

# Financial Results for the FY Ended March 31, 2021

May 10, 2021

Ok Electric Industry Co., Ltd.

# Executive Summary

## ■ FY2021/3 Results

- ✓ Results as planned for the first year of Medium-Term Business Plan 2022
- ✓ Overcame challenging business environment in some areas with our comprehensive capability

## ■ “Medium-Term Business Plan 2022” First Year Initiatives

- ✓ COVID-19 Impact: longer impact than initially expected in overseas. Relatively limited impact in Japan
- ✓ Structural Reforms: steadily implemented measures such as design resource shifts and reorganization of affiliated companies
- ✓ Solution Systems: co-creation in the digital transformation (DX) domain moves toward bearing fruits from development phase.
- ✓ Components & Platforms: invested in development for portfolio shift. New products scheduled for release in FY2022/3.
- ✓ Growth Investment: investment phase continues for building foundation for sustainable growth.

## Summary of Financial Results

- Net sales fell short of forecast due to prolonged COVID-19 impact. Some of effects of structural reforms became apparent in profits.
- Net loss recorded due to reversal of differed tax assets and etc.

(Billion yen)	FY2021/3 Results	FY2021/3 Forecasts (As of Oct. 29)	Variance	FY2020/3 Results	Variance
Net sales	392.9	405.0	(12.1)	457.2	(64.3)
Operating income	9.5	8.5	+1.0	16.8	(7.3)
Ordinary income	9.4	8.0	+1.4	13.8	(4.4)
Profit attributable to owners of parent	(0.2)	1.0	(1.2)	14.1	(14.3)
USD average exchange rate (Yen)	105.72	110.00		108.93	
EUR average exchange rate (Yen)	123.48	120.00		120.96	

## Segment Information (Net Sales)

- **Solution Systems**  
 Decreased YoY due to reactionary declines from large scale projects and change in sales standard, etc. Results generally as expected, driven by network-related, despite some COVID-19 impact.
- **Components & Platforms**  
 Decreased YoY and from the forecast as well, due to prolonged COVID-19 pandemic, mainly in overseas markets

(Billion yen)	FY2021/3 Results	FY2021/3 Forecasts <small>(As of Oct. 29)</small>	Variance	FY2020/3 Results	Variance
Solution Systems	192.5	195.0	(2.5)	229.1	(36.6)
Components & Platforms	196.5	205.0	(8.5)	216.3	(19.8)
Others	3.8	5.0	(1.2)	11.9	(8.1)
<b>Total</b>	<b>392.9</b>	<b>405.0</b>	<b>(12.1)</b>	<b>457.2</b>	<b>(64.3)</b>

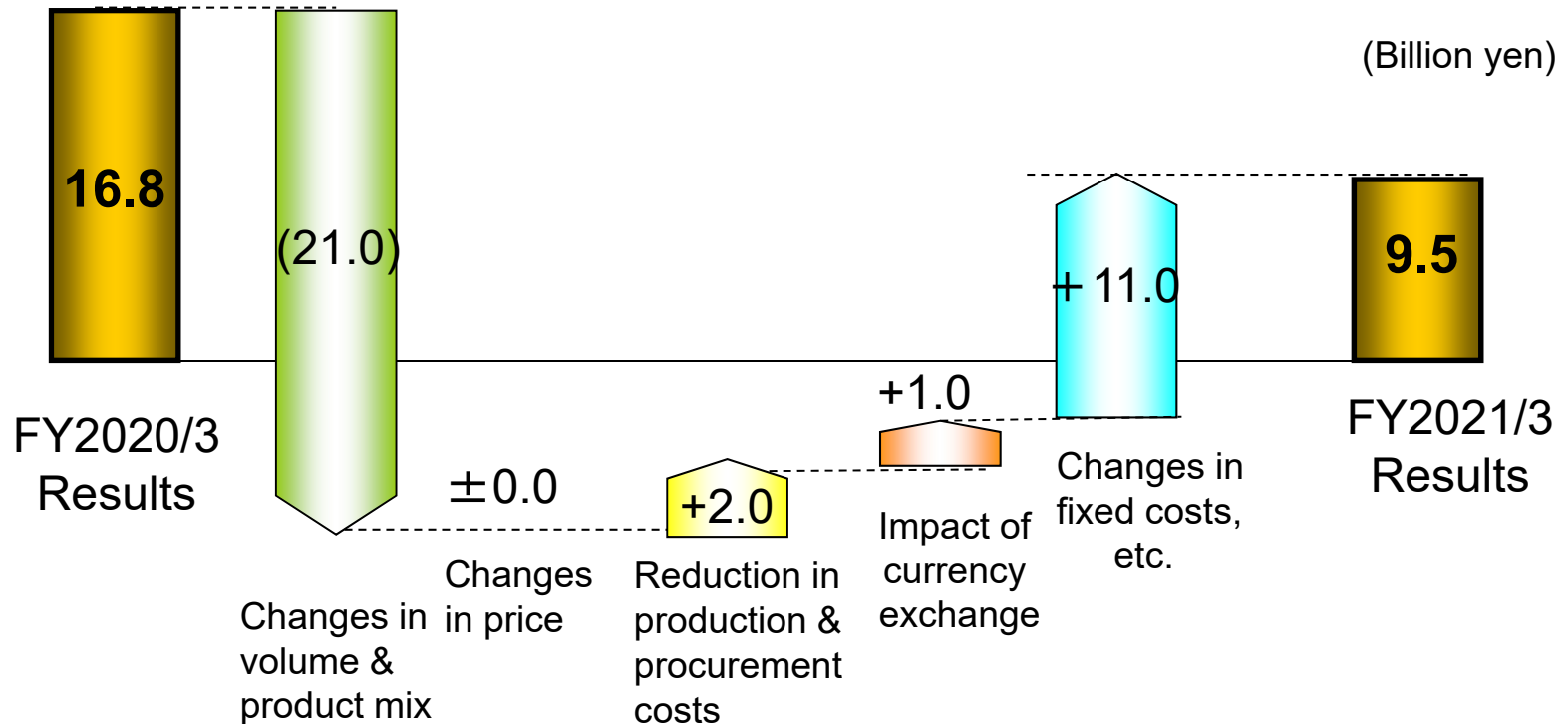
## Segment Information (Operating Income/Loss)

