one of OKI's strengths, and provide platforms specialized for customer operations.

We are advancing commercialization of Edge platforms that provide effective information for the operations of railroad operators, road operators, and others, and have begun offering AI Detection System for People/Objects Trapped in Railroad Crossings, which contributes to preventing accidents at

railroad crossings through highly accurate, real-time AI image processing.

In addition, we will continue to develop new business in the ocean by leveraging our technological strengths in underwater acoustics, environmental sensing, underwater acoustic communication, and ruggedization technology* for environmental resistance, as well as our environmental advantage of owning our stationary measurement barge, Japan's only underwater acoustics measurement facility.

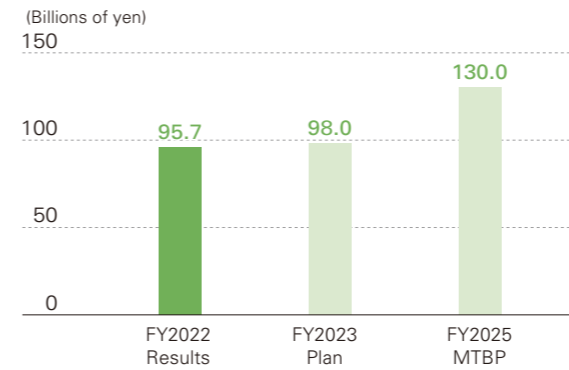
*Ruggedization technology: Technology that makes products and systems resilient against the environment, such as extended operating temperature range, cold resistance, water resistance, dust resistance, and shock resistance.

3 Promotion of Global Expansion

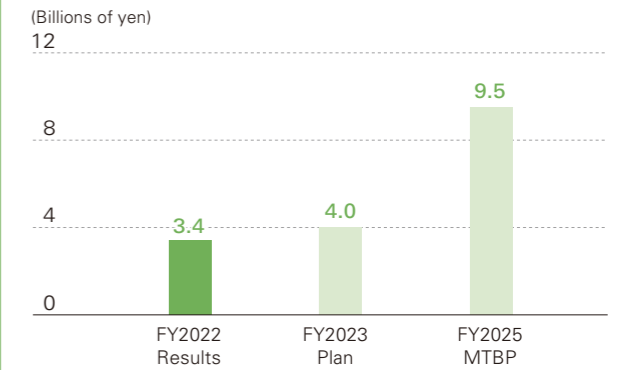
We will develop areas that utilize OKI's core technologies for customers in the commercial aviation business. In addition, we will promote expansion in Asia, starting with Singapore where we will launch a production site, and beyond that, we will proceed with our plans with a view to global expansion to North America and elsewhere.

We will also make aggressive investment to promote these three policies.

