

Financial Results for the FY Ended March 31, 2022

May 11, 2022

Ok Electric Industry Co., Ltd.

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1. Financial Results for FY2022/3

Summary of Financial Results

- Substantial supply chain impact resulted in decrease in sales and fall in each profit .
- Steadily implemented investments for the future and planned structural reforms.
- Net income remained in the black, supported by the sale of assets in non-focused areas and foreign exchange gains.

(Billion yen)	FY2022/3 Results	FY2022/3 Forecasts (As of Feb. 7)	Variance	FY2021/3 Results	Variance
Net sales	352.1	365.0	(12.9)	392.9	(40.8)
Operating income	5.9	9.0	(3.1)	8.9	(3.0)
Ordinary income	7.7	9.0	(1.3)	8.8	(1.1)
Profit attributable to owners of parent	2.1	3.5	(1.4)	(0.8)	+2.9
USD average exchange rate (Yen)	112.4	111.8	+0.6	105.7	+6.7
EUR average exchange rate (Yen)	130.6	130.2	+0.4	123.5	+7.1

*The accounting process was changed for SaaS (Software as a Service) at overseas subsidiaries applying IFRS. Accordingly, the said change is reflected in the values for results of FY2021/3. (The same applies hereinafter.)

Segment Information (Net Sales/ Operating Income)

(Billion yen)

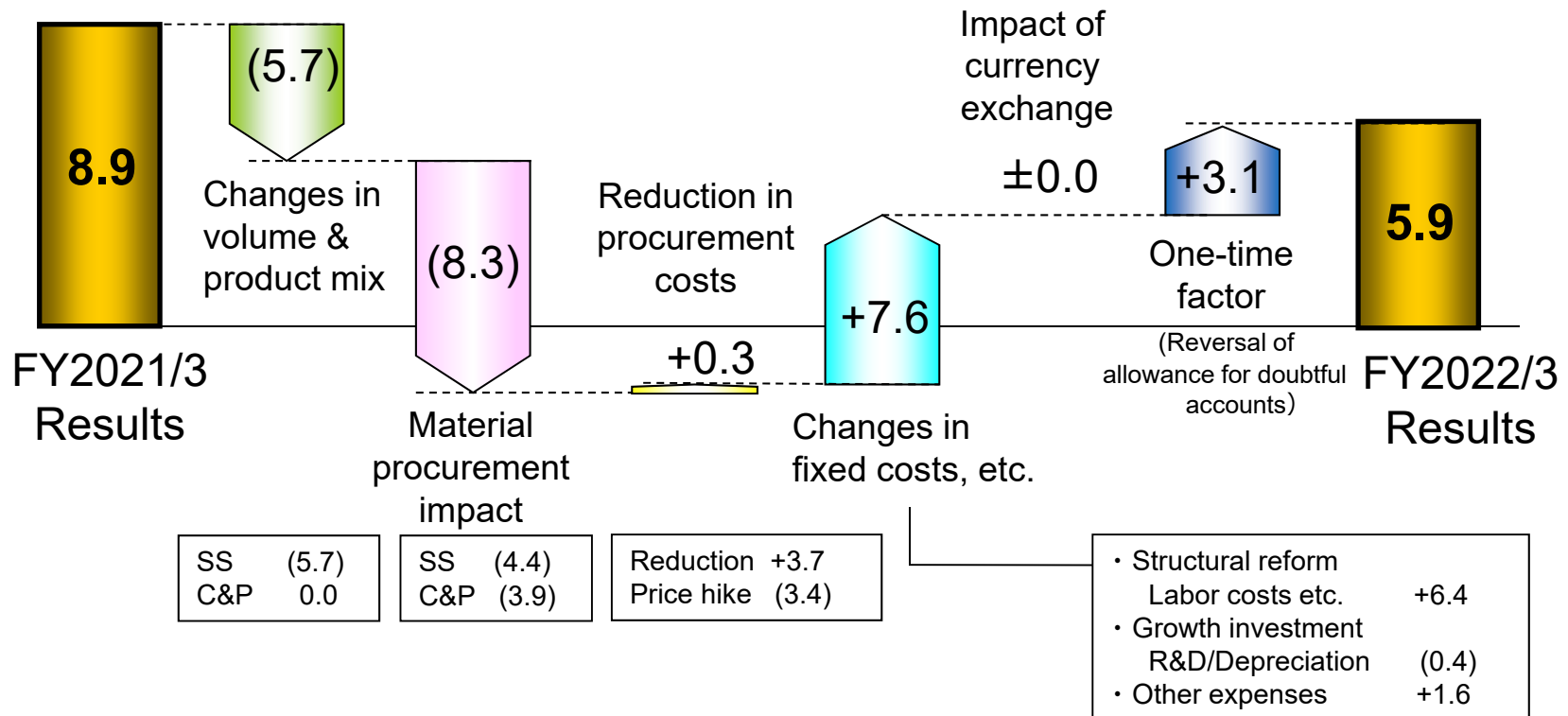
Net Sales	FY2022/3 Results	FY2022/3 Forecasts (As of Feb. 7)	Variance	FY2021/3 Results	Variance
Solution Systems	162.6	173.0	(10.4)	190.8	(28.2)
Components & Platforms	189.0	191.5	(2.5)	201.5	(12.5)
Others	0.4	0.5	(0.1)	0.6	(0.2)
Total	352.1	365.0	(12.9)	392.9	(40.8)

