

Financial Results for Q1 of the FY Ending March 31, 2021

July 30, 2020

Ok Electric Industry Co., Ltd.

Summary of Financial Results

- Sales declined due to completion of large-scale projects and the impact of COVID-19.
- Profits worsened as sales declined.

(Billion yen)	Q1 FY2021/3 (Results)	Q1 FY2020/3 (Results)	Variance
Net sales	81.4	107.6	(26.2)
Operating income (loss)	(1.1)	1.1	(2.2)
Ordinary income (loss)	(2.1)	0.1	(2.2)
Profit (loss) attributable to owners of parent	(3.3)	(0.4)	(2.9)
USD average exchange rate (Yen)	107.6	109.9	(2.3)
EUR average exchange rate (Yen)	118.5	123.5	(5.0)

Segment Information (Net Sales)

- **Solution Systems**
Declined due to the completion of large-scale projects(for networks-related and some government agencies) of the previous fiscal year and the first-year impact of the expansion of the scope of application of the percentage-of-completion method in the previous fiscal year
- **Components & Platforms**
Declined in demand, particularly for printer consumables, and sluggish in equipment sales due to COVID-19. Minor impact on domestic market.

(Billion yen)	Q1 FY2021/3 (Results)	Q1 FY2020/3 (Results)	Variance
Solution Systems	40.0	52.8	(12.8)
Components & Platforms	40.0	51.6	(11.6)
Others	1.4	3.2	(1.8)
Total	81.4	107.6	(26.2)

*Results for Q1 FY2020/3 are restated.

Segment Information (Operating Income/Loss)

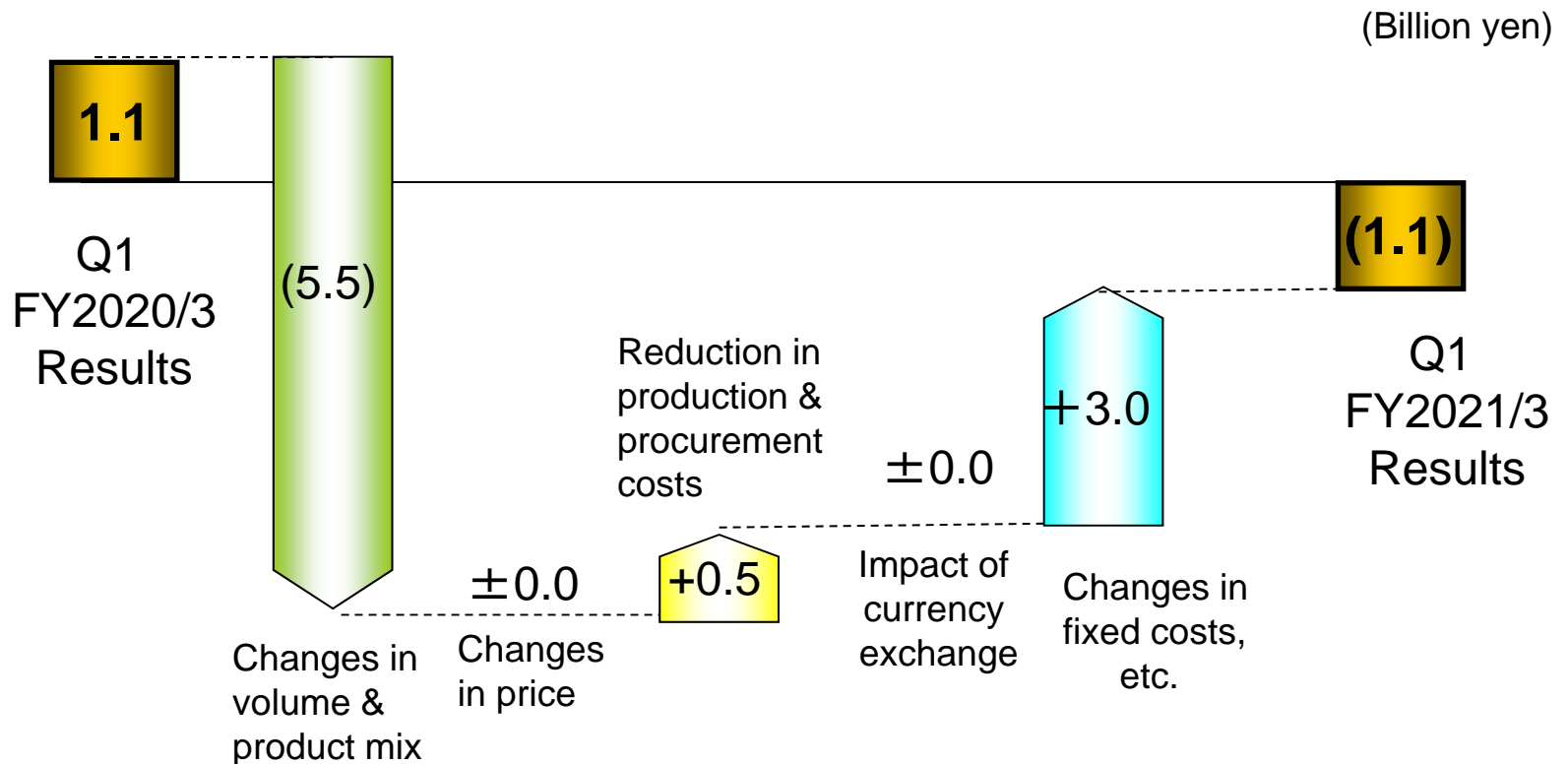
- **Solution Systems**
Declined mainly due to the large-scale projects in the previous fiscal year
- **Components & Platforms**
Declined due to sluggish sales, deterioration of sales-mix upon a decrease in consumables.

