

# Financial Results for First Nine Months of the FY Ending March 31, 2022

February 7, 2022

Ok Electric Industry Co., Ltd.

# Summary of Financial Results

- Material procurement impact such as semiconductors increased more than expected.
- Net sales decreased YOY due to material procurement and decrease in large-scale projects.
- Operating income improved YOY upon a decrease in fixed expenses due to structural reforms and a reversal of allowance for doubtful accounts, despite a decrease in sales.
- Extraordinary loss from restructuring reforms are largely on schedule.

(Billion yen)	9 months FY2022/3 Results	9 months FY2021/3 Results	Variance
Net sales	246.4	266.9	(20.5)
Operating income (loss)	(0.4)	(2.6)	+2.2
Ordinary income (loss)	(0.2)	(3.4)	+3.2
Profit (loss) attributable to owners of parent	(6.5)	(8.5)	+2.0
USD average exchange rate (Yen)	111.1	106.1	+5.0
EUR average exchange rate (Yen)	130.6	122.4	+8.2

# Segment Information (Net Sales/ Operating Income)

(Billion yen)

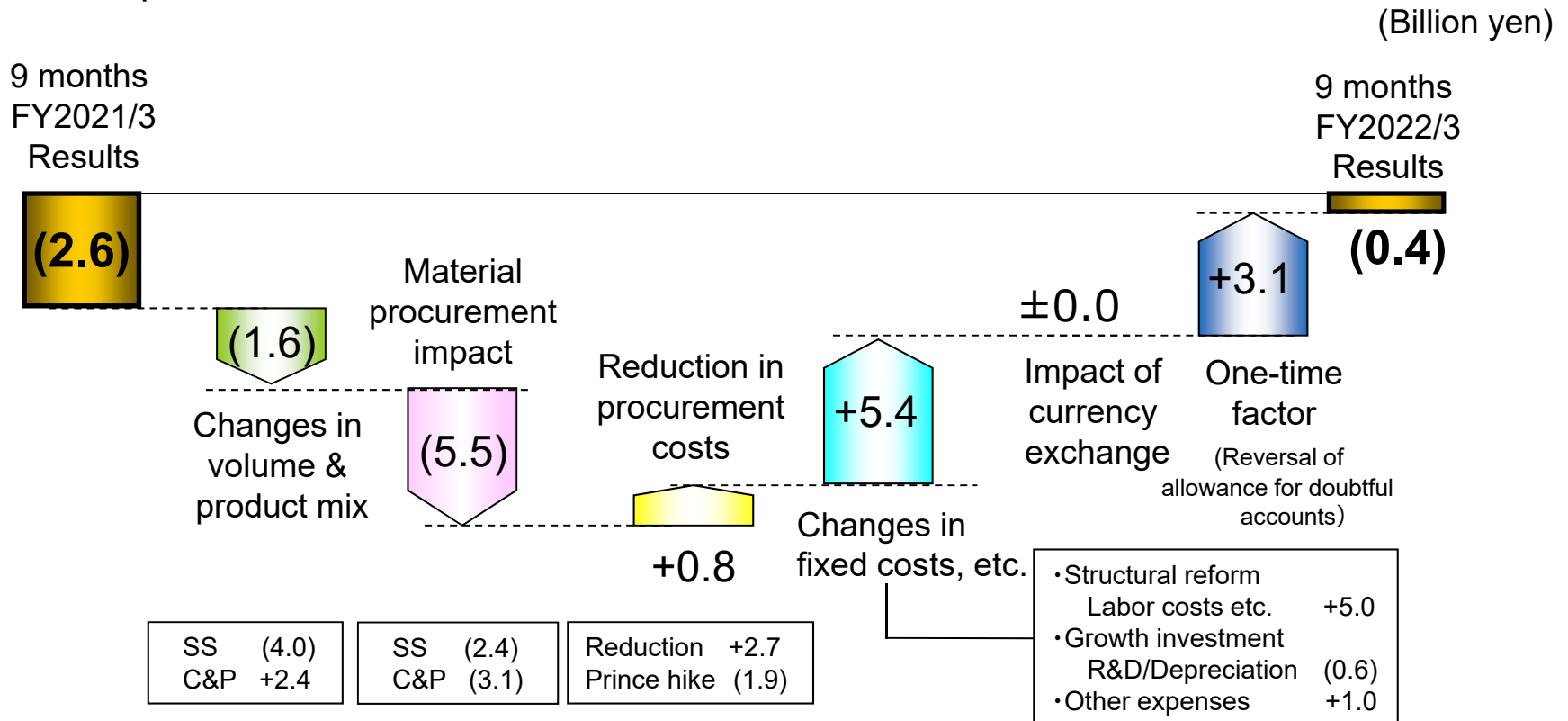
<b>Net Sales</b>	9 months FY2022/3 Results	9 months FY2021/3 Results	Variance
Solution Systems	107.6	127.3	(19.7)
Components & Platforms	138.5	139.1	(0.6)
Others	0.3	0.5	(0.2)
<b>Total</b>	<b>246.4</b>	<b>266.9</b>	<b>(20.5)</b>

