

OKI Group Medium-Term Business Plan 2025

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Corporate Philosophy

The people of OKI, true to the company's "enterprising spirit", are committed to creating superior network solutions and providing excellent information and communication services globally to meet the diversified needs of communities worldwide in the information age.

Key Message

"Delivering OK! to your life."

Material issues (Materiality)

- Providing products and services that help solve social issues
- Reducing environmental impact through business activities
- Transforming into a corporate culture that continuously creates value
- Strengthening management foundation to support sustainable growth

Safe and convenient social infrastructure




Job satisfaction and productivity enhancement

Conservation of global environment

Fields in which OKI contributes to solving social issues

- To begin, I would like to talk about what OKI's vision.
- We are working based on an "enterprising spirit" with the key message of "Delivering OK! to your life." We solve social issues by providing mission-critical products that cannot be allowed to stop.
- While our corporate philosophy and vision remain unchanged, we have reorganized our contribution fields and material issues (Materiality) in order to better clarify the relationship between Materiality and business in our consideration of this medium-term business plan.
- There are three fields of contribution: "Safe and convenient social infrastructure," "Conservation of global environment," and "Job satisfaction and productivity enhancement."
- Materiality consists of the following four elements: "Providing products and services that help solve social issues," "Reducing environmental impact through business activities," "Transforming into a corporate culture that continuously creates value," and "Strengthening management foundation to support sustainable growth."
- By implementing these measures, we will strive to improve our corporate value over the medium term.

In our fields of contribution,
we aim to transform the social value we provide into tangible offerings

Safe and convenient social infrastructure  Achieve safe and secure infrastructure use through on-site visualization and remote monitoring Create safe and secure transportation methods using data	Conservation of global environment  Provide products that contribute to the environment Preserve the environment and utilize resources through ocean data visualization	Job satisfaction and productivity enhancement  Address labor shortages through self-service and automation Improve operational efficiency with real-time sensing
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- This page provides specific examples of the contribution fields presented on the previous page.
- First is "Safe and convenient social infrastructure." The infrastructure developed during the high-growth period is aging. Visualization of the condition of these infrastructures will lead to remote monitoring and preventive maintenance.
- Second, "Conservation of global environment." In addition to providing products that contribute to the environment, we will further take on the challenge of visualizing the ocean by utilizing underwater acoustic technology cultivated in our defense business. We believe that this will contribute to environmental conservation and resource utilization.
- Third, "Job satisfaction and productivity enhancement." We will utilize the technology we have cultivated in ATMs to improve business self-service, not only for financial institutions, but also for the retail market and local governments. We believe this will help alleviate labor shortages.
- In this way, we will work to concretize and realize the value we provide in each field of contribution.

Amid drastic changes in the external environment,
fell short of targets in the Medium-Term Business Plan 2022

We reframed FY22 as a crisis response year and transitioned to a single-year plan, but we fell short

(Billions of yen)			
	FY22 MTBP	FY22 Plan	FY22 Results
Net sales	465.0	425.0	▶ 369.1
Operating income	20.0	9.0	▶ 2.4
Net income	12.0	3.0	▶ ▲2.8
Shareholders' equity ratio	30%		▶ 25%
ROE	10%		▶ ▲3%