(Billion yen)	Q1 FY2021/3 (Results)	Q1 FY2020/3 (Results)	Variance
Solution Systems	1.7	2.5	(0.8)
Components & Platforms	(1.7)	0.3	(2.0)
Others	0.0	(0.1)	+0.1
Corporate & Eliminations	(1.2)	(1.7)	+0.5
Total	(1.1)	1.1	(2.2)

*Results for Q1 FY2020/3 are restated.

Reasons for Changes in Operating Income/Loss

- Although some improvements were made due to a review of overall costs, changes in volume had a significant impact.



Balance Sheets

- There is no major change in the composition of each asset and liability. Total assets were reduced.
- Shareholders' equity ratio decreased by 0.5 points.

(Billion yen)	Jun. 2020	Mar. 2020	Variance
Current assets	217.5	236.7	(19.2)
Fixed assets	133.8	135.7	(1.9)
Assets	351.3	372.5	(21.2)
Current liabilities	149.7	159.9	(10.2)
Fixed liabilities	102.9	106.1	(3.2)
Liabilities	252.6	266.0	(13.4)
Shareholders' equity	98.5	106.2	(7.7)
Others	0.2	0.2	0.0
Net assets	98.7	106.4	(7.7)
Total liabilities and net assets	351.3	372.5	(21.2)
Shareholders' equity ratio (%)	28.0	28.5	(0.5)
D/E ratio (times)	0.8	0.7	+0.1

Cash Flows

- Free cash flow was almost the same as the previous fiscal year.

(Billion yen)	Q1 FY2021/3 (Results)	Q1 FY2020/3 (Results)	Variance
I Cash flows from operating activities	16.0	11.2	+4.8
II Cash flows from investing activities	(3.5)	0.7	(4.2)
Free cash flows (I + II)	12.5	11.9	+0.6
III Cash flows from financing activities	(6.8)	(4.9)	(1.9)
Cash and cash equivalents	52.1	33.6	+18.5
Purchases of PP&E and intangible assets	2.5	3.9	(1.4)
Depreciation	3.0	3.0	-

Financial Forecasts

● Solution Systems

Decrease due to large-scale projects for networks-related and some government agencies in the previous fiscal year and the decline of the impact of the change in sales standards in the previous fiscal year.

● Components & Platforms

Remain sluggish sales in overseas markets due to the impact of COVID -19. Annual negative impact from declined demand for printer consumables. Minor impact on domestic market.

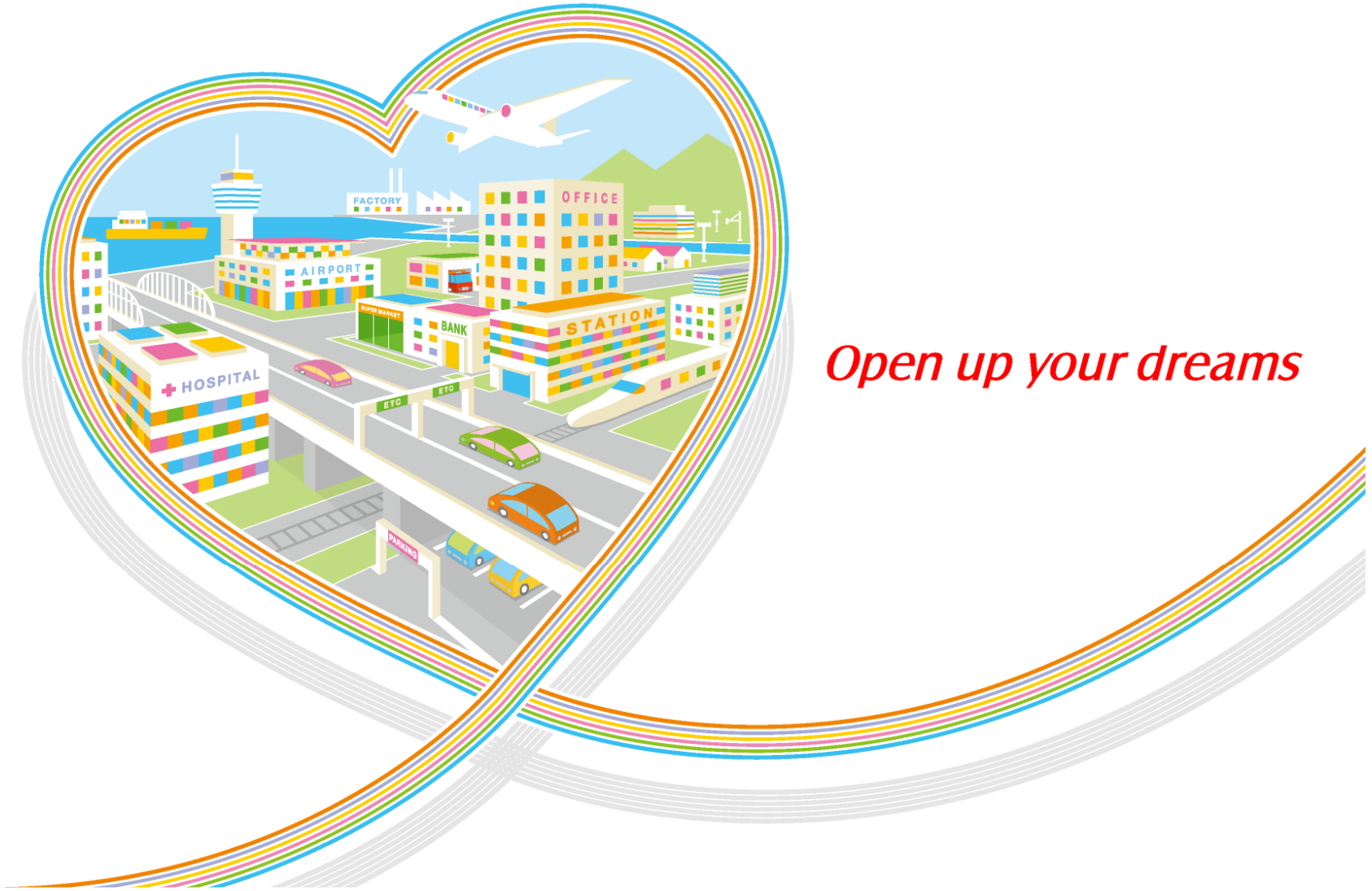
		FY2021/3	FY2020/3	Variance
(Billion yen)		Forecasts	Results	
Solution Systems	Net sales	195.0	229.1	(34.1)
	Operating income	15.0	20.8	(5.8)
Components & Platforms	Net sales	205.0	216.3	(11.3)
	Operating income	1.0	5.5	(4.5)
Others	Net sales	5.0	11.9	(6.9)
	Operating income	0.0	(0.6)	+0.6
Corporate & Eliminations	Operating income	(7.5)	(9.0)	+1.5
Total	Net sales	405.0	(457.2)	(52.2)
	Operating income	8.5	(16.8)	(8.3)

*Results for Q1 FY2020/3 are restated.

Exchange rate assumptions: ¥110/USD, ¥120/EUR

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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