

Financial Results for Q1 of the FY Ending March 31, 2022

August 12, 2021

Ok Electric Industry Co., Ltd.

Executive Summary

■ Q1 FY 2022/3 Results

- ✓ Net sales and operating income were generally in line with forecasts, except for supply chain impact.
- ✓ Structural reform costs (for sales companies in Europe and the U.S.) were recorded as extraordinary losses.

■ FY 2022/3 Outlook

(External Environment)

- ✓ Emerging countries still affected by the COVID-19.
- ✓ Material procurement risk for semiconductors, etc. arises due to supply chain conditions.
- ✓ FA and semiconductor manufacturing equipment markets in particular continue to be strong upon recovery in manufacturing industry.

(Earnings Forecasts)

- ✓ Initial forecasts left unchanged.
- ✓ Strive to minimize material procurement risk through production adjustments, cost measures etc.

Summary of Financial Results

- Net sales decreased YOY due to the decrease in Solution Systems despite the increase in Components & Platforms.
- Operating income decreased YOY due to a significant decrease in sales.
- Non-operating income improved due to foreign exchange gains.
Extraordinary loss posted on restructuring costs for sales companies in Europe and the U.S.

(Billion yen)	Q1 FY2022/3 (Results)	Q1 FY2021/3 (Results)	Variance
Net sales	79.9	81.4	(1.5)
Operating income (loss)	(3.0)	(1.1)	(1.9)
Ordinary income (loss)	(2.8)	(2.1)	(0.7)
Profit (loss) attributable to owners of parent	(3.8)	(3.3)	(0.5)
USD average exchange rate (Yen)	109.5	107.6	+1.9
EUR average exchange rate (Yen)	132.0	118.5	+13.5

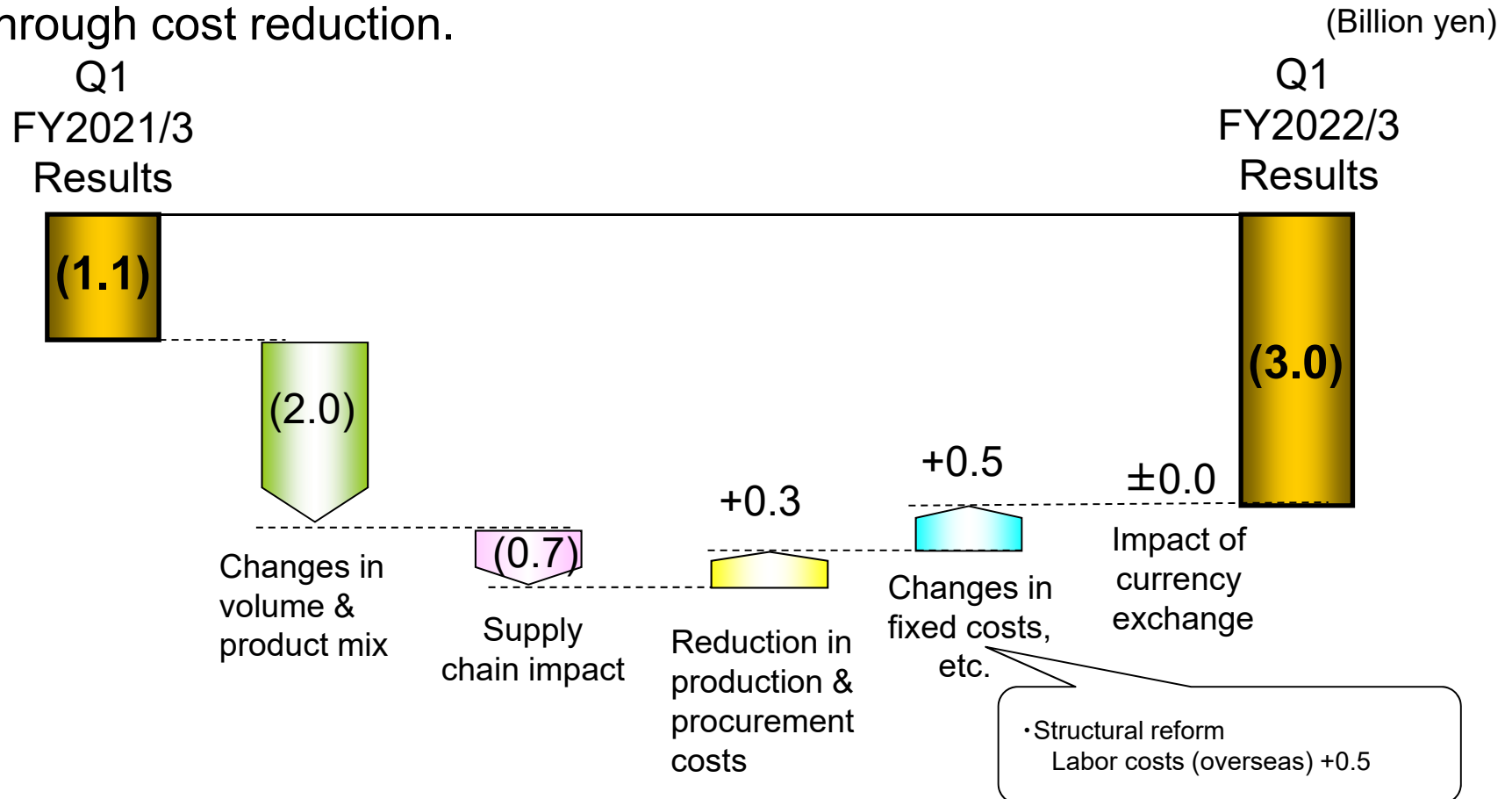
Segment Information (Net Sales/ Operating Income)