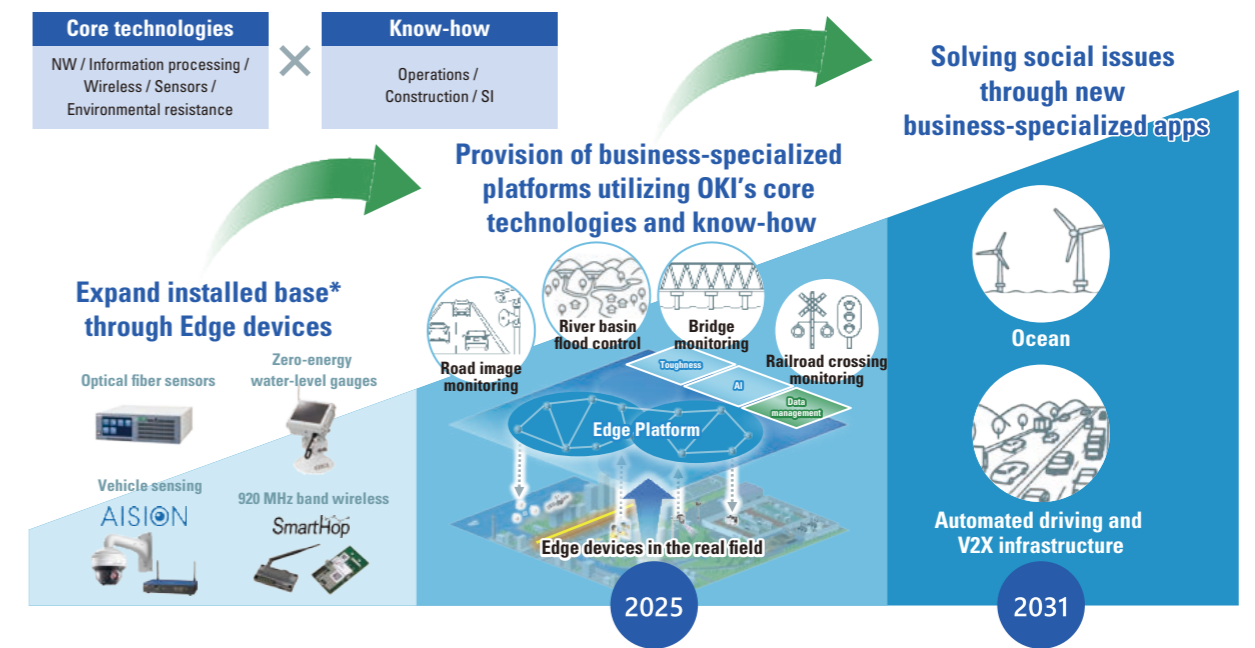
Net Sales



Operating Income



Entry into new fields through business-specialized platforms



Safe and convenient social infrastructure



We provide services that "visualize" the condition of structures based on installed sensor information, thereby contributing to the realization of safe and convenient social infrastructure through remote monitoring.

Conservation of global environment



We contribute to the preservation of the global environment through data utilization by reducing CO₂ emissions with the elimination of traffic congestion by facilitating traffic flow as well as protecting marine life by monitoring marine noise.

Job satisfaction and productivity improvement



We contribute to solving labor shortages and improving operational efficiency by providing highly convenient solutions for public service operations.

*Installed base: A track record of providing device groups at edge domains, and solutions centered on those device groups

ENTERPRISE SOLUTIONS

Business Policy Develop and provide solutions and services based on products that solve social issues

By uniting mechatronics technology, solutions, networks, maintenance, and services, we will provide safe and convenient solutions and services, and contribute to resolving labor shortages and improving business efficiency.



Hiroshi Tomizawa
Senior Vice President,
Head of Enterprise
Solutions Division

FY2022 Results

Net sales totaled 112.9 billion yen due to the significant impact of production decrease caused by materials shortages. Operating income was 1.5 billion yen due to decreased production as well as the impact of soaring material prices and increased costs for software development projects.

Strengths

- Installed base/business know-how/mechatronics technology
- Consistent service provision in the value chain

Opportunities and Risks

- Promotion of horizontal division of labor due to labor shortages
- Expansion of elimination of the need to use physical items, such as cash-less payments

Initiatives to Achieve the Medium-Term Business Plan 2025

We will ensure the implementation of large-scale projects expected in fiscal years 2023 and 2024. At the same time, we will shift to a stable profit structure for future growth, aiming for sales of 140.0 billion yen and operating income of 9.0 billion yen in fiscal year 2025.

We will address three policies to achieve our vision.

1 Recurring* Shift

We will create a selection of services such as ATM operation monitoring provided to financial institutions, offer them to the public/medical, transportation, and distribution markets, and expand their fields. In addition, in order to provide further convenience, we will advance development of a service platform that can be easily connected to new services in collaboration with various providers.

*Recurring: A business model in which equipment provision and business process outsourcing (BPO) are provided as a combined service

2 Self-Service and Labor Saving

Financial institutions are reducing the amount of transactions involving cash with the advancement of IT, and are focusing

on operations that allow transactions to be completed over the counter, rather than with background processing at branches. In addition, retailers and distributors are shifting to labor-saving store operations due to the changing environment with labor shortages caused by the declining birthrate and aging population.

