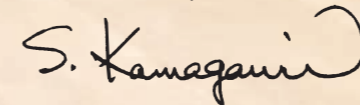


MESSAGE FROM THE PRESIDENT

**“Delivering OK! to your life.”
—our value of existence and
future promise**

Shinya Kamagami
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Oki Electric Industry Co., Ltd.



Vision of the OKI Group

In 2021 we are celebrating 140 years since the Company’s founding. Over the course of OKI’s history, which began with the development of Japan’s first domestically produced telephone at the dawn of modern Japan, we have always been finely attuned to the needs of real sites in society and therefore leveraged our manufacturing capabilities to resolve such issues. As we continue to inherit this ethos, and with a view to achieving sustainable growth from a long-term perspective, we identified issues we ought to address for 2031—the Company’s 150th anniversary—as a corporation by back-casting from our vision* and kicked off our Medium-Term Business Plan 2022 in fiscal year 2020. Our key message of “Delivering OK! to your life.” is our promise for the future as we look ahead to the year 2030, the target year of SDGs, and what society might look like even further out, in the year 2050.

Our vision mentions the words “social infrastructure.” In a broad sense, this refers to the infrastructure needed in people’s lives that widely supports infrastructure in the narrow sense of the word, such as roads, tunnels, airports, and ports.

Materiality-driven Initiatives

Based on this recognition, as part of the process of “Delivering OK! to your life.,” in fiscal year 2020 we identified the

To be more specific, our disaster prevention and mitigation systems to counter natural disasters, our safety and security systems for use in commercial complexes and public facilities, and even our payment systems for the financial sector.

The OKI Group has three key strengths that will help us achieve our vision: (1) the products, systems, and services we have hitherto provided, or in other words, the technological capabilities we have honed over 140 years with our Mono-zukuri and Koto-zukuri know-how; (2) an installed base of numerous device groups; and (3) good relationships with many customers. It is my firm belief that our value of existence is to harness these strengths for the purpose of “Delivering OK! to your life.” by creating products and services that can solve issues in numerous edge domain settings in the real world, as opposed, in some ways, to the virtual world and cloud environments that are currently in the limelight as digitalization continues its onward march.

*The OKI Group helps create a safe and convenient infrastructure for customers and society as a whole through the key Japanese concepts of “Mono-zukuri” and “Koto-zukuri.”

Company’s issues of materiality. In the course of identifying them, we narrowed down and ordered by priority the issues

we need to address from two points of view: the direction our business lines are heading in; and the expectations and needs of society and stakeholders.

As a result, we broadly placed the issues of materiality into three categories: (1) products and services that help solve social issues; (2) business activities that meet stakeholder expectations; and (3) strengthen the infrastructure that support Mono-zukuri. The first category lends directly to the creation of social value, while the second and third strengthen our

Medium-Term Business Plan 2022 and Review of FY2020

The aim of the Medium-Term Business Plan 2022 is to build the foundations for achieving sustainable growth by solving social issues and be ready for steering the Company towards growth during the period of the next medium-term business plan. Concurrently, another major topic is improving profitability in the hardware business—an outstanding task from the previous medium-term business plan.

In fiscal year 2020, the first year of the current plan, earnings were hard hit by the impact of the COVID-19 pandemic. Both net sales and operating income decreased year on year and as head of the management team I feel greatly responsible for net income falling into the red. It has also renewed my determination to achieve the targets we set out in the Medium-Term Business Plan 2022.

As for building the foundations for growth—the main focus

management infrastructure. We have established relevant ESG topics for each item and reflected them in the concrete measures we are currently implementing. In particular, of the social issues we seek to resolve, we are currently formulating and rolling out initiatives geared towards solving the following seven issues that are deeply linked to our business operations: aging infrastructure, natural disasters, transportation issues, environmental issues, labor shortages, labor productivity, and infectious diseases.

of the Medium-Term Business Plan—we were able to steadily take the first step in implementing measures designed to restructure our business portfolio. For instance, overseas we reorganized and restructured our sites in Europe, North America, and Brazil, while in Japan we shifted design resources and consolidated and restructured subsidiaries, among other measures. We are also making steady improvements to the earnings structure of hardware businesses, like ATMs and printers.

Turning to initiatives that we hope will translate into growth up ahead, we are working on expanding the range of digital transformation (DX) solutions that we provide to customers and we are eyeing off fiscal year 2022 as the time to make a considerable leap forward. Right now we are pushing ahead with the demonstration testing of numerous DX solutions,

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including automated driving assistance systems and surveillance and monitoring systems for waterways and infrastructure buildings.

In the Components & Platforms business we are developing and preparing to launch new products that resolve labor shortages and provide non-face-to-face and non-contact solutions. We are also stepping up our foray into not only the financial domains where we have a long-established presence, but also fields such as distribution, retail, and healthcare. We have plans to bring new products to market in these areas in fiscal year 2021. Also, in the business of providing the very concept of OKI's Mono-zukuri capabilities, we are ramping up our expansion into the design stage for upstream processes and broadening the scope of our Mono-zukuri services, from design and manufacturing through to evaluation and maintenance. In doing so, we are working to contribute to the achievement of efficient Mono-zukuri for our customers.

As part of our efforts to promote innovation, which we started in fiscal year 2017, we are currently building an innovation management system (IMS) called Yume Pro with a view to solving social issues. In December 2020 we indicated our intention of having all Group employees participate in sparking innovation—an approach we refer to as “full-participation

innovation”—and we also declared that we would embed the IMS into the systems that form the backbone of the Company's management. As we continue to expand the IMS from the departments promoting innovation and incorporate it into trial projects in business divisions, I get the sense that there are now more employees with a mindset oriented towards taking up the challenge of innovation in all job roles and not just limited to employees tasked with creating new business ideas. We are actually seeing glimpses of our transformation into a partner that no longer simply responds to the requests of customers, but carefully takes their concerns into consideration to provide solutions. We intend to further this transformation so that it becomes part of the business foundation that underpins the future of the OKI Group.

Even though the feedback and inquiries we have received from customers and co-creation partners have been reassuring, our initiatives on business expansion and innovation have unfortunately been impacted by the COVID-19 pandemic dragging on longer than expected. Along with the COVID-19 situation, supply chain issues and other uncertainties are mounting, but the external environment can be no excuse, which is why we intend to hammer out whatever measures necessary as we work towards achieving the targets in our plan.

ESG Initiatives to Support our Management Infrastructure

Hastening measures to address climate change and other environmental problems as “our own issues”

In August the Sixth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC) was released. According to the report, the pace of global warming has accelerated since the last report in 2018 and in all scenarios presented by the IPCC, the planet is predicted to cross global warming levels roughly 10 years sooner than previously reported unless emissions of CO₂ and other greenhouse gases are drastically reduced. With absolutely no time to waste, measures aimed at preventing global warming are gaining momentum even in Japan, highlighted by the government's unveiling of a roadmap towards achieving a carbon-neutral society.

In the OKI Group too, we have set ourselves the target of reducing life-cycle CO₂ emissions by 40% in 2030 compared to fiscal year 2013 and achieving net-zero CO₂ emissions from energy used at all plants and business sites by fiscal year 2050. To work towards these goals we have set in motion the Medium-Term Environmental Plan 2022.

The main measures called for in the plan are promoting businesses that contribute to the achievement of the SDGs, taking steps towards decarbonization, and bolstering supply chain management. We are also constructing a framework through which we can distribute information to stakeholders about the processes and results of the aforementioned measures, but which also helps us achieve sustainable growth. In particular, we are working to develop products that help resolve environmental problems, lending our resources to the

creation of a circular economy, reducing CO₂ at our business sites, and stepping up our efforts to make the transition to renewable energy.