Operating Income	FY2022/3 Results	FY2022/3 Forecasts (As of Feb. 7)	Variance	FY2021/3 Results	Variance
Solution Systems	9.5	12.5	(3.0)	16.3	(6.8)
Components & Platforms	3.5	3.5	±0.0	(1.0)	+4.5
Others	0.3	0.0	+0.3	(0.1)	+0.4
Corporate & Eliminations	(7.5)	(7.0)	(0.5)	(6.4)	(1.1)
Total	5.9	9.0	(3.1)	8.9	(3.0)

Reasons for Changes in Operating Income

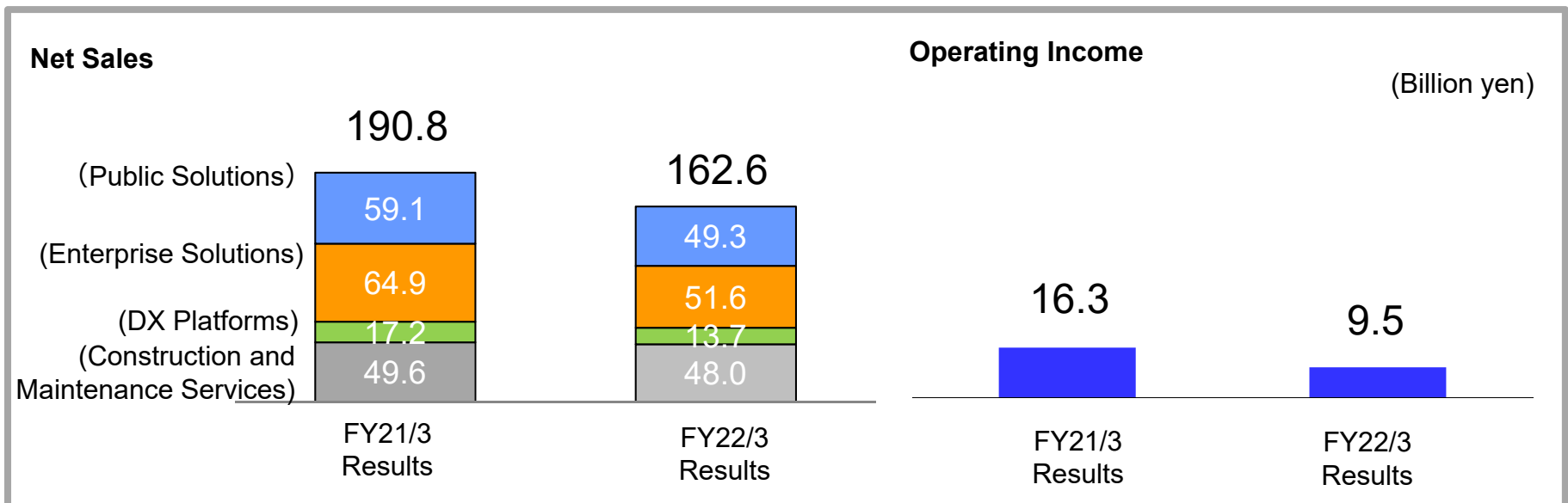
- Changes in volume was negative due to a decrease in Solution Systems, despite strong demand for FA/semiconductor manufacturing equipment.
- Impact of material procurement exceeded the previous forecast.
- Fixed costs improved through structural reform, reduction of group common costs, and cost control.