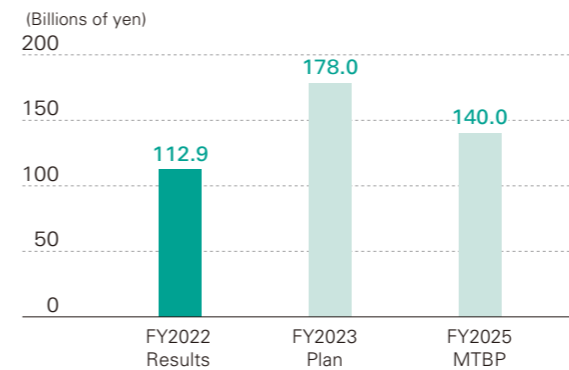
In response to these changes in the market environment, we are strengthening our lineup of products that accommodate self-service and labor saving and modules for processing of physical items to provide products in the forms desired by customers.

3 Strengthen Product Competitiveness

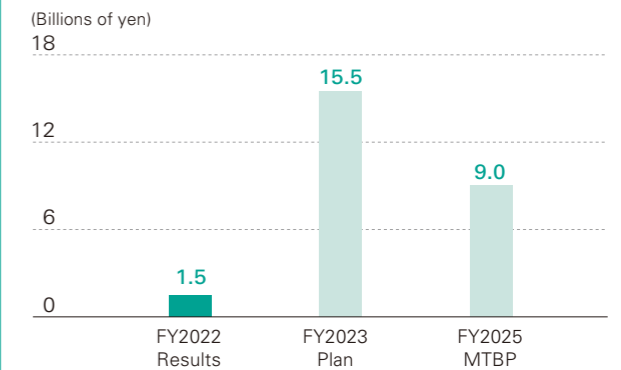
Instead of product development for separately optimized products, we will standardize hardware/software modules to achieve timely product releases and strengthen price competitiveness.

This initiative will be executed in three steps. As the first step, we will implement “highly versatile module development” for our products base as well as “service platform development for the financial market.”

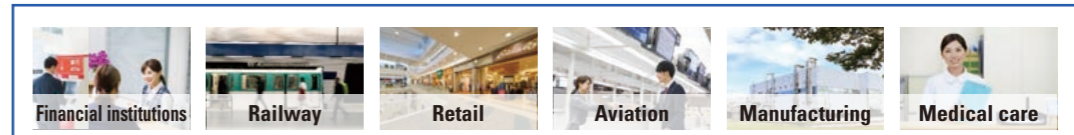
Net Sales



Operating Income



Products and services that contribute to solving social issues



Resolution of labor shortages

Improvement of business efficiency



Job satisfaction and productivity improvement



We contribute to job satisfaction by helping to resolve labor shortages through products that enable automation and self-service, and by enabling customers to use the resulting freed-up labor time for tasks related to their core business.

Conservation of global environment



We contribute to the environment through products with reduced electricity consumption and reduction of CO₂ emissions at factories. Preventive and predictive maintenance through outsourcing of operations and remote monitoring reduces the number of trips made to onsite locations and contributes to the reduction of environmental impact in operational scenarios as well.

Safe and convenient social infrastructure



By providing remote monitoring and operation for edge devices such as ATMs, we ensure the operation of ATMs and systems, contributing to the maintenance of safe and convenient social infrastructure.

BUSINESS OVERVIEW

COMPONENT PRODUCTS

Business Policy Contribute to solving social issues with components covering sensing, AI, communications, and output

While maintaining the base business, we will transform ourselves into a strong business structure by creating new products and expanding sales of our focus products. In addition, we will leverage our printer business assets and begin global development of Edge devices.



Takashi Inoue
Executive Officer,
Head of Component
Products Division

FY2022 Results

Net sales were 84.6 billion yen due to foreign exchange effects. Operating income was 1.6 billion yen due to the significant impact of increased material costs caused by supply chain disruptions.

Strengths

- Strong technologies such as Space Saving Technology and sensing devices
- Global structure for sales, production/development, etc.

Opportunities and Risks

- Global trends of automation and DX
- Environmental consciousness trends such as energy and resource saving
- Shrinking printer and business communication markets
- Shortage of materials supply due to supply chain disruptions

Initiatives to Achieve the Medium-Term Business Plan 2025

We aim to achieve sales of 83.0 billion yen and operating income of 4.0 billion yen for Component products business in fiscal year 2025 by implementing a cycle of securing sales scale and profitability in profitable and stable businesses (printers and business communications) and nurturing new businesses (Edge devices) by investing in growth businesses. We will implement four initiatives to achieve our vision.