- **Solution Systems**  
Improved from forecast, driven by network-related.  
Decreased YoY due to reactionary declines in net sales.
- **Components & Platforms**  
Decreased YoY and from the forecast as well, due to the decrease in overseas sales. Slightly recovered due to structural reforms.

(Billion yen)	FY2021/3 Results	FY2021/3 Forecasts (As of Oct. 29)	Variance	FY2020/3 Results	Variance
Solution Systems	16.3	15.0	+1.3	20.2	(3.9)
Components & Platforms	(0.1)	1.0	(1.1)	5.2	(5.3)
Others	(0.3)	0.0	(0.3)	(0.5)	+0.2
Corporate & Eliminations	(6.4)	(7.5)	+1.1	(8.0)	+1.6
<b>Total</b>	<b>9.5</b>	<b>8.5</b>	<b>+1.0</b>	<b>16.8</b>	<b>(7.3)</b>

# Reasons for Changes in Operating Income/Loss

- Significant impact of volume fluctuations. Achieved some recovery through a review of overall costs, etc.



## Balance Sheets

- No major change in the composition of each asset and liability
- Shareholders' equity ratio: 30.3% (increased by 1.8 points)

(Billion yen)	Mar. 2021	Mar. 2020	Variance
Current assets	222.2	236.7	(14.5)
Fixed assets	151.0	135.7	+15.3
<b>Assets</b>	<b>373.2</b>	<b>372.5</b>	<b>+0.7</b>
Current liabilities	154.1	159.9	(5.8)
Fixed liabilities	105.8	106.1	(0.3)
<b>Liabilities</b>	<b>259.9</b>	<b>266.0</b>	<b>(6.1)</b>
Shareholders' equity	113.0	106.2	+6.8
Others	0.3	0.2	+0.1
<b>Net assets</b>	<b>113.3</b>	<b>106.4</b>	<b>+6.9</b>
<b>Total liabilities and net assets</b>	<b>373.2</b>	<b>372.5</b>	<b>+0.7</b>
Shareholders' equity ratio (%)	30.3	28.5	+1.8
D/E ratio (times)	0.7	0.7	0.0

# Cash Flows

- FCF: net inflow of ¥3.6 billion
- Maintain ample cash reserves in preparation for changes in the market environment

(Billion yen)	FY2021/3 (Results)	FY2020/3 (Results)	Variance
I Cash flows from operating activities	18.1	32.5	(14.4)
II Cash flows from investing activities	(14.5)	(3.0)	(11.5)
Free cash flows ( I + II )	3.6	29.5	(25.9)
III Cash flows from financing activities	(8.9)	(9.2)	+0.3
Cash and cash equivalents	41.8	46.5	(4.7)
Purchases of PP&E and intangible assets	26.5	16.3	+10.2
Depreciation	12.9	12.6	+0.3



## Financial Forecasts

- Aim to increase sales and profits by implementing structural reforms and growth investment in line with the Medium-Term Business Plan 2022.
- Annual dividend plan: ¥30.00 per share