Declining profitability and financial base

Medium-Term Business Plan 2022 Review

External factors

Direct impact of COVID-19 and supply chain issues

Internal factors

Delayed recovery due to lack of response to environmental changes

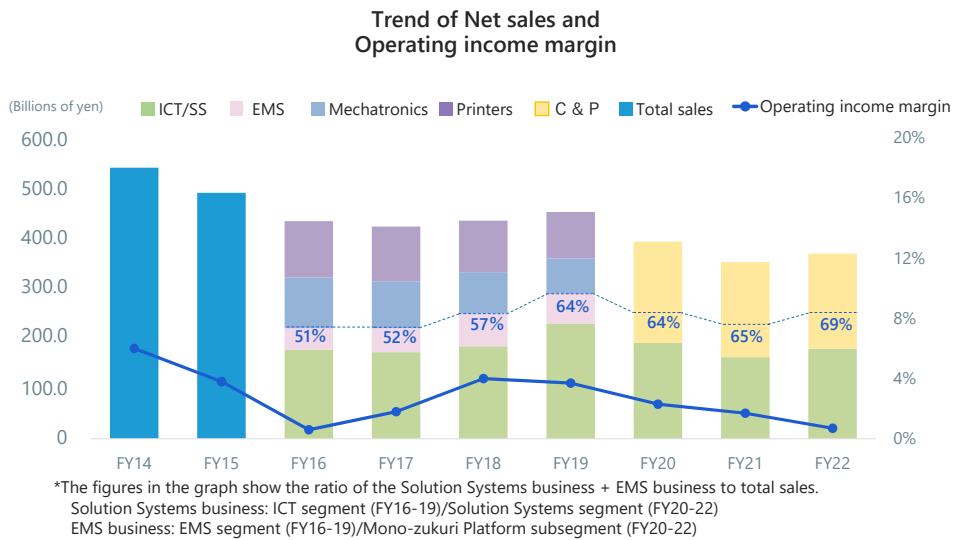
- Ability to procure and adjust production against difficulty in procuring components
- Cost reduction and price pass-through against increased costs
- Currency hedging ability against sharp currency changes

Subdivided multilayered structure (two business groups / eight divisions)

- Vertically divided, conservative corporate culture
- Domestically oriented business structure

- Now, here we come to the substance of the medium-term plan. First, a summary of the previous medium-term plan.
- Amidst drastic changes in the external environment, such as COVID-19 and supply chain issues, our medium-term plan was not achieved. Last fiscal year was positioned as a crisis response year, but we also fell short of our single-year plan.
- We are very sorry for this outcome and would like to take this opportunity to apologize.
- I have been trying to figure out what caused this outcome. While it is true that external factors were the trigger, we felt that the essential problem may have been our lack of response to changes in our environment. While other firms were making concerted efforts to address the issue, we felt that the speed and dynamism of our measures were lacking.
- I believe that at the root of these problems were as follows.
 - Subdivided multilayered structure
 - Vertically divided, conservative corporate culture
- I also believe that this was due to the fact that our business was too domestically oriented, and our field of vision was narrowing.

Despite restructuring our portfolio towards profitable businesses, performance remained at the downward trend



- The graph here shows net sales and operating income margin over the past nine years.
- Since FY2017, we have been shifting our portfolio to winning businesses and products. As a result, the ratio of sales in the Solution Systems and EMS businesses increased, and both net sales and operating income turned positive for a time. However, it ran out of steam in FY2020 and has not been able to break free from the downward trend.
- Why does this happen? The key point is that it is difficult to draw up a well-defined business strategy with the segments that have been used so far. Specifically, we feel that the mix of businesses that should be grown and businesses that should be made more efficient in the same segment makes portfolio management difficult.
- With this in mind, we will make the segment changes I will discuss later, as well as take a scalpel to the root of the problem I mentioned earlier and transform our company into a growing enterprise.

Steer toward growth and break free from the downward trend

Themes of Medium-Term Business Plan 2025

- (1) Return to FY19 levels of performance and restore the weakened financial foundation
- (2) Create future business for FY26 and beyond

Steering toward growth 1st Stage

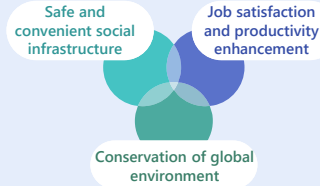
1. Revision of Business Portfolio
2. Strengthen sales, technology, and production functions
3. Create future businesses
4. Improve financial foundation and effective investment
5. Practice sustainability management

FY2023 onwards

FY2026 onwards

Steering toward growth 2nd Stage

Expand future business



2031 OKI's 150th anniversary

- Based on this awareness of the problem, the basic policy of the midterm plan is to “Steer toward growth and break free from the downward trend.” The first theme was to restore performance to FY2019 levels and also to create future business for the next medium-term plan.

Based on this basic policy, we will take the next three years as the first stage and work on five measures.