1 Characteristic, Competitive Printers

For printers, during the period of the previous Medium-Term Business Plan, we significantly reviewed our business structure, narrowing down to our focus products that emphasize competitiveness and profitability and reviewing the scale of our regional business development. We will maintain this structure and continue to focus on profitability.

2 Provision of Products that Respond to Changes in Needs

Although the overall business communication market is shrinking, the decline in domestic demand is limited and

sales are expected to remain stable. We will continue to offer products that realize new means of communication by flexibly responding to changes in market needs.

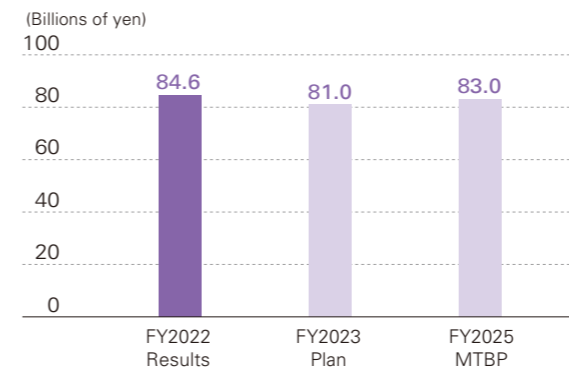
3 Expansion of Edge Devices

We have continued to improve the functions of Edge devices through proof of concept (PoC) work with co-creation partners. We will begin full-scale market expansion this fiscal year. We will also pursue the possibility of overseas expansion of SmartHop®/Zero Energy Gateway (ZEGW) and aim to put it on a growth trajectory during the current Medium-Term Business Plan.

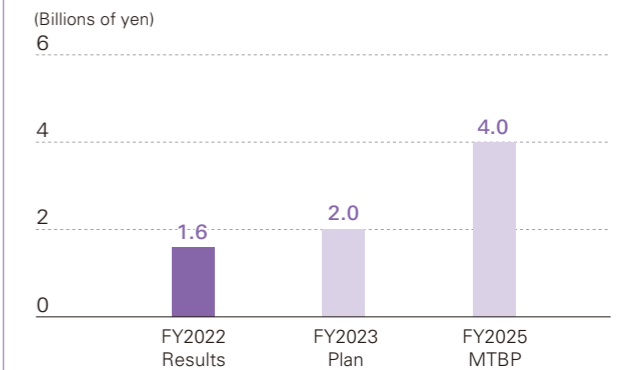
4 Printer OEM Expansion

We believe that we can expect business expansion in the printer market by not only selling finished products, but also as components, differentiating ourselves in embedded applications where OKI can demonstrate its strengths and separation initiative in OEM business.

Net Sales



Operating Income



Providing products that contribute to three areas that aim to solve social issues

Job satisfaction and productivity improvement

Business communications
Innovation of work styles and customer contact points through the use of telephony functions

Printers
Office and business printing transformation with toughness and speed

Safe and convenient social infrastructure

Edge Devices
Detection of car driving in the wrong direction

Conservation of global environment

SmartHop
Easy and efficient sensor network

We contribute to reduce environmental impact by creating products that can be used safely and reliably over the long term

OKI developed the world's first LED head as a light source for printing in 1981. We have also achieved high luminous efficiency of LEDs and enhanced energy saving by using CFB* technology. The compact LED head features have been contributed to reduce the size of printer, which helps reduce the amount of resources and the size of packaging, thereby reducing CO₂ emissions throughout the entire supply chain. We also contribute to the reduction of environmental impact by providing long-life products through the use of highly durable LED heads with simple structures and long-life design on a component basis. Furthermore, in order to build a recycling-oriented society, we will promote the collection of used products, the reuse of consumable components, and the use of recycled materials with low environmental impact.

*Crystal film bonding (CFB): Semiconductor bonding technology developed in the LED printer business

BUSINESS OVERVIEW

EMS

Business Policy Aim for a manufacturing platformer that supports customer concerns in terms of production

We provide comprehensive Mono-zukuri services ranging from design to manufacturing and engineering. We contribute to the realization of a secure and safe society through the manufacturing of our customers' products.