<b>Operating Income</b>	9 months FY2022/3 Results	9 months FY2021/3 Results	Variance
Solution Systems	1.5	6.5	(5.0)
Components & Platforms	3.1	(4.3)	+7.4
Others	0.2	(0.2)	+0.4
Corporate & Eliminations	(5.2)	(4.6)	(0.6)
<b>Total</b>	<b>(0.4)</b>	<b>(2.6)</b>	<b>+2.2</b>

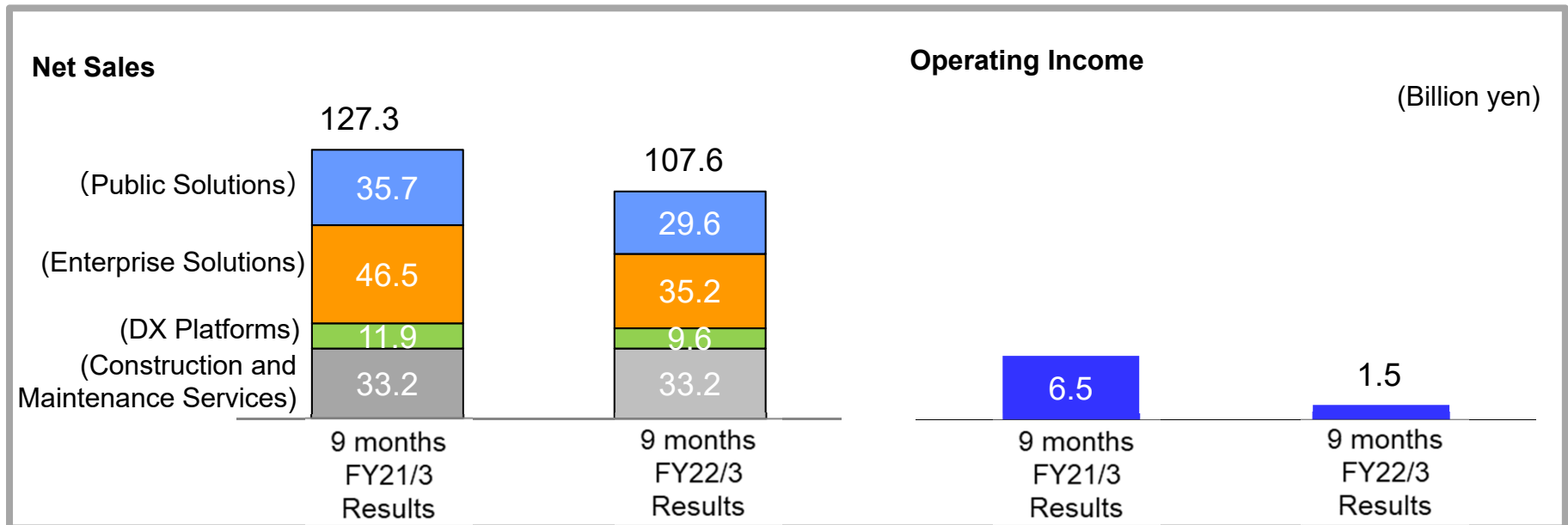
# Reasons for Changes in Operating Income/Loss

- Although demand for FA/semiconductor manufacturing equipment remained firm, changes in volume was negative due to a decrease in Solution Systems.
- Impact of materials procurement was greater than expected.
- Price hike diluted procurement cost reductions.
- Fixed costs improved significantly through structural reforms, cost reductions in shared group functions, and expense control.
- Recorded partial reversal of allowance for Chinese ATM receivables.