(Billion yen)



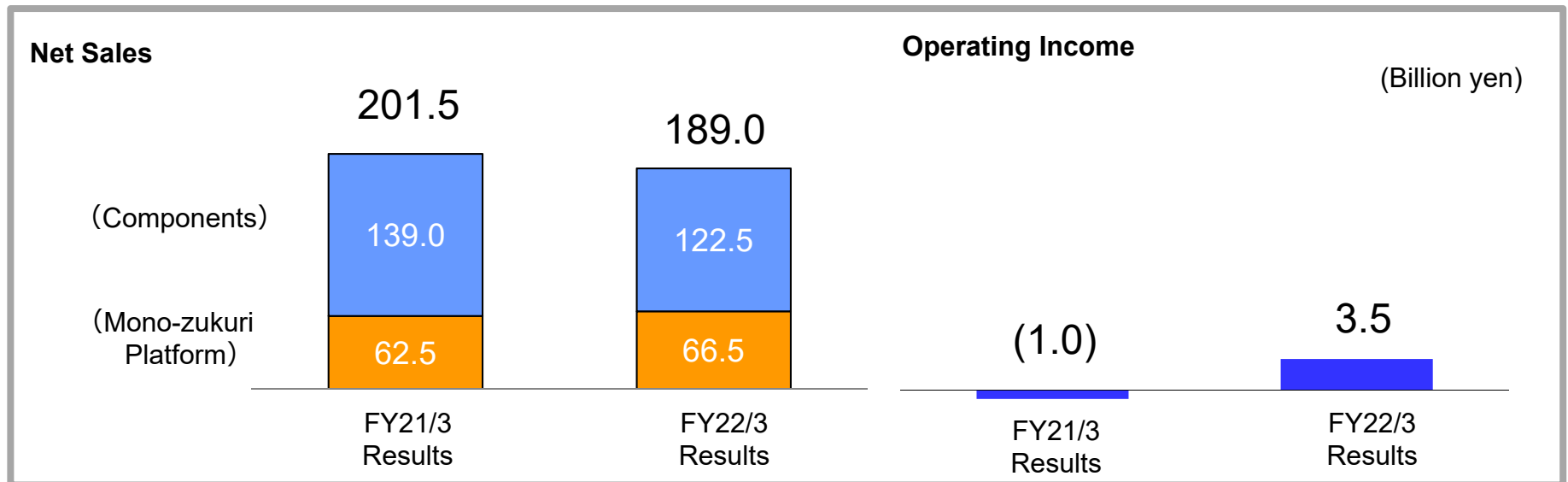
Overview: Solution Systems Business

- Fell in each subsegment due to the impact of material procurement (¥13.1 B decrease in sales) and investment restraint. (DX domain sales of ¥32.3 B)
- Made steady progress in efforts to expand sales in the DX domain despite failure to achieve its target.
- Completed business transfer procedure for aircraft instrument business.



Overview: Components & Platforms Business

- Components: sales decreased due to impact of materials procurement (¥10.0 B decrease in sales).
- Mono-zukuri Platforms: sales increased YOY due to strong demand for FA/semiconductor manufacturing equipment, despite impact of materials procurement (¥6.7 B decrease in sales).
- Profits returned to black due to a reduction in fixed costs in the Peripheral Products business.