Hiroshi Nishimura
Senior Executive Officer,
Head of EMS Division

FY2022 Results

Net sales were 75.3 billion yen and operating income was 2.3 billion yen. Despite the impact of materials shortages due to supply chain effects, sales and profits increased compared to fiscal year 2021 due to continued strong performance in the business for FA/semiconductor manufacturing equipment.

Strengths

- Production capacity tailored to high quality/various kinds and various volumes
- Design and manufacturing services covering the entire manufacturing process

Opportunities and Risks

- Return to domestic manufacturing due to expanding country risk, expansion of domestic EMS utilization due to labor shortages
- Shortages of materials due to supply chain effects

Initiatives to Achieve the Medium-Term Business Plan 2025

In addition to the four key strategies of "DMS business shift," "aggressive capital investment," "overseas expansion," and "creation of new services," we will provide customers with solutions that combine the distinctive technologies of the EMS Group companies, aiming to become a business entity with sales exceeding 100 billion yen by fiscal year 2026.

We will implement three policies to achieve our vision.

1 Business Model Shift from EMS to DMS

OKI is developing its EMS business in high-end areas that require manufacturing of various kinds and various volumes of products that can leverage Japan's advanced manufacturing technology, as well as reliability and technical capabilities directly related to life and lifestyle infrastructure. In order to expand the DMS business with the aim of improving business profitability, we will greatly enhance the capabilities of our system engineers, who are well versed in the market, and focus on acquiring large scale, high value-added projects. In addition to the strong semiconductor and industrial fields, we will work to develop new DMS customers in the EV-related and aerospace fields, which are expected to grow in the future, and position them as growth markets.

2 Base Business Expansion

We will make aggressive capital investment to have production capacity that keeps pace with the growth of the strong markets (FA and semiconductors). We will aim to expand sales through growth investment and increase profits by improving productivity through investment in manufacturing infrastructure, such as automation, and upgrades to the latest equipment.

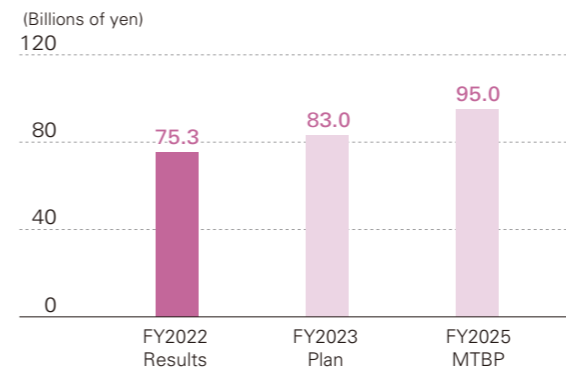
3 Expansion of Overseas Sales

We will further strengthen co-creation relationships with outstanding customers, centered on the parts business, where we have a track record of overseas sales, and aim to expand sales by acquiring new orders.

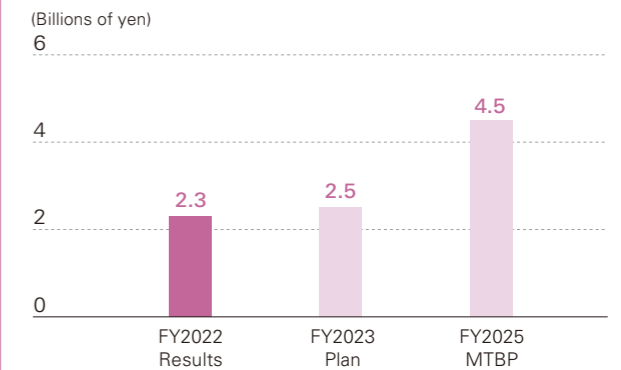
We will take on the challenge of entering new overseas markets on the strength of our domestic certifications in the aerospace field, as well as EMS OUT-OUT manufacturing services* utilizing OKI's overseas manufacturing sites.

*OUT-OUT manufacturing service: Service in which customers' products for overseas markets are manufactured on contract at OKI's overseas sites.

Net Sales



Operating Income



Manufacturing platformer that supports customer products in terms of production