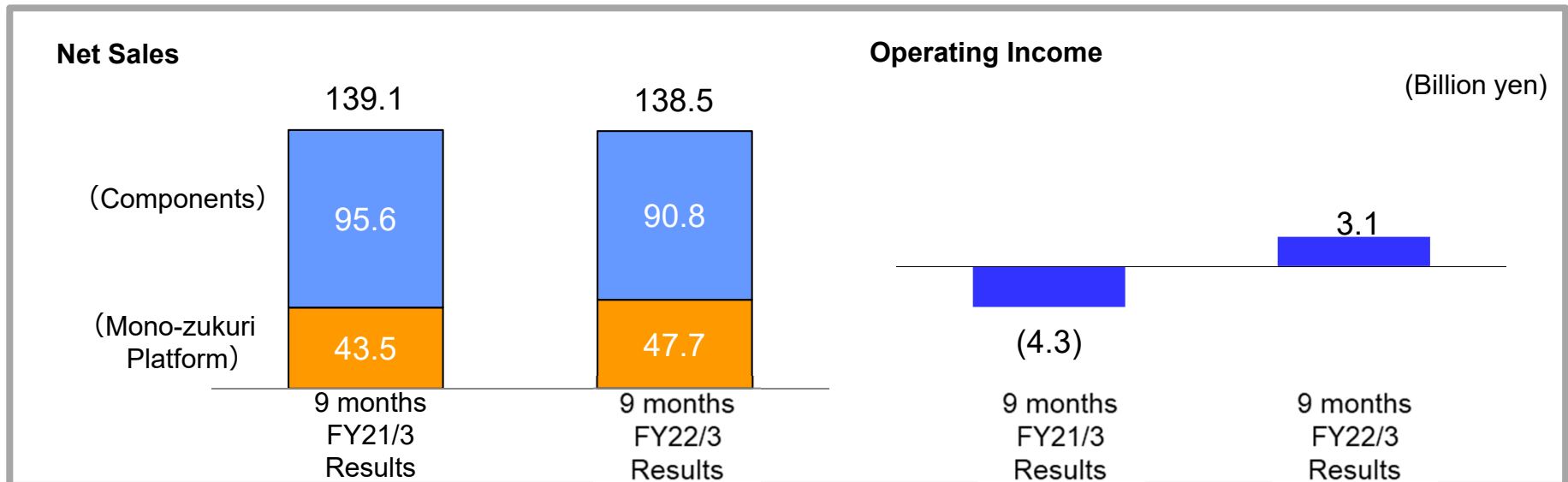
# Overview: Solution Systems Business

- Sales and profit decreased due to large-scale projects in Public Solutions and Enterprise Solutions in the previous fiscal year, the impact of material procurement mainly in Enterprise Solutions and DX Platforms, and a delay in timing of orders.
- 9 months DX domain sales of ¥20.1 B (Public 5.1, Enterprise 11.4, DX-PF 3.6)  
Sluggish progress due to the impact of material procurement and a delay in timing of orders.



# Overview: Components & Platforms Business

- Components: sales decreased due to increased impact of materials procurement.
- Mono-zukuri Platforms: sales increased due to strong demand for FA/semiconductor manufacturing equipment.
- Profits improved due to the reduction of fixed costs resulting from structural reforms in Peripheral Products business and the reversal of allowance for Chinese ATM receivables (¥3.1 B) due to successful suit.



# Balance Sheets

- There is no major change in the composition of each asset and liability. Total assets were reduced.
- Shareholders' equity ratio decreased by 2.0 points.

(Billion yen)	Dec. 2021	Mar. 2021	Variance
Current assets	205.0	222.2	(17.2)
Fixed assets	157.2	151.0	+6.2
<b>Assets</b>	<b>362.2</b>	<b>373.2</b>	<b>(11.0)</b>
Current liabilities	167.5	154.2	+13.3
Fixed liabilities	92.1	105.8	(13.7)
<b>Liabilities</b>	<b>259.6</b>	<b>259.9</b>	<b>(0.3)</b>
Shareholders' equity	102.4	113.0	(10.6)
Others	0.2	0.3	(0.1)
<b>Net assets</b>	<b>102.6</b>	<b>113.3</b>	<b>(10.7)</b>
<b>Total liabilities and net assets</b>	<b>362.2</b>	<b>373.2</b>	<b>(11.0)</b>
Shareholders' equity ratio (%)	28.3	30.3	(2.0)
D/E ratio (times)	0.9	0.7	(0.2)

# Cash Flows

- Operating cash flow worsened YOY due to an increase in working capital caused by the supply chain impact. Growth investments and upfront investments for the next fiscal year and beyond continue.

(Billion yen)	9 months FY2022/3 Results	9 months FY2021/3 Results	Variance
I Cash flows from operating activities	(0.3)	11.0	(11.3)
II Cash flows from investing activities	(15.2)	(11.1)	(4.1)
Free cash flows ( I + II )	(15.5)	(0.2)	(15.3)
III Cash flows from financing activities	3.5	(7.1)	+10.6
Cash and cash equivalents	30.3	39.2	(8.9)
Purchases of PP&E and intangible assets	14.9	22.8	(7.9)
Depreciation	9.7	9.3	+0.4



# Revision of Financial Forecasts

- In light of recent business trends, revise down forecasts announced on May 10, 2021.

Exchange rate assumptions		
	4Q	Previous
USD	¥114	¥105
EUR	¥129	¥120

		FY2022/3	FY2022/3	Variance	FY2021/3	Variance
(Billion yen)		Revised	Previous		Results	
Solution Systems	Net sales	173.0	198.5	(25.5)	190.8	(17.8)
	Operating income	12.5	16.5	(4.0)	16.3	(3.8)
Components & Platforms	Net sales	191.5	201.0	(9.5)	201.5	(10.0)
	Operating income	3.5	2.5	+1.0	(0.4)	+3.9
Others	Net sales	0.5	0.5	0.0	0.6	0.0
	Operating income	0.0	0.0	0.0	(0.1)	0.0
Corporate & Eliminations	Operating income	(7.0)	(7.0)	0.0	(6.4)	(0.6)
Total	Net sales	365.0	400.0	(35.0)	392.9	(27.9)
	Operating income	9.0	12.0	(3.0)	9.5	(0.5)
	Ordinary income	9.0	12.0	(3.0)	9.4	(0.4)
	Profit attributable to owners of parent	3.5	3.5	0.0	(0.2)	+3.7

# (Reference) Quarterly Results

(Billion yen)

Net Sales	FY2021/3					FY2022/3		
	1Q	2Q	3Q	4Q	FY	1 Q	2Q	3Q
Solution Systems	39.6	43.1	44.6	63.5	190.8	33.9	35.0	38.7
Components & Platforms	41.6	48.9	48.6	62.4	201.5	45.9	44.8	47.8
Others	0.2	0.1	0.2	0.1	0.6	0.1	0.1	0.1
Total	81.4	92.1	93.4	126.0	392.9	79.9	79.9	86.6

Operating Income	FY2021/3					FY2022/3		
	1Q	2Q	3Q	4Q	FY	1 Q	2Q	3Q
Solution Systems	1.8	2.2	2.5	9.8	16.3	(0.1)	(0.1)	1.7
Components & Platforms	(1.6)	(2.1)	(0.6)	3.9	(0.4)	(1.6)	0.4	4.4
Others	0.0	(0.1)	(0.1)	0.1	(0.1)	0.0	0.1	0.1
Corporate & Eliminations	(1.2)	(1.6)	(1.8)	(1.8)	(6.4)	(1.3)	(1.8)	(2.1)
Total	(1.1)	(1.5)	0.0	12.1	9.5	(3.0)	(1.4)	4.0

# (Reference) Major Products and Services

## Solution Systems

### ■ 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

## Components & Platforms

### ■ Components

- ATMs, cash handling equipment
- Bank branch terminals, ticket reservations issuing terminals, check-in terminals
- ATM monitoring/operation services
- LED printers
- Wide format inkjet printers
- Dot-impact printers

### ■ Mono-zukuri Platforms

- Consigned designing and manufacturing services
- Printed circuit boards

# 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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