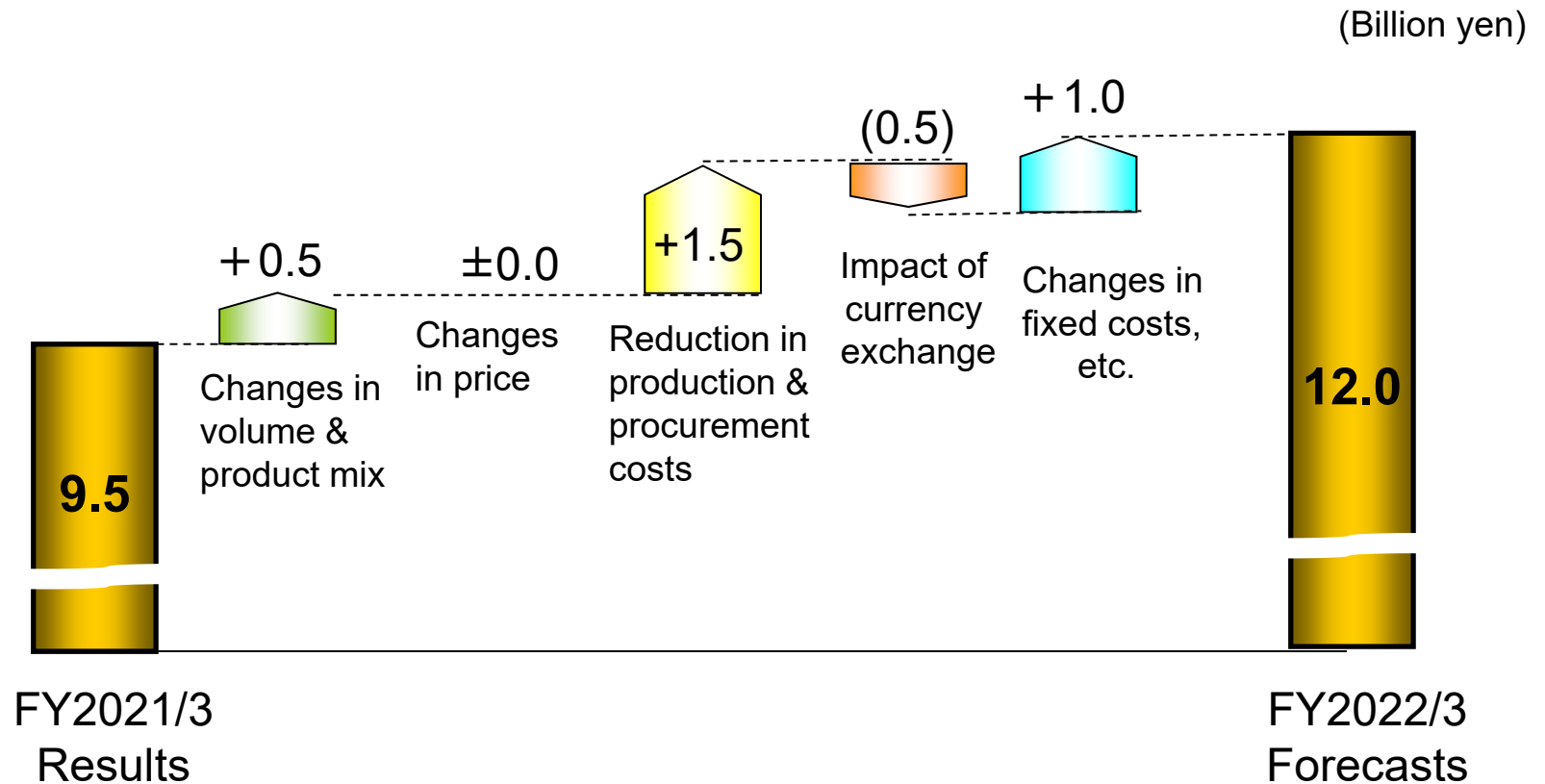
		FY2022/3 Forecasts	FY2021/3 Results	Variance
		(Billion yen)		
Solution Systems	Net sales	198.5	190.8	7.7
	Operating income	16.5	16.3	0.2
Components & Platforms	Net sales	201.0	201.5	(0.5)
	Operating income	2.5	(0.4)	2.9
Others	Net sales	0.5	0.6	(0.1)
	Operating income	0.0	(0.1)	+0.1
Corporate & Eliminations	Operating income	(7.0)	(6.4)	(0.6)
Total	Net sales	400.0	392.9	7.1
	Operating income	12.0	9.5	2.5
	Ordinary income	12.0	9.4	2.6
	Profit attributable to owners of parent	3.5	(0.2)	3.7

\*Restate figures for FY2021/3 have been revised.