(Billion yen)

	Q1 FY2022/3 (Results)	Q1 FY2021/3 (Results)	Variance
Net Sales			
Solution Systems	33.9	39.6	(5.7)
Components & Platforms	45.9	41.6	+4.3
Others	0.1	0.2	(0.1)
Total	79.9	81.4	(1.5)
Operating Income			
Solution Systems	(0.1)	1.8	(1.9)
Components & Platforms	(1.6)	(1.6)	0.0
Others	0.0	0.0	0.0
Corporate & Eliminations	(1.3)	(1.2)	(0.1)
Total	(3.0)	(1.1)	(1.9)

Reasons for Changes in Operating Income/Loss

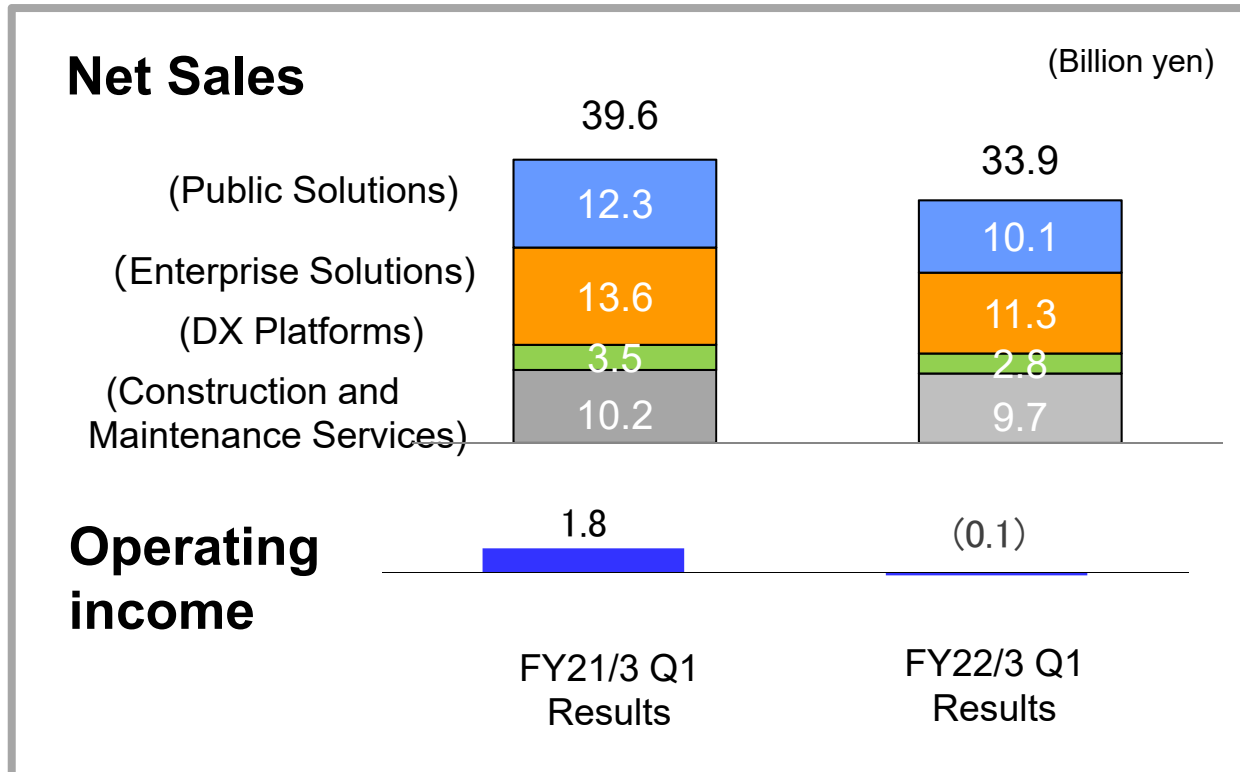
- Changes in volume were mainly in Solution Systems.
- For Components & Platforms, the effect of increased volume was offset by increased costs of upfront investment in automated machines etc.
- Increased procurement costs including semiconductors were absorbed through cost reduction.



Overview: Solution Systems Business

■ Q1 Results

- Generally in line with forecasts, except for supply chain impact
- Sales of DX domain steadily increasing toward the annual plan (Q1 Sales ¥6.2 B)