Balance Sheets

- There is no major change in the composition of each asset and liability. Total assets were reduced.
- Shareholders' equity ratio decreased by 0.9 points

(Billion yen)	Mar. 2022	Mar. 2021	Variance
Current assets	211.8	222.2	(10.4)
Fixed assets	157.3	149.4	+7.9
Assets	369.2	371.5	(2.3)
Current liabilities	158.0	154.2	+3.8
Fixed liabilities	103.6	105.8	(2.2)
Liabilities	261.5	259.9	+1.6
Shareholders' equity	107.4	111.4	(4.0)
Others	0.2	0.3	(0.1)
Net assets	107.6	111.6	(4.0)
Total liabilities and net assets	369.2	371.5	(2.3)
Shareholders' equity ratio (%)	29.1	30.0	(0.9)
D/E ratio (times)	0.8	0.7	+0.1

Cash Flows

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

(Billion yen)	FY2022/3 (Results)	FY2021/3 (Results)	Variance
I Cash flows from operating activities	5.9	17.4	(11.5)
II Cash flows from investing activities	(17.6)	(13.8)	(3.8)
Free cash flows (I + II)	(11.7)	3.6	(15.3)
III Cash flows from financing activities	1.7	(8.9)	+10.6
Cash and cash equivalents	33.4	41.8	(8.4)
Purchases of PP&E and intangible assets	21.7	25.8	(4.1)
Depreciation	12.6	12.8	(0.2)

(Reference) Quarterly Results

(Billion yen)

Net Sales	FY2021/3					FY2022/3				
	1Q	2Q	3Q	4Q	FY	1 Q	2Q	3Q	4Q	FY
Solution Systems	39.6	43.1	44.6	63.5	190.8	33.9	35.0	38.7	55.0	162.6
Components & Platforms	41.6	48.9	48.6	62.4	201.5	45.9	44.8	47.8	50.5	189.0
Others	0.2	0.1	0.2	0.1	0.6	0.1	0.1	0.1	0.1	0.4
Total	81.4	92.1	93.4	126.0	392.9	79.9	79.9	86.6	105.7	352.1

Operating Income	FY2021/3					FY2022/3				
	1Q	2Q	3Q	4Q	FY	1 Q	2Q	3Q	4Q	FY
Solution Systems	1.8	2.2	2.5	9.8	16.3	(0.1)	(0.1)	1.7	8.0	9.5
Components & Platforms	(1.6)	(2.1)	(0.6)	3.3	(1.0)	(1.6)	0.4	4.3	0.4	3.5
Others	0.0	(0.1)	(0.1)	0.1	(0.1)	0.0	0.1	0.1	0.1	0.3
Corporate & Eliminations	(1.2)	(1.6)	(1.8)	(1.8)	(6.4)	(1.3)	(1.8)	(2.1)	(2.3)	(7.5)
Total	(1.1)	(1.5)	0.0	11.5	8.9	(3.0)	(1.4)	4.0	6.2	5.9

2. Financial Forecasts for FY2023/3

Financial Forecasts

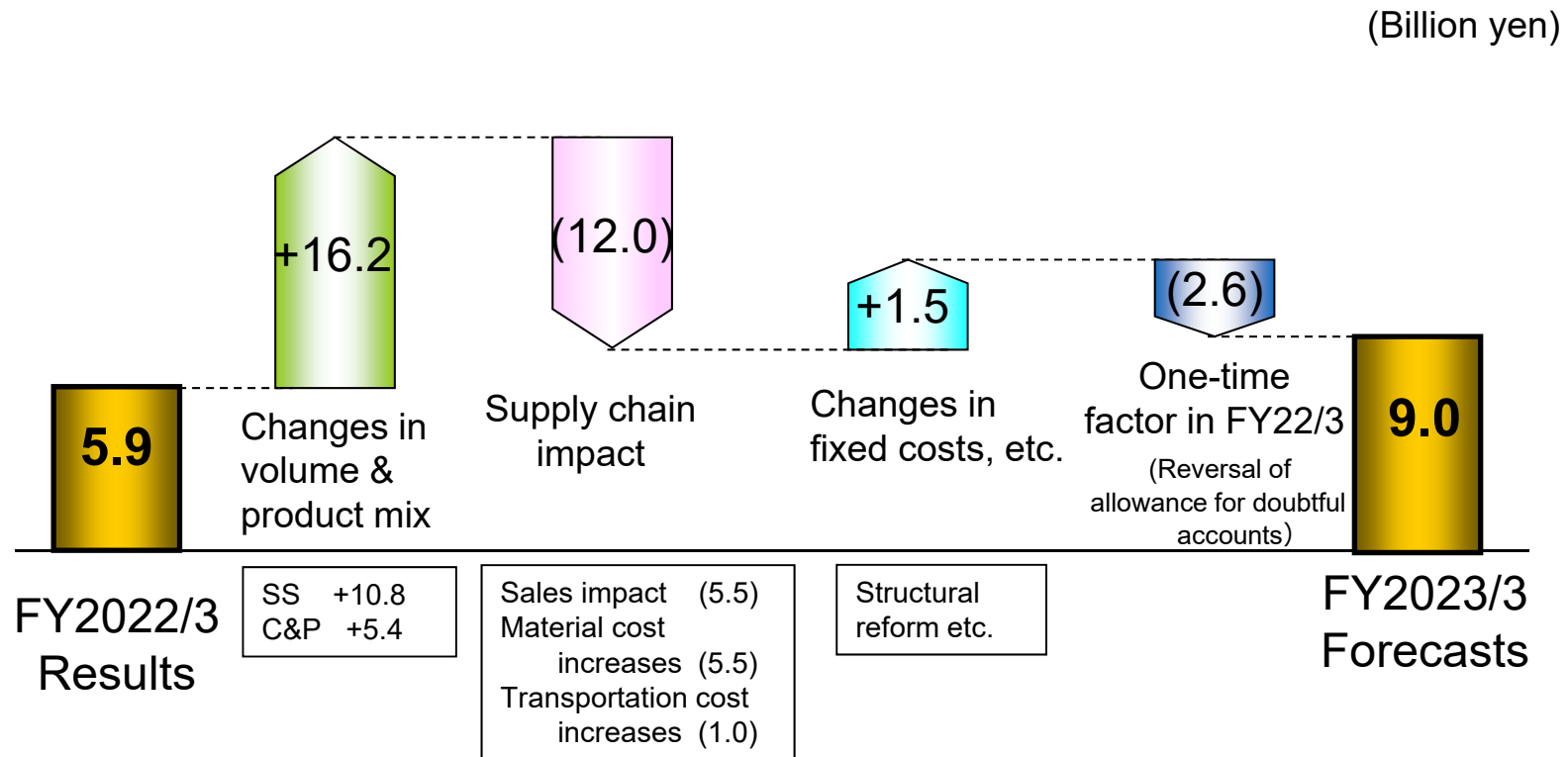
- Medium-Term Business Plan 2022 not achieved; revised as single-year plan
- Expect supply chain impact to continue this year
- Annual dividend plan: ¥30.00 per share

		FY2023/3 Forecasts	FY2022/3 Results	Variance
		(Billion yen)		
Solution Systems	Net sales	210.0	162.6	+47.4
	Operating income	14.0	9.5	+4.5
Components & Platforms	Net sales	215.0	189.0	+26.0
	Operating income	2.0	3.5	(1.5)
Others	Net sales	0.0	0.4	(0.4)
	Operating income	0.0	0.3	(0.3)
Corporate & Eliminations	Operating income	(7.0)	(7.5)	+0.5
Total	Net sales	425.0	352.1	+72.9
	Operating income	9.0	5.9	+3.1
	Ordinary income	8.0	7.7	+0.3
	Profit attributable to owners of parent	3.0	2.1	+0.9

Exchange rate assumptions: ¥115/USD
¥130/EUR

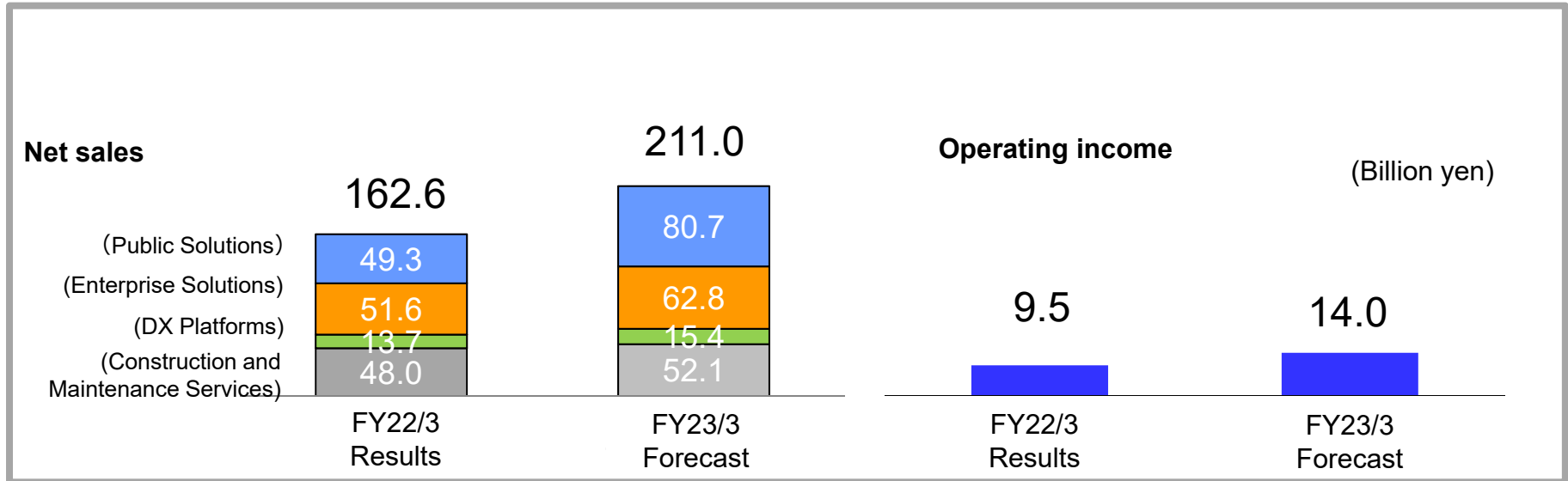
(Reference) Reasons for Changes in Operating Income

- Plan YOY profit increase by offsetting the negative impact of supply chain issues and one-time factor with increases in volume, including shift from previous year, and improvement in fixed costs.

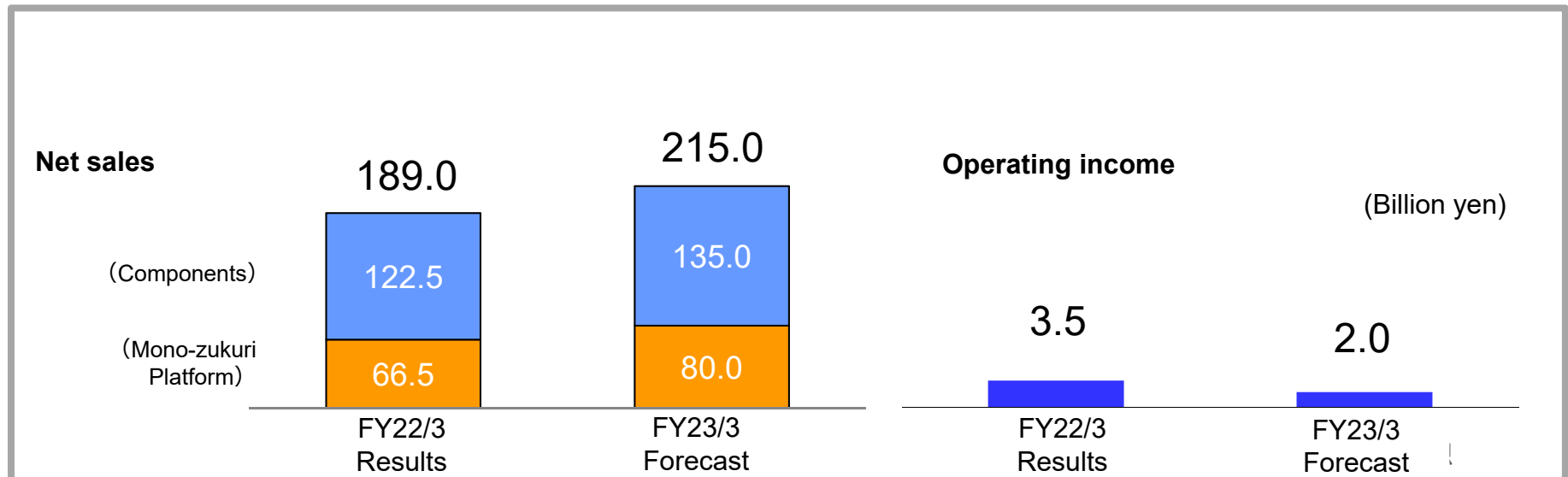


(Reference) Business Overview

Solution Systems Business



Components & Platforms Business



(Reference) Investments and Cash Flows Forecasts

- Continue to make investments essential for sustainable growth.

Investments (Billion yen)	FY2023/3 Forecasts	FY2022/3 Results	Variance
Capital Expenditure*	25.0	22.3	+2.7
Depreciation*	14.0	11.5	+2.5
R&D	12.0	11.5	+0.5

*Scope: property, plant, and equipment, and intangible assets.

Cash Flows (Billion yen)	FY2023/3 Forecasts	FY2022/3 Results	Variance
I Cash flows from operating activities	22.0	5.9	+16.1
II Cash flows from investing activities	(24.0)	(17.6)	(6.4)
Free cash flows (I + II)	(2.0)	(11.7)	+9.7

3. Management Policy for FY2023/3

Progress of Medium-Term Business Plan 2022

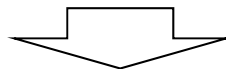
【Structural Reforms】

- ① **Restructuring Business Portfolio**
 - Strengthen development structure (700 people)
 - Narrow down printer models and rationalization of overseas sales sites
- ② **Strengthening Mono-zukuri Infrastructure**
 - Integration/reorganization of production subsidiaries, review of overseas production sites, promotion of Virtual One Factory, transition to smart factory
- ③ **Cost Reforms in Shared Group Functions**
 - **Procurement cost**
 - Personnel and expenses: function sharing, office efficiency

【Growth Strategy】

- ① **Solution Systems**
 - **Increase sales in DX domain**
 - Acquire aviation equipment business
- ② **Components & Platforms**
 - **Create new products and strengthen market access**
 - Expand DMS in Mono-zukuri Platforms business
- ③ **Innovation**
 - **Challenge new fields for new normal**
- ④ **Growth Investment : Investment execution in accordance with strategy**

Environmental changes since the formulation of the Medium-Term Business Plan (prolonged COVID-19 and normalization of supply chain issues)



Difficulty in achieving targets of Medium-Term Business Plan 2022

FY2023/3 Management Policy and Direction of Next Medium-Term Business Plan

■ Based on the changes in the business environment since the formulation of the Medium-Term Business Plan 2022 and the progress of the Medium-Term Business Plan, FY2023/3 change to a single-year plan.

FY2023/3

FY2024/3~

Final year of
“building the foundation for growth”

Revise

Priority
Issue

Strengthen measures
against supply chain impacts



Based on priority issues initiatives

Continue
“building the foundation for growth”

Formulation of Next Medium-Term
Business Plan

Next Medium-Term Business Plan

“Steer toward growth”
“Respond to environmental changes”

Creation of cross-cutting technologies,
products and solutions
(Break down organizational barriers)

Global

Marketing

Technology

Clarify goals/milestones

(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

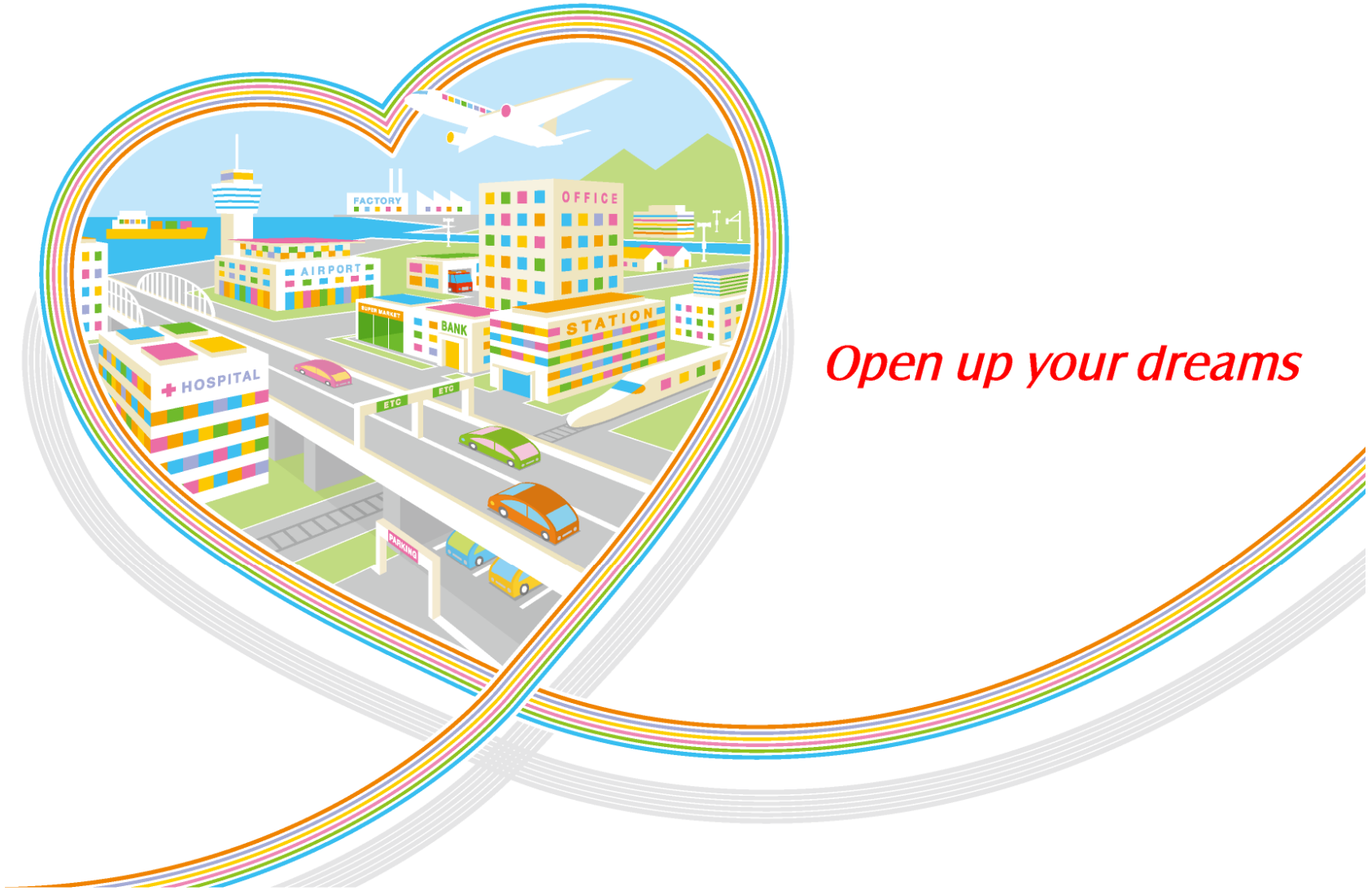
- ATMs, cash handling equipment
- Bank branch terminals, ticket reservations issuing terminals, check-in terminals
- ATM monitoring/operation services
- LED printers
- Wide format inkjet printers
- Dot-impact printers

■ 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.



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