Accordingly, I believe the most important thing when tackling climate change and pursuing various other environmental measures in order to achieve our targets is to be cognizant of the fact that combatting climate change is not somebody else's, but “our own issue,” which concerns each and every one of us. 2030 is less than 10 years away and even 2050 is no more than 30 years from now. To ensure that our children and their children do not suffer from an adverse legacy, corporations like ours must quicken the pace of measures to address climate change so that the future of society is a sustainable one. Considering this outcome, at OKI we have come to the conclusion that the energy we consume should be equal to the energy we create. And based on a similar point of view, in order to come up with new solutions, we are actively undertaking an initiative to radically change our way of thinking mainly by engaging in dialogue with all OKI division heads concerning ESG topics.

Meanwhile, rapid changes in the external environment, like climate change, pose risks to corporations, but at the same time, they also present opportunities. I believe we can ultimately achieve sustainable growth in due course if we draw connections between the activities that we are carrying out for achieving our targets with value creation “opportunities” and the “risks” to our management infrastructure, then seizing those opportunities whilst mitigating the risks.

Establishing environments and systems so that every individual can unleash their full potential

In September 2016 we established the following five Action Principles for all Group employees to hold in common and put into practice: (1) act with integrity; (2) challenge and drive change; (3) perform with speed and agility; (4) be passionate, and determined to succeed; and (5) proactively encourage excellence as “Team OKI.” Our objective here is to nurture human resources that can respond flexibly to change, ensure thoroughgoing compliance practices, and foster a corporate culture in which teams work together to boldly take on challenges in the face of major changes in the business environment without being complacent with the status quo. After five years, these action principles are gradually becoming entrenched in the minds of all employees. To further instill them, we are currently developing a performance metric based on the principles to be used as part of our HR performance evaluation system.

Furthermore, so that every individual has the chance to fully demonstrate their capabilities, we draw on the action principles to implement curriculum-based training; for example, rank-based training, business skills, or departmental training. In addition, from the standpoint of diversity and inclusion, we undertake initiatives aimed at empowering women in the workplace and raising awareness about LGBTQ issues, and we also actively encourage the hiring of challenged people. In fiscal year 2020 we took advantage of the COVID-19 pandemic to launch the Smart Work-Life Project with the objectives of streamlining our offices and encouraging teleworking so that we might achieve a flexible working style that improves productivity and efficiency.

Having each and every employee in our diverse workforce

demonstrate their full potential also forms the basis of the OKI Group's notion of having all employees play a part in innovation. As we work towards achieving the vision of the OKI Group, in order to develop and secure the human resources that support Mono-zukuri and businesses in growth fields, we must break down the various stereotypes that have persisted thus far and continue to put in place more suitable workplace environments and systems.

Governance worthy of the trust of all stakeholders

In June 2021, Japan's Corporate Governance Code was revised. The main revisions pertained to ensuring board independence, promoting diversity in core human resources, and attention to sustainability and ESG. Since June 2017, more than 40% of the directors that sit on OKI's Board have hailed from outside of the Company, whilst female director also participate in management. Also, in May 2019 we were quick to announce our support of the recommendations of the TCFD and we also took steps to enhance our corporate governance in anticipation of the recent amendments to the Corporate Governance Code. Moreover, to coincide with the revisions, in June this year female independent outside director Izumi Kawashima was appointed chair of the Board of Directors, a move that we expect will further invigorate the Board.

The OKI Group is working to enhance corporate governance in line with our fundamental policies, i.e., “enhancement of management fairness and transparency,” “timely decision-making processes,” and “full compliance and fortification of risk management.” Going forward, we will aim to earn the trust of various stakeholders, achieve sustainable growth, and improve medium- to long-term corporate value.

In Conclusion

By committing to solving the social issues listed among our items of materiality, we aim to give concrete shape to our promise of “Delivering OK! to your life.” and achieve sustainable growth for society and the Company. To that end, I believe it is important that we appropriately disclose to our stakeholders information about how our numerous initiatives are progressing so that it can be leveraged in co-creation efforts for solving issues. I look forward to your continued guidance and encouragement.

October 2021