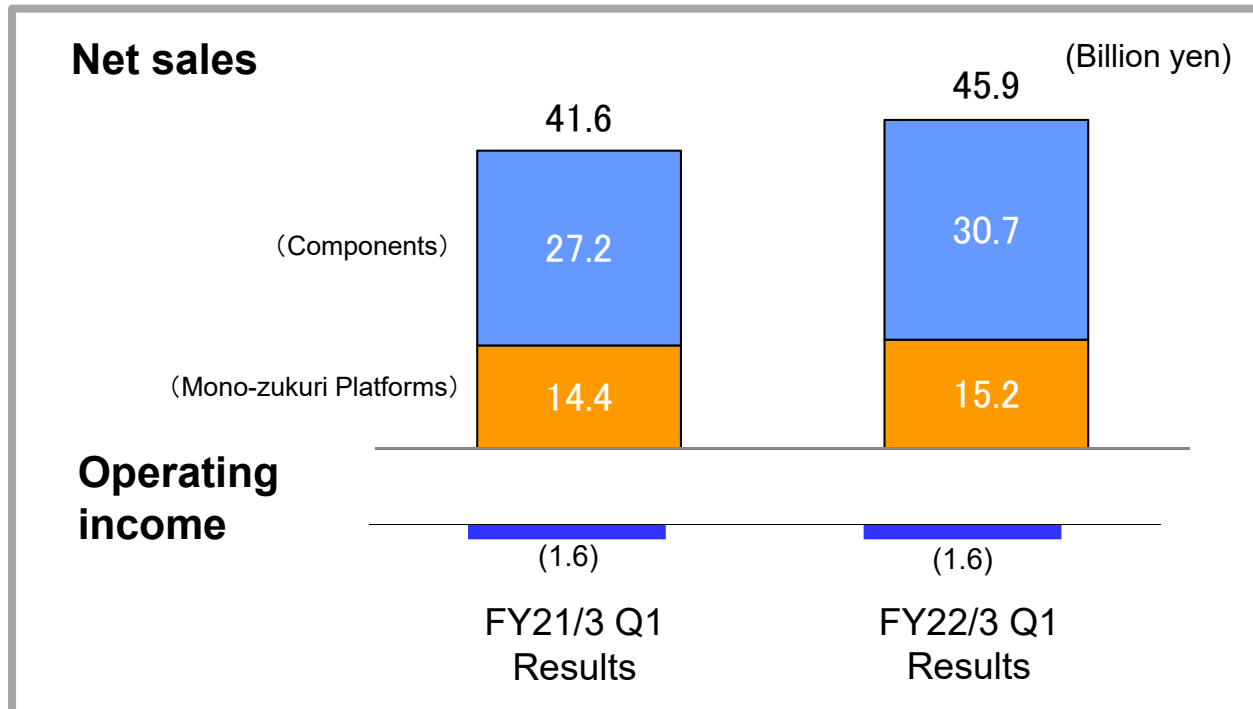


- **Public solutions**
 - Roadways (ETC, VICS), air traffic control, disaster preparedness, fire prevention
 - Business systems for central government offices, government statistics systems
 - Defense systems (underwater acoustics, information)
 - Infrastructure monitoring
- **Enterprise solutions**
 - 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**

Overview: Components & Platforms Business

■ Q1 Results:

- Mono-zukuri(manufacturing) Platforms: Sales for FA/semiconductor manufacturing equipment continued to perform well.
- Components: Sales increased. Demand for printer consumables increased upon the economic recovery in the Europe and the U.S. Emerging countries still facing COVID-19 impact. Negative impact from semiconductor and other supply chains.
- Profits: Peripheral Products business and Mono-zukuri Platforms business covered the burden of upfront investment of the Automation Systems 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 0.3 points.

(Billion yen)	Jun. 2021	Mar. 2021	Variance
Current assets	205.1	222.2	(17.1)
Fixed assets	151.2	151.0	+0.2
Assets	356.2	373.2	(17.0)
Current liabilities	147.1	154.1	(7.0)
Fixed liabilities	102.1	105.8	(3.7)
Liabilities	249.2	259.9	(10.7)
Shareholders' equity	106.8	113.0	(6.2)
Others	0.2	0.3	(0.1)
Net assets	107.0	113.3	(6.3)
Total liabilities and net assets	356.2	373.2	(17.0)
Shareholders' equity ratio (%)	30.0	30.3	(0.3)
D/E ratio (times)	0.7	0.7	±0

Cash Flows

- Free cash flow improved due to improvements in working capital.

(Billion yen)	Q1 FY2022/3 (Results)	Q1 FY2021/3 (Results)	Variance
I Cash flows from operating activities	21.4	16.0	+5.4
II Cash flows from investing activities	(4.3)	(3.5)	(0.8)
Free cash flows (I + II)	(17.1)	12.5	+4.6
III Cash flows from financing activities	(6.6)	(6.8)	+0.2
Cash and cash equivalents	52.5	52.1	+0.4
Purchases of PP&E and intangible assets	4.6	2.5	+2.1
Depreciation	3.1	3.0	+0.1

Financial Forecasts

■ Initial forecasts left unchanged.

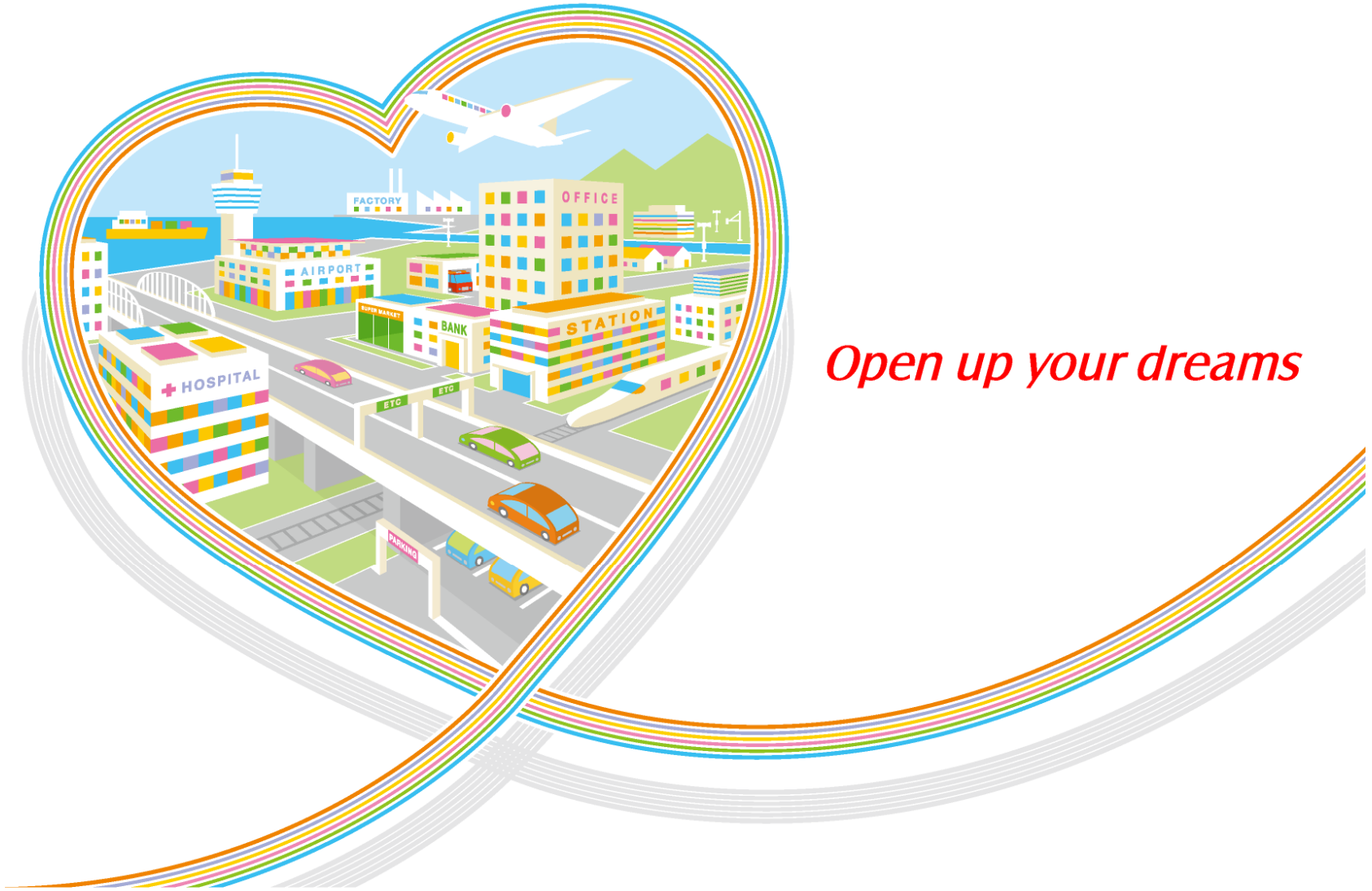
(Billion yen)		FY2022/3 Forecasts	FY2021/3 Results	Variance
Solution Systems	Net sales	198.5	190.8	7.7
	Operating income	16.5	16.3	0.2
Components & Platforms	Net sales	201.0	201.5	(0.5)
	Operating income	2.5	(0.4)	2.9
Others	Net sales	0.5	0.6	(0.1)
	Operating income	0.0	(0.1)	+0.1
Corporate & Eliminations	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

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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