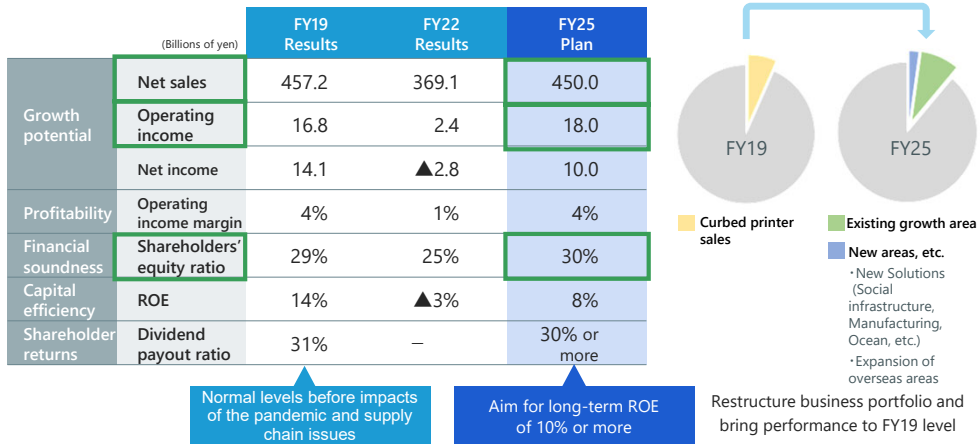
1. “Revision of Business Portfolio” to exploit our potential.
2. “Strengthen sales, technology, and production functions” that will enhance its business capabilities.
3. “Create future businesses” for sustainable growth.
4. “Improve financial foundation and effective investment” to stabilize management.
5. “Practice sustainability management.”

- These five measures will be explained later.

**Management
Targets**

Net sales	Operating income	Shareholders' equity ratio
¥450.0 billion	¥18.0 billion	30%

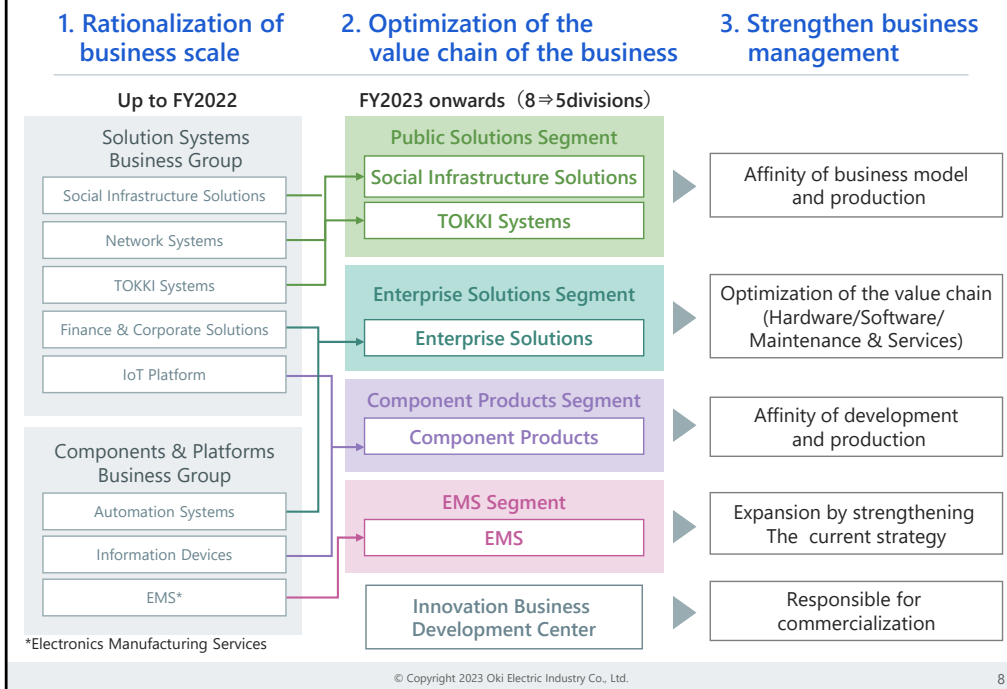
Break free from the downward trend and achieve net sales and operating income at FY19 levels, while restoring the financial foundation



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- Next are the specific medium-term target values.
- In FY2025, we aim to achieve net sales of 450.0 billion yen and operating income of 18.0 billion yen. Shareholders' equity ratio was set at 30%.
- We will return performance to FY2019 levels while shifting our business portfolio to areas where we can win and grow.
- This target value means that the sales decrease due to the rationalization of the printer business will be compensated for by the growth areas. We thought that if we could meet this target, we could say that we were break free from the downward trend.
- Regarding financials, we aim to place priority on restoring shareholder's equity ratio to 30% or higher and ROE to be set at 8%. However, our long-term goal of achieving ROE of 10% or more remains unchanged.