Exchange rate assumptions: ¥105/USD  
¥120/EUR

# Reasons for Changes in Operating Income/Loss

- Improve profitability through ongoing structural reforms



# Investments and Cash Flows Forecasts

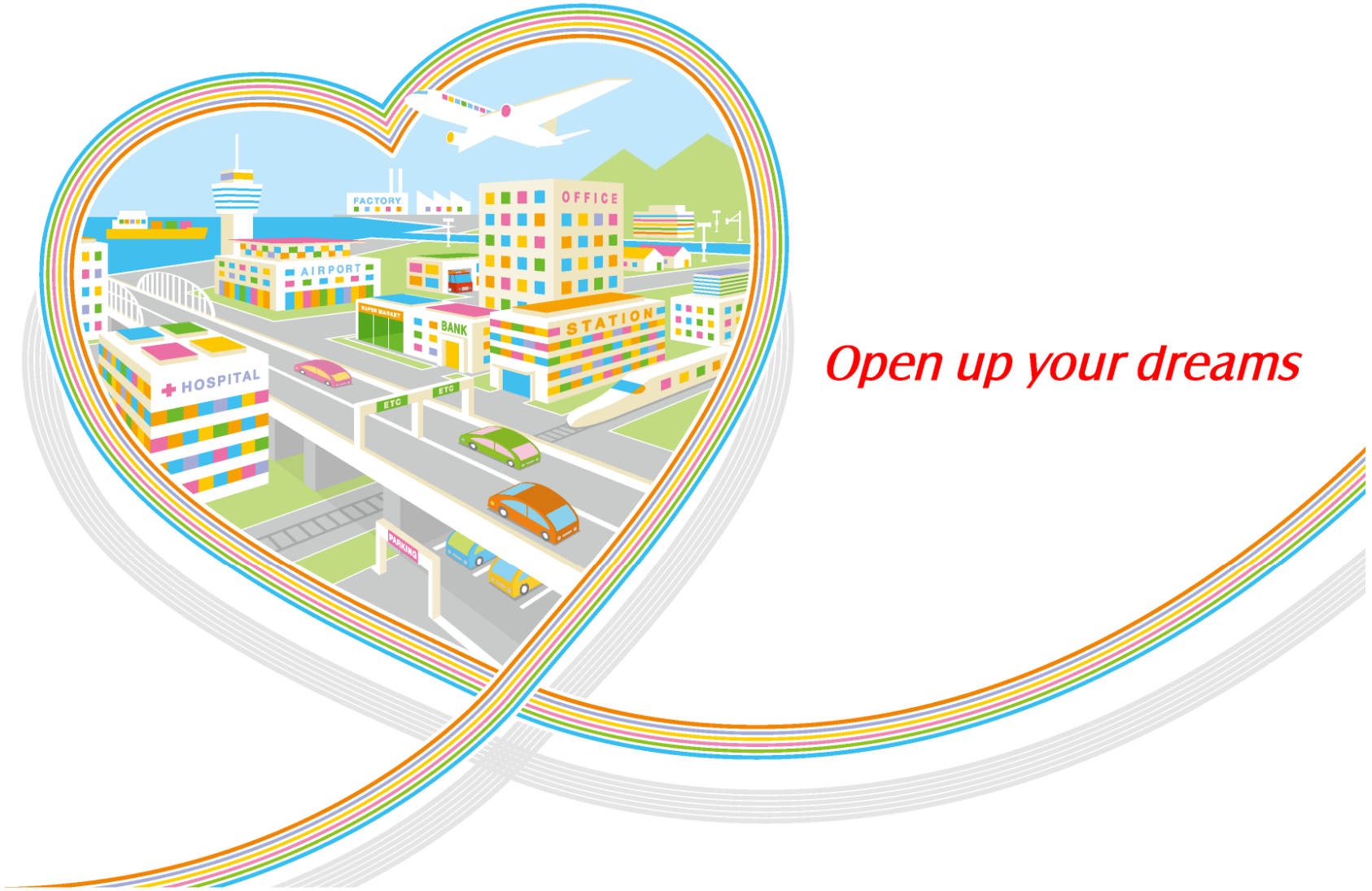
Investments (Billion yen)	FY2022/3 Forecasts	FY2021/3 Results	Variance
Capital Expenditure*	31.0	16.3	+14.7
Depreciation*	14.0	11.8	+2.2
R&D	12.5	11.2	+1.3

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

Cash Flows (Billion yen)	FY2022/3 Forecasts	FY2021/3 Results	Variance
I Cash flows from operating activities	22.0	18.1	+3.9
II Cash flows from investing activities	(31.0)	(14.5)	(16.5)
Free cash flows ( I + II )	(9.0)	3.6	(12.6)

# 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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