

# OKI Group Business Strategy Meeting Public Solutions Segment

**Yoichi Kato**

Senior Executive Officer  
Head of TOKKI Systems Division

**Hajime Inoue**

Executive Officer  
Head of Social Infrastructure Solutions Division

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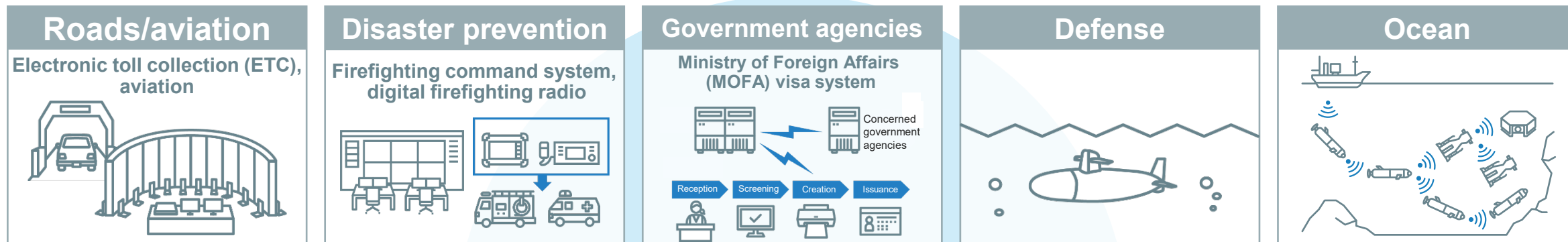
**Progress of Medium-Term Business Plan 2025 (TOKKI Systems)**

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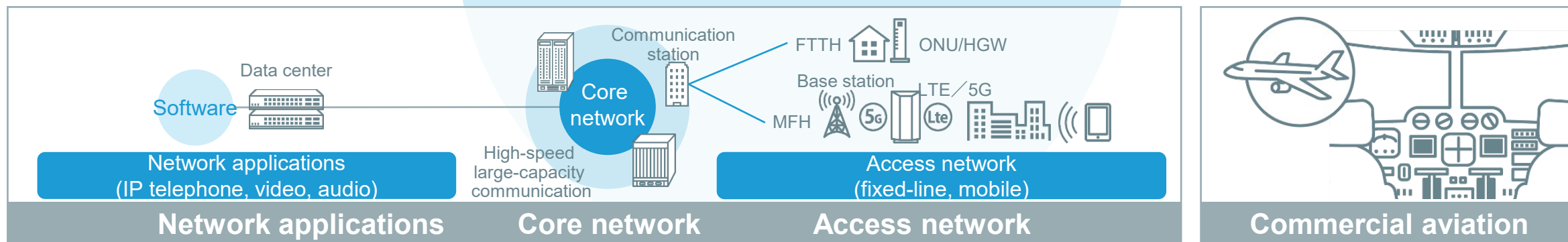
**Initiatives Targeting Future Growth (TOKKI Systems)**

## Segment Overview

We provide solutions for mission-critical systems in fields such as transportation, disaster prevention, defense, ocean, and networks ranging from edge to backbone networks



We provide safety, security, and convenience through a combination of communication infrastructure and social infrastructure solutions, and thereby contribute to society



Continue to provide valuable solutions that meet the expectations of customers involved in “social infrastructure” in both our core businesses and new fields, and grow and develop alongside our customers

### Business environment

- Improved external environment
- Core businesses moving out of changeover period
- Expanding social infrastructure and defense market

### Envisioned direction

#### Safe and convenient social infrastructure

- Improve mission-critical infrastructure and ensure stable operation



#### Conservation of global environment

- Reduce CO<sub>2</sub> emissions by enabling smooth traffic flow
- Protect marine life by monitoring and analyzing ocean conditions

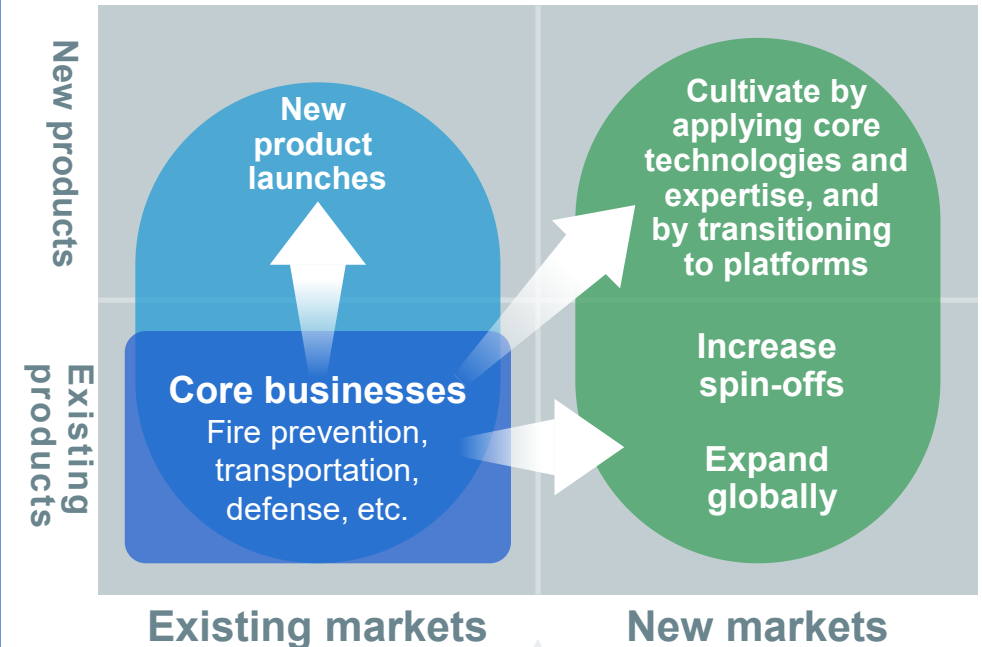


#### Job satisfaction and productivity enhancement

- Improve efficiency of public services and address labor shortages



### Direction of growth



- Launch new products and expand market share in core businesses
- Grow markets through spin-offs and global expansion
- Cultivate new fields by applying technologies and expertise, and by transitioning to platforms

## Outlook for FY24–25

- Our social infrastructure-oriented core businesses have emerged from a transitional phase, and investments in major upgrades and new services are growing
- We project steady medium-term expansion in the defense market and anticipate further long-term growth driven by the export of defense equipment
- New markets (social infrastructure and ocean) are forming, and opportunities for entry are expanding

## Firefighting/disaster prevention markets

**Demand** for firefighting and municipal disaster prevention system **upgrades** (the latter funded through emergency disaster prevention and mitigation bonds) has **generally expanded in accordance with expectations**

## Road market

**Investment projects** associated with the **upgrade/overhaul** of existing facilities and the adoption of new pricing models/automated driving systems are **progressing as projected**

## Defense market

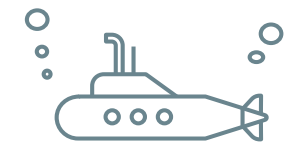
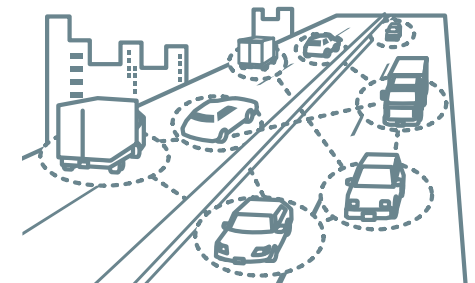
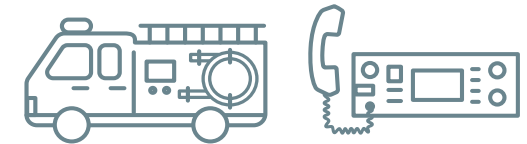
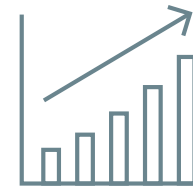
With a rising defense budget and the increasingly active export of defense equipment, **medium- to long-term market growth is virtually guaranteed**

## New social infrastructure market

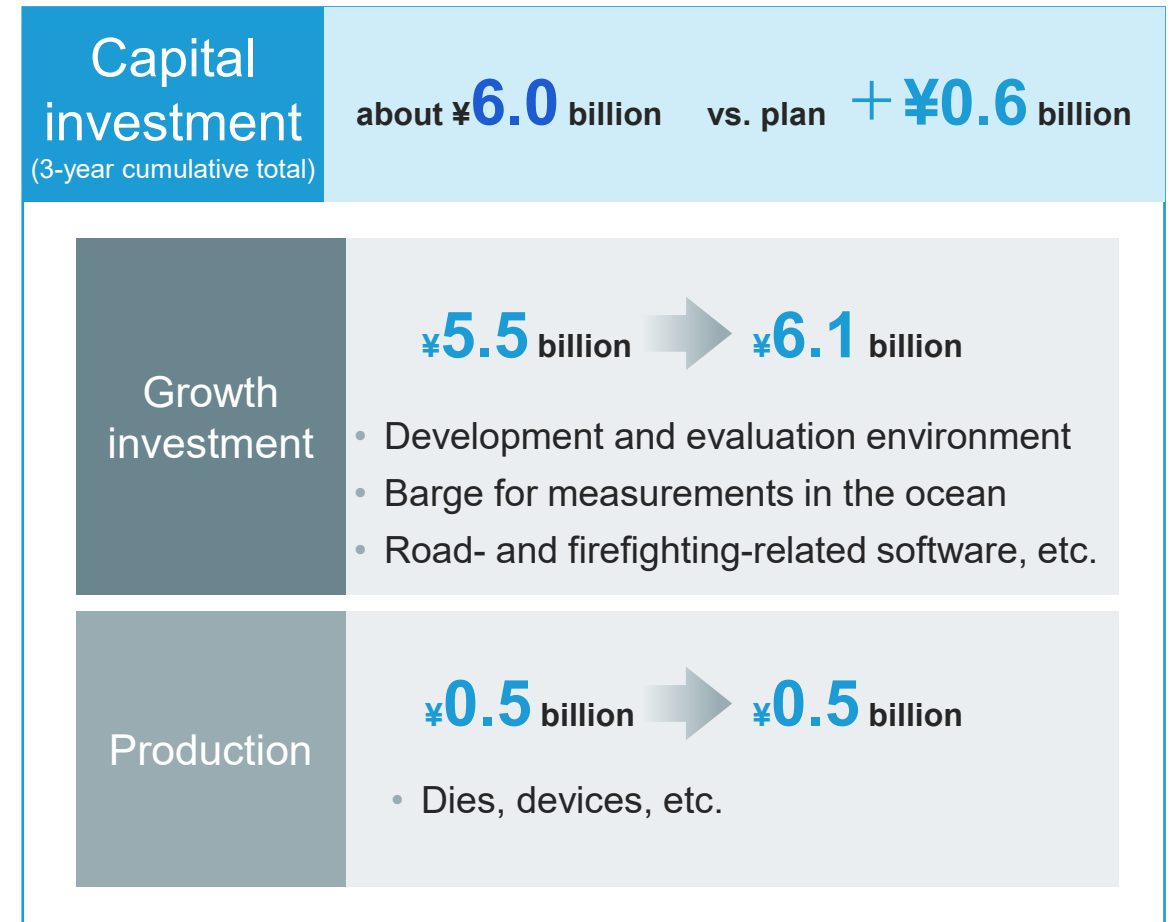
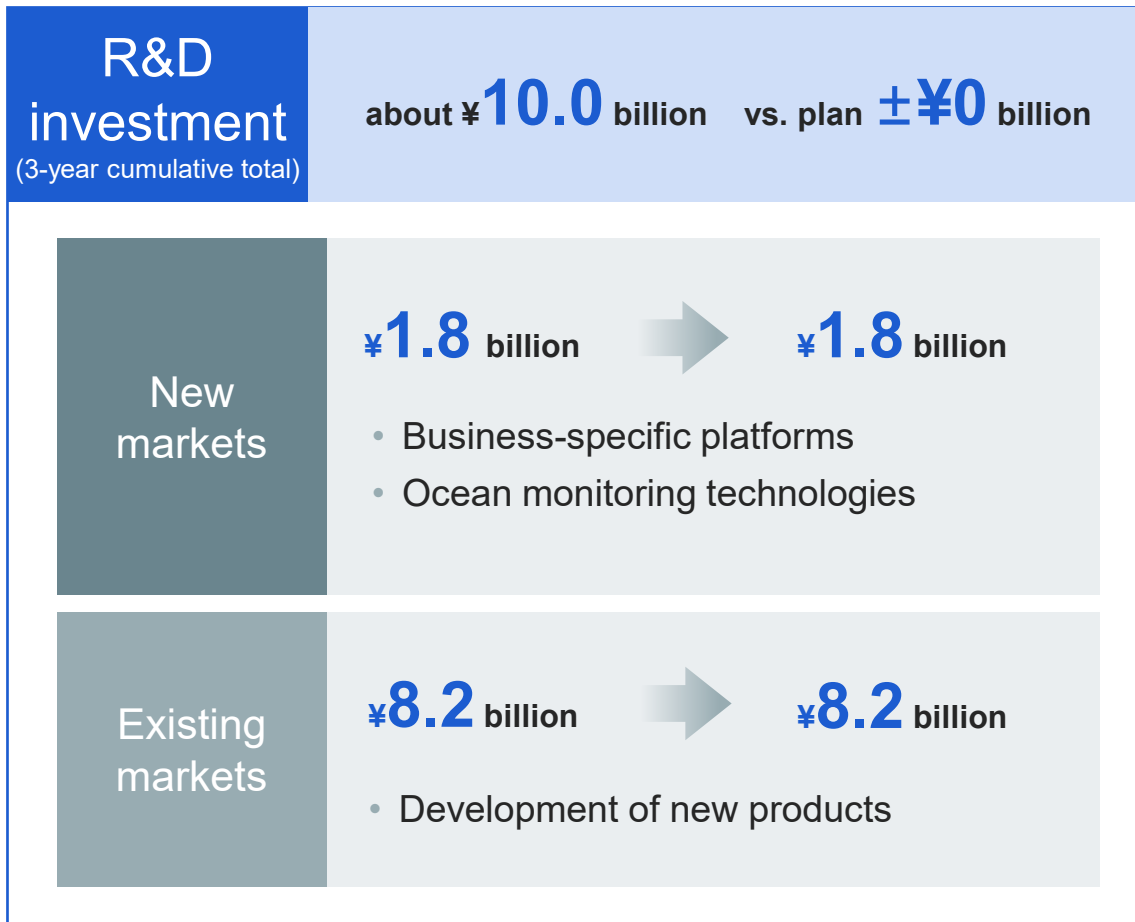
Social implementation is accelerating amid labor shortages, and the shift from field-first principles **to the focus on improving efficiency through data utilization** is picking up pace

## Ocean market

Growth emerging from marine resource development and security enhancement initiatives is **expected to facilitate the formation of new markets moving forward.**



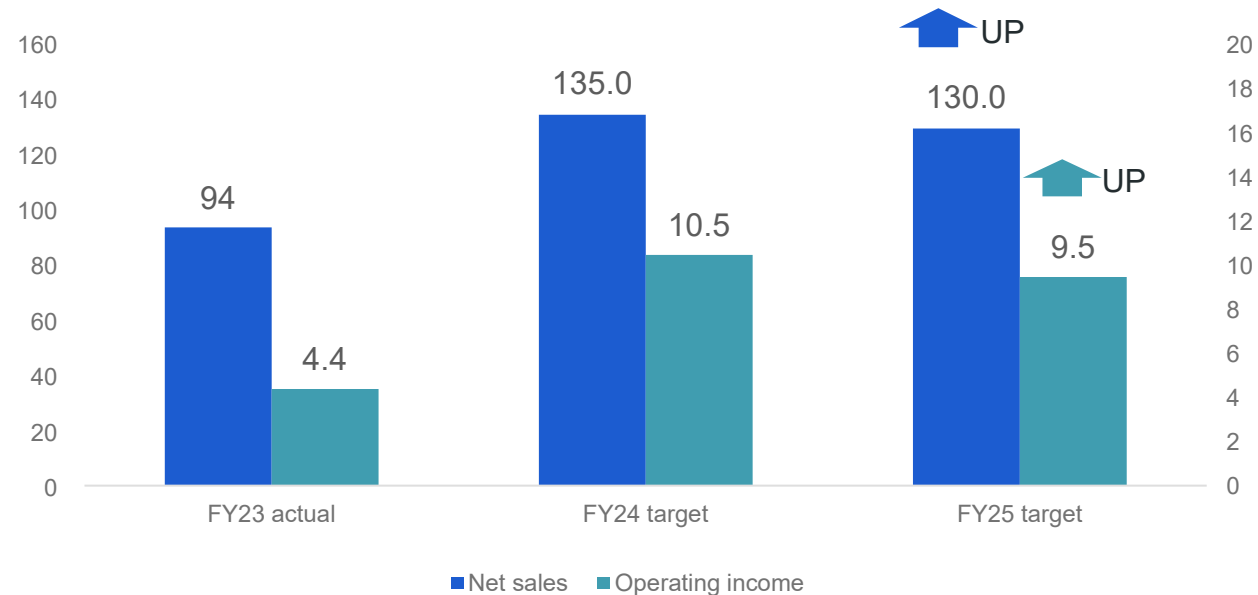
Proactively invested in road, firefighting, and TOKKI business areas during FY23 for growth in both existing and new markets  
 Maintained investment blueprints for FY24 and FY25 while executing investment with an eye to FY28 and subsequent periods



	Net sales	Operating income	Operating profit margin
FY23 results	¥94.0 billion	¥4.4 billion	4.7 %
FY24 targets	¥135.0 billion	¥10.5 billion	7.8 %
FY25 targets	¥130.0 billion ↑ UP	¥9.5 billion ↑ UP	7.3 % ↑ UP

- FY23: Emerged from a transitional period amid improvement in the external environment
- FY24: Further top-line and operating income growth expected to emerge from R&D, capital investment, and human resource-related spending
- Steady growth toward surpassing Medium-Term Business Plan targets for FY25

(Billions of yen)



(Billions of yen)

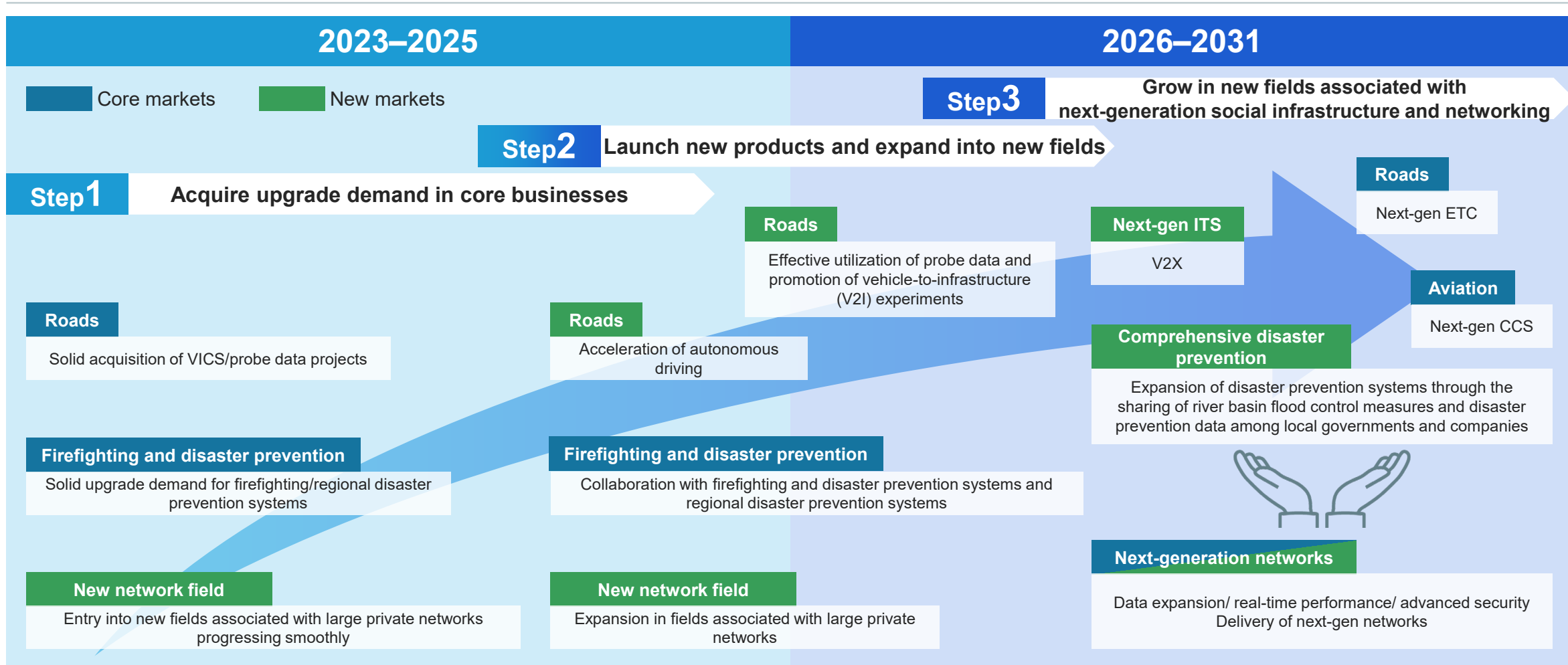
All key initiatives progressing as expected

Proceeding toward the achievement of Medium-Term Business Plan 2025 targets and fulfillment of our vision for the future

Key initiatives	KPIs	Progress								
Launch distinct new products that meet customer needs	Capture upgrade demand centered on the fire and disaster prevention markets FY25 sales: ¥32.3 billion	<div>Steadily capturing upgrade demand associated with firefighting, disaster prevention, and roads</div> <div><p>Net sales</p><table><tr><th>Fiscal Year</th><th>Net sales</th></tr><tr><td>FY23</td><td>8.3</td></tr><tr><td>FY24</td><td>24.5</td></tr><tr><td>FY25</td><td>32.3</td></tr></table></div>	Fiscal Year	Net sales	FY23	8.3	FY24	24.5	FY25	32.3
Fiscal Year	Net sales									
FY23	8.3									
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FY25	32.3									
Enter new fields through business-specific platforms	Provide platforms specializing in edge data for markets where we can leverage our expertise in fields such as roads, disaster prevention, and marine applications	Established Cross-Industry Business Center and are currently conducting experiments and implementing on-site solutions along with collaborative partners								



We have successfully secured upgrade demand in core businesses and expanded into new markets. In pursuit of future growth, we will launch new products and promote expansion into the next-generation social infrastructure and networks fields.

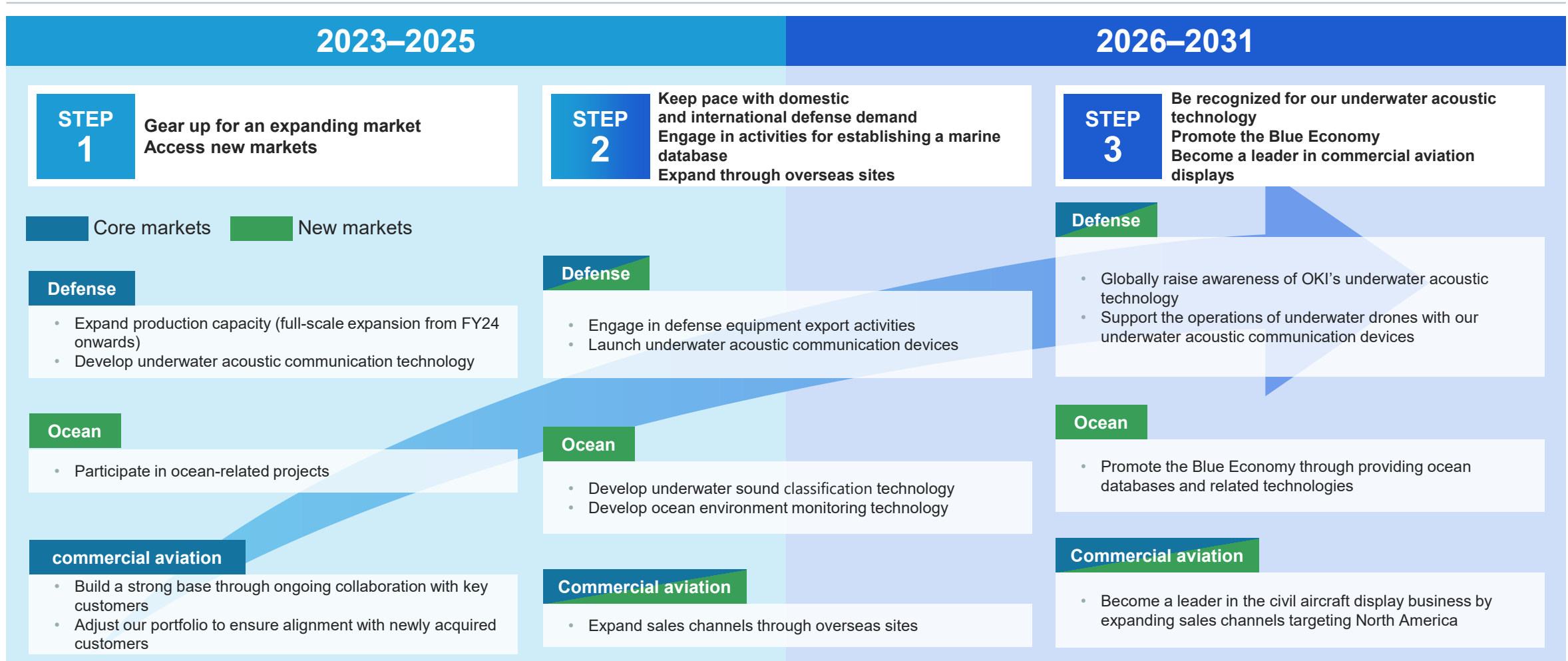


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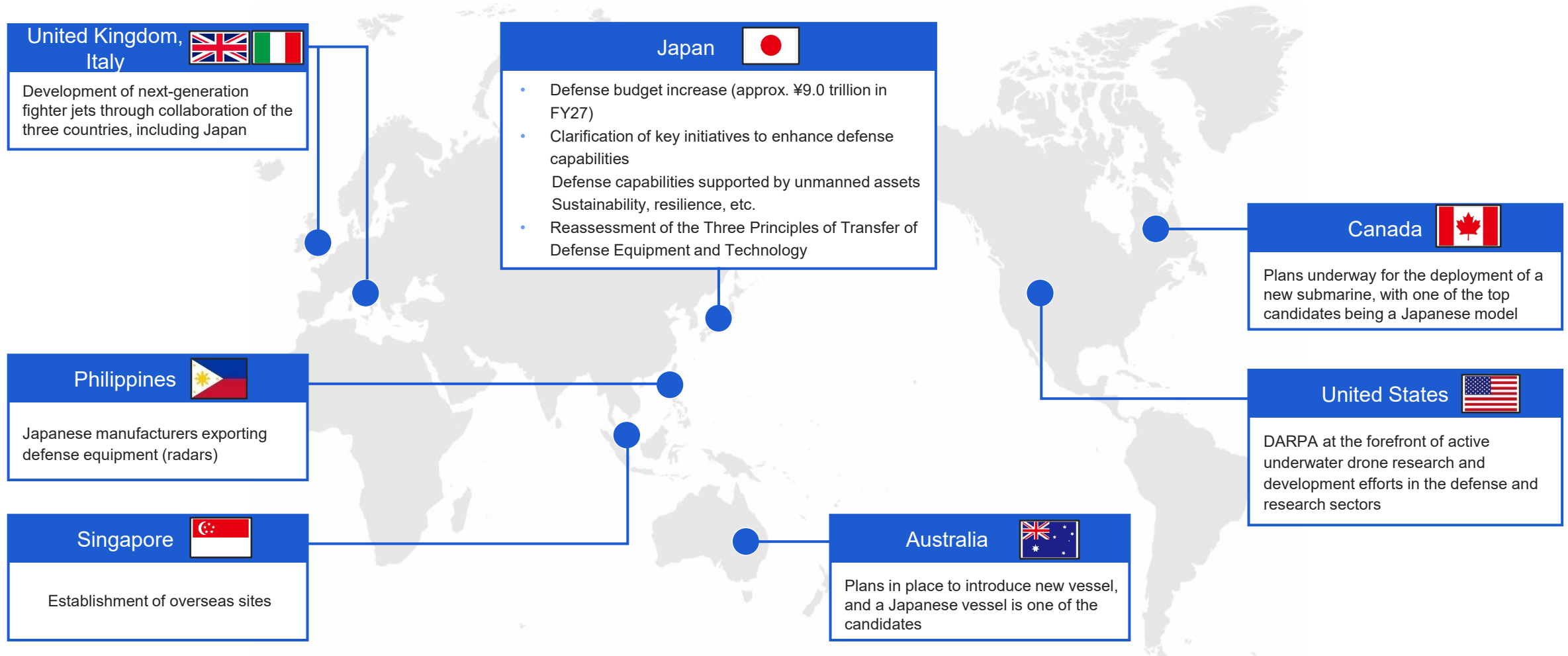
Proceeding toward the achievement of Medium-Term Business Plan 2025 targets and fulfillment of our vision for the future

Key initiatives	KPIs	Progress
Enter new fields through business-specific platforms	Provide platforms specializing in edge data for markets where we can leverage our expertise in fields such as roads, disaster prevention, and marine applications	<p>Participated in the Japan Science and Technology Agency's (JST's) Key and Advanced Technology R&amp;D through Cross-Community Collaboration Program</p> <ul style="list-style-type: none"> <li>Developed sensing cables using optical fiber sensors</li> <li>Developed underwater sound classification technology</li> </ul>
Promote global expansion	Expand civil aviation portfolio, and utilize sales channels of overseas sites	<ul style="list-style-type: none"> <li>Established an overseas base in Singapore</li> <li>Advancement in the formation of an export market for defense equipment achieved through modified application of the Three Principles of Transfer of Defense Equipment and Technology</li> </ul>

**Achieve sustainable growth by providing unique technologies and products in the defense, ocean, and commercial aviation sectors while keeping pace with market expansion**



Growth in opportunities (joint development of next-generation fighter jets, Australia's new defense equipment procurement plans, etc.)  
 Investment in underwater drones (unmanned underwater vehicles) picking up speed both domestically and internationally

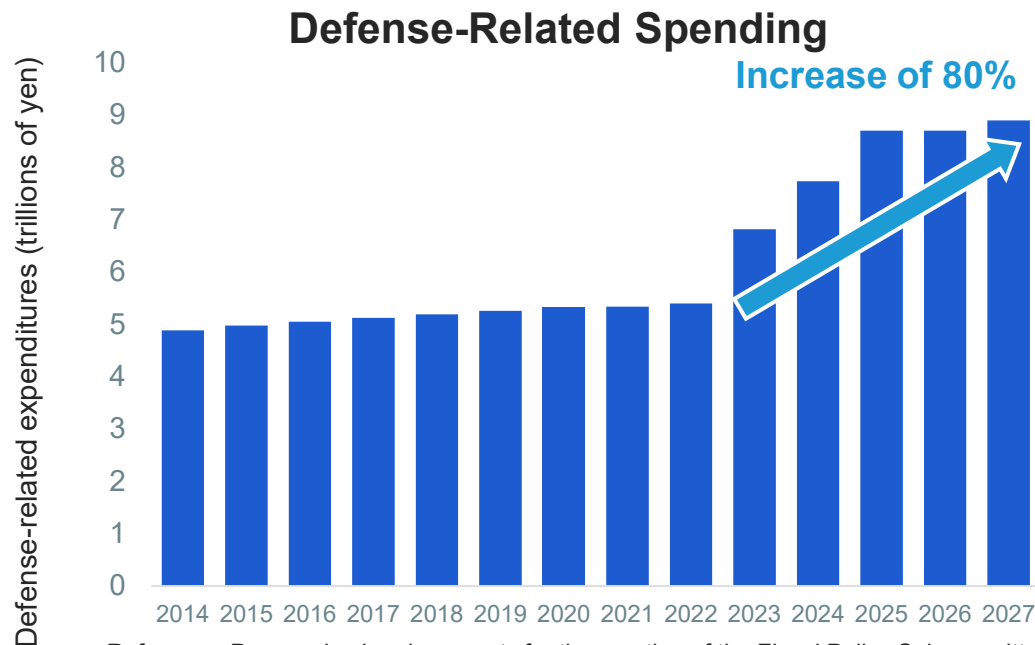


## Boosting production capabilities in response to the increase in the domestic defense budget

### Detailed plans in place to export defense equipment and acquire underwater advantage

Efforts underway to take advantage of large budget increases and handle major projects aimed at strengthening defense capabilities

- Increase in production capacity
- Development of new technologies



Reference: Prepared using documents for the meeting of the Fiscal Policy Subcommittee of Japan's Ministry of Finance (held on October 27, 2023)

#### Increase in production capacity

- Initiated production capacity enhancements by upgrading the for measurements in the ocean and improving ocean measurement efficiency
- Increased capital investment in production lines from FY24

New Barge "SEATEC NEO"



#### Development of new technologies

- Developing communication technologies which are important for underwater unmanned vehicles in a bid to acquire underwater advantage

Future underwater wireless communication network



## Leveraging our defense expertise, we are participating in an ocean data collection project to secure a key role within the ocean market moving forward

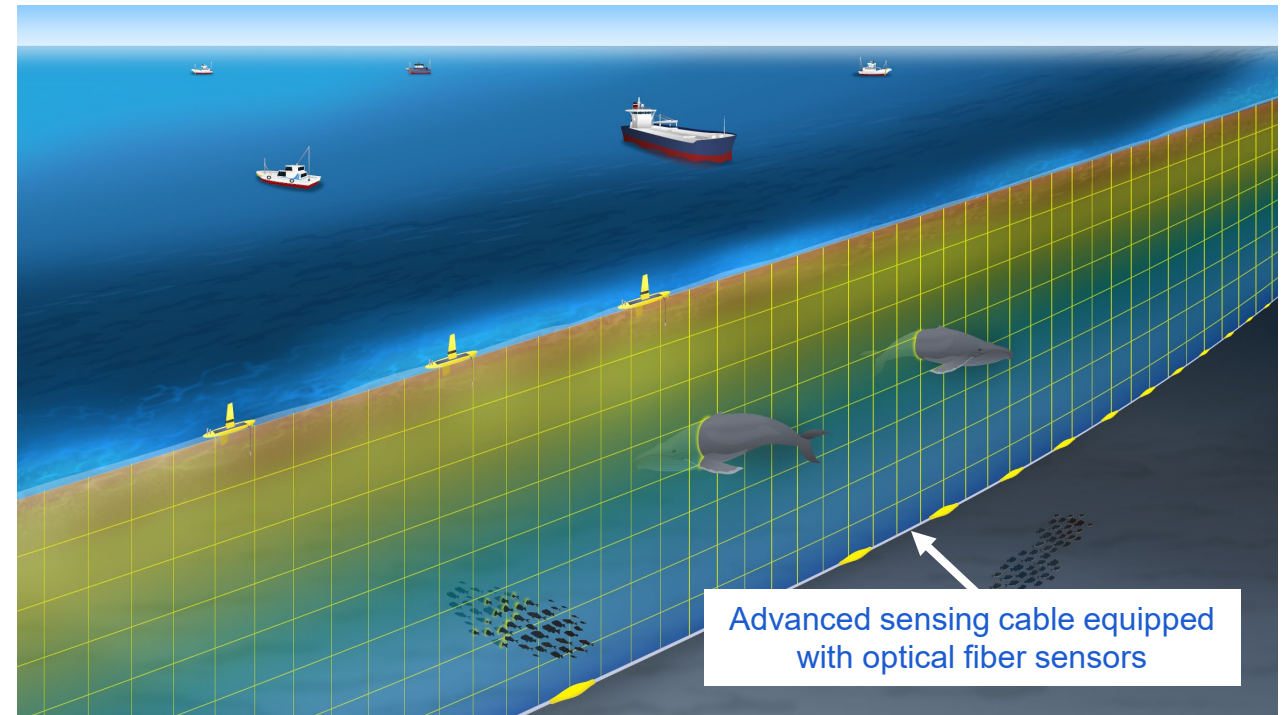
### Development of technology for constant surface-to-seabed monitoring and automated underwater sound recognition

Project endorsed under Japan Science and Technology Agency's (JST's) Key and Advanced Technology R&D through Cross-Community Collaboration Program and headed by Japan Agency for Marine-Earth Science and Technology (JAMSTEC)

#### OKI's involvement

- Development of advanced sensing cables
- Development of technology to classify different types of sounds (environmental, artificial, biological) and to detect object movement patterns

Project vision (illustration of vertical cross-sectional observation system)



Source: Smart Sensing Technology Development Project team (JAMSTEC website)





*Open up your dreams*