- Now, I will explain the five measures of "Steering toward growth."
- First, I would like to discuss the revision of our business portfolio and strategy.
- Starting this fiscal year, we have simplified our business structure. Business groups were abolished and eight divisions were merged into five. In conjunction with this change, we have reorganized our business segments into four.
- There are three aims.
 1. Unify the scale of business to the 100 billion yen level of sales to increase the dynamism of measures and the speed of development.
 2. Optimize the business value chain and increase business profitability.
 3. Strengthen business management capabilities by introducing an ROIC perspective.
 These are three points.
- Social Infrastructure Solutions, Network Systems, and TOKKI Systems are integrated in "Public Solutions Segment." We will integrate businesses that have affinity with our business model and production system to strengthen our business in new areas.
- "Enterprise Solutions Segment" will optimize its value chain and expand its services business by combining hardware, software, and maintenance and services, including subsidiaries.
- "Component Products Segment" will work hard to create new IoT products by bringing together information equipment and IoT

businesses that have a high affinity for product development and production systems.

- EMS will continue to grow its “Mono-zukuri service,” taking advantage of its high-quality, high-mix, low-volume production capabilities along the current path.
- In addition, in order to accelerate the development of new businesses, we have newly established the Innovation Business Development Center, an organization that will be responsible for the commercialization of new businesses.

Clarify business positioning and improve profitability

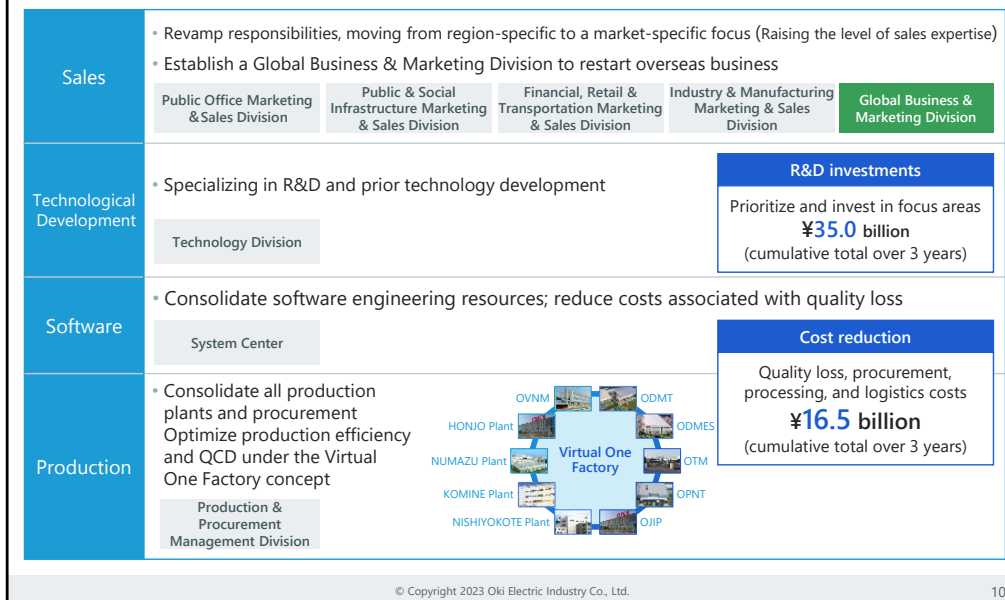


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- Here are the business strategies for the four segments.
- We have now clarified the positioning of each business segment.
- Public Solutions and EMS are businesses that will grow steadily. Enterprise Solutions and Component Products have been designated as businesses to be stabilized.
- Public Solutions will expand its business domain while securing demand for large-scale renewal of firefighting and disaster prevention systems. We will strengthen our efforts to meet growing security demands and launch global initiatives.
- Enterprise Solutions will continue to grow its sales during the current medium-term plan period by ensuring that it can capture the demand that has accumulated due to the supply chain impact and new large renewal projects. At the same time, considering what happens after that demand runs its course, we will streamline our development/production system and shift to the recurring business to stabilize our business.
- Component Products will seek to improve profitability through expansion of OEM and rationalization of development/production.
- EMS will accelerate its growth by strengthening its DMS capabilities and at the same time, enhancing the production capacity of its strong parts business.
- We plan to give a full explanation of the details of each business at the IR Day scheduled for June 1st.

Strengthen functional divisions and boost business capabilities



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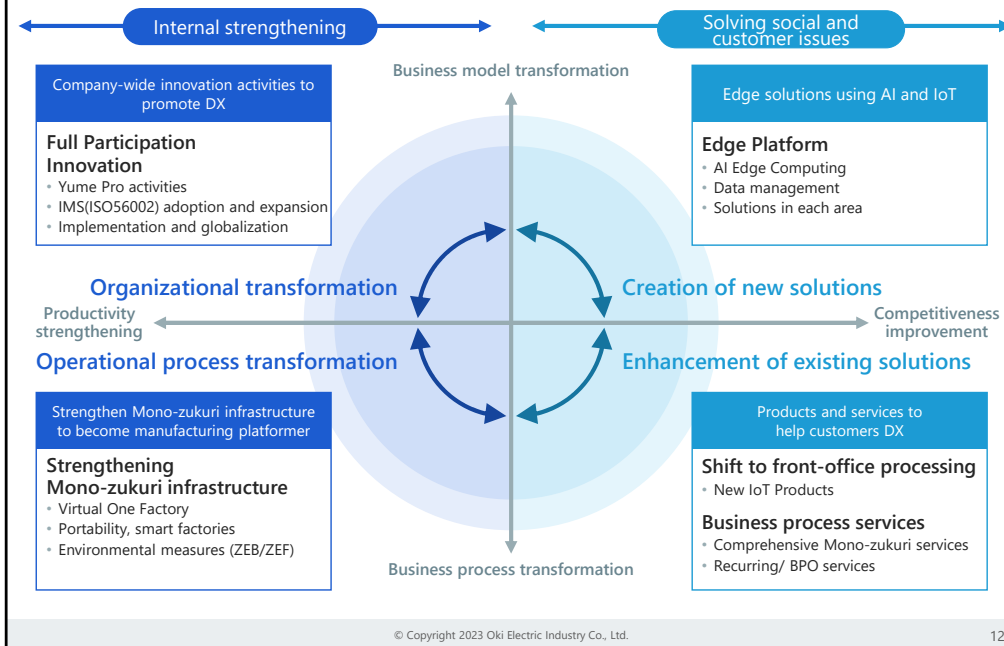
- The next measure is to strengthen "Sales, Technology, and Production" to enhance business capabilities.
- Until now, the Company has divided these functions into individual business units. Considering the scale of our business, we decided that a companywide management system would be better than management of individual businesses and made the change.
- The sales structure will be changed from an area-based system to a market-responsible system. This makes it a highly specialized sales organization. In addition, to strengthen our overseas business, we newly established the Global Business & Marketing Division to increase the volume of our overseas activities.
- We have created a system in which technological development, software, and production can demonstrate their combined strengths. Technological development will concentrate on R&D for growth areas and prior technology development. We will narrow down our focus areas and invest 35.0 billion yen in R&D.
- Software will be organized across the entire company, and software SEs will be assembled to improve quality and reduce loss costs.
- In Production, we will promote QCD optimization by integrating procurement functions under the Virtual One Factory concept, which links all factories into one. This will result in a total reduction of 16.5 billion yen in procurement, production, logistics, and quality costs over a three-year period.

Leveraging OKI's strengths and know-how to solve social issues in focused areas







- The next measure is the creation of future businesses.
- This page represents the areas we will focus on as a business in the future. We will leverage the edge technologies and know-how we have cultivated to date to take on challenges not only in existing businesses, but also in new areas where growth is expected.
- Its focus areas are social infrastructure, ocean, and manufacturing.
- By 2025, we will enhance solutions for road, rail, and other infrastructure monitoring, watershed flood control, advanced remote operations using traffic data, and logistics efficiency.

Beyond that, we will take on the challenge of developing technologies in the ocean field and creating products that take advantage of the "Mono-zukuri know-how" we have accumulated through EMS and in-house manufacturing.



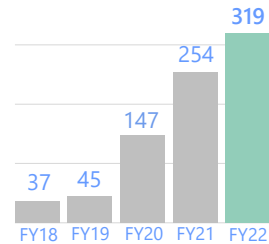
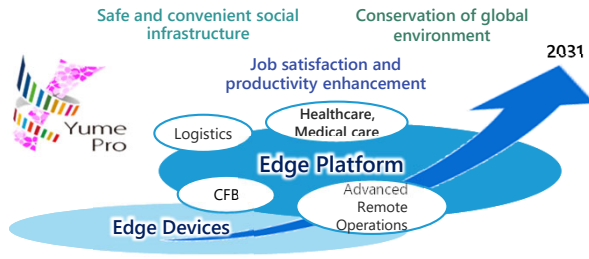
- This page represents the value creation strategy for future business creation.
- It depicts the content of connecting internal innovations on the left side, with solutions to social and customer issues on the right side.
- In terms of internal innovation, we will enhance creativity and productivity as a company by promoting Full Participation Innovation and by strengthening our Mono-zukuri infrastructure.
- We will then apply the power generated through internal innovation to strengthen the edge solutions area where we excel, such as AI and IoT and products and our “Business process services” that support our customers' DX.

Innovation Business Development Center : Practice and Globalization of Innovation Activities

New Areas	Issues	OKI's strengths x Entry strategy
 Advanced Remote Operations	<ul style="list-style-type: none"> • Labor shortages • Productivity enhancement 	Efficiency of security, facility management, manufacturing, and construction site operations through the use of remotely operated platforms and multi-vendor edge modules
 Logistics	<ul style="list-style-type: none"> • Labor shortages • CO₂ reduction 	Optimize transport routes from feeder lines to trunk lines with real-time AI sensing Link this with warehouse integrated platforms to optimize the entire supply chain
 Healthcare, Medical care	<ul style="list-style-type: none"> • Labor shortages • Health Management 	Support health promotion and testing with behavioral change, wireless vital/biosensing, and medical device manufacturing
 CFB (*1)	<ul style="list-style-type: none"> • Labor shortages • Power saving 	Apply CFB technology developed in LED printer heads High-brightness displays, various semiconductor wafers/functional films

*1 CFB : Crystal Film Bonding
Semiconductor bonding technology cultivated in the LED printer business

The number of applications for the business idea contest



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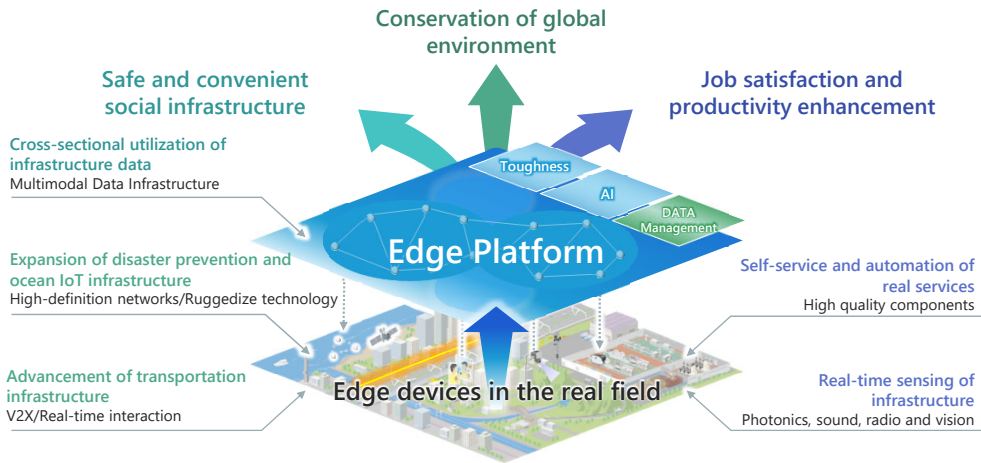
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- The source of power for the value creation strategy is "Full Participation Innovation activity".
- To date, we have focused on activities to raise awareness of innovation among all employees, including innovation training and the introduction of an innovation management system. As a result, the number of business ideas has been increasing each year, as shown in the graph below right.
- Currently, through this activity, we are working on new business development in the areas shown in the table.
- In the current medium-term business plan, we will strengthen this business at the newly established Innovation Business Development Center and expand its activities globally.
- Through these efforts, we aim to create a business worth approximately 50.0 billion yen in FY2031.

Enhance edge technology and connect data to increase value,
and reinforce with a view to global expansion

Key points of
technology
enhancement

- Sensing technology that uses analog (optical, sound and wireless) and AI processing to produce edge data
- Toughness x AI Edge: AI edge with high quality, environmentally resistant device mobility that keeps moving
- A platform for collecting AI edge data via wired and wireless networks and thoroughly utilizing it to expand added value



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- Another key to creating future businesses is to strengthen technology.
- We will further strengthen our edge technology, which is one of our strengths, for the contributing fields of our business.
- We will enhance the reliability and environmental resistance of our sensing technology, as well as our core information and communication technology.
- We will refine our technology to evolve the data that can be sucked up from edge devices in the real field into something more valuable. By doing so, we will aim to expand our business, from the current edge devices to an edge platform.
- First, we will hasten the establishment of a business model, focusing mainly on areas and customers that already contain edge devices, which is our specialty.

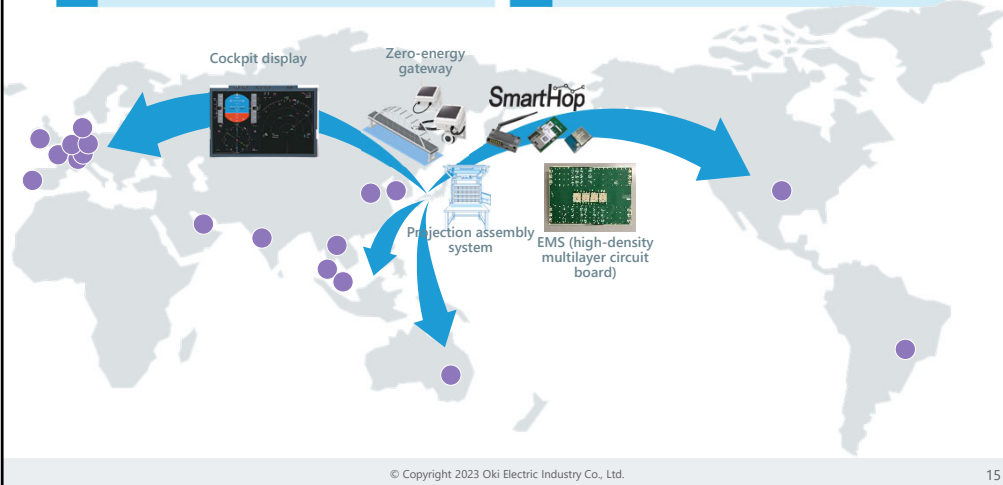
Transforming sales companies by business (printers and ATMs)
to front-line bases for all OKIs

1 R&D on proprietary product technologies

2 Strengthen Air Display Business

3 Expand the EMS parts business

4 Developing Global Human Resources



- The next and final point for future business is overseas business.
- Until now, our overseas operations have focused on printers and ATMs, each of which has operated with its own sales companies. As a result, in recent years, the activity has focused on streamlining and the scale of the activities has been reduced. At this time, we decided to reposition our overseas sales companies to function as a common front-line bases for the entire Company.
- In addition to expanding sales of existing products, of course, we will first develop our air display and EMS parts businesses on a foothold.
- Even more important are the R&D activities for technologies and products from a global perspective. We will also consider new bases for explore latest technologies and find partners.
- Through these challenging activities, we hope to develop management talents who will be responsible for the future of our company.
- By strengthening these efforts, we hope to increase our overseas sales from about 50 billion yen to 100 billion yen by FY2031.

Execute investments aimed at further business expansion, while maintaining a BBB(*1) credit rating

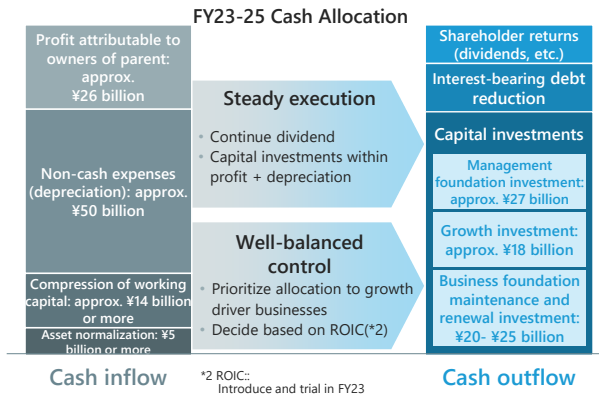
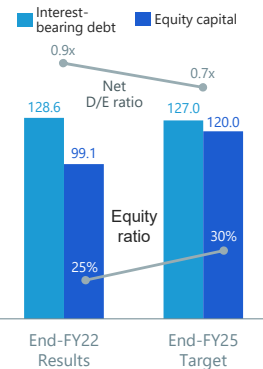
- Secure and capture rollover and large-scale projects, turning them into profit.
- Normalize the excess working capital caused by supply chain disruptions at an early stage
- Optimize held assets, including policy-held stocks: aiming to achieve a ratio of policy-held stocks to net assets in the range around 20%
- Inclusive investment in growth businesses based on ROIC perspective

*1 Rating and Investment Information, Inc. (R&I)

With the recovery of the financial foundation as a premise, target an ROE of 10% or more in the long term

Financial Foundation

(Billions of yen)



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- This is the financial and investment strategy.
- We will make effective investments while improving our financial foundation, based on the premise of maintaining a BBB credit rating. The figure below left shows the shape of the cash allocation over the medium-term period.
- For cash inflow, we will compress working capital through increasing operating income and reducing inventory.
- Furthermore, we will optimize held assets, including policy-held stocks.
- Regarding cash outflow, we will use the generated cash to return profits to shareholders, reduce interest-bearing debt, and make solid capital investments. In particular, with regard to capital investment, we will make investments in a well-structured manner such as actively investing in businesses that will be growth drivers.
- In making this determination, we will consider implementing ROIC by business.
- Various financial indicators, such as Net D/E ratio and Equity ratio, will be improved over the next three years.
- And assuming a recovery of our financial base, we aim to achieve ROE of 10% or more.

Reduce environmental impact through business activities

Advance efforts based on OKI Environmental Vision 2030/2050 global warming prevention targets (revised in September 2022)

FY2030 42% CO₂ emissions reduction at OKI sites and 25% CO₂ emissions reduction at suppliers and from the use of products (compared to FY2020)

FY2050 Virtually zero CO₂ emissions at OKI sites, virtually zero power consumption by new products



Initiatives • Reduce environmental impact at our own sites

FY2025 targets • Reduce CO₂ emissions at OKI sites by 21% (compared to FY2020)

Transform to a corporate culture that continually creates value

Promote measures that enable diverse talent to proactively thrive

- Maximize employee performance through the realization of "diversity" and "proactivity"
- Establish an appropriate personnel structure in line with business strategy, and achieve continuous optimal placement of talent

Invest in human capital for growth
Increase of ¥4.0 billion
 (compared to FY2022)
 Talent development, recruitment, revision of grading system, etc.

Initiatives • Secure and employ a diverse and sufficient pool of talent
 • Foster a culture where individuals and organizations align their goals and proactively thrive

FY2025 targets • Female management ratio: 5%
 • OKI Work Engagement: 70% job satisfaction score

Strengthen the management foundation to support sustainable growth

Embed risk management and reinforce compliance awareness: Evolve management structures and implement continuous education

Implement initiatives based on the OKI Group Human Rights Policy (established in October 2022): Develop systems and promote due diligence

- The last of the measures, sustainability management. As nonfinancial measures of Materiality, we will strengthen our environmental measures, human capital investment, and corporate governance initiatives.
- Regarding environmental measures, the OKI Environmental Vision has set a target for global warming prevention by FY2050. On top of that, we aim to reduce CO₂ emissions at OKI sites by 21% as a target for FY2025.
- Regarding talent, we will actively promote initiatives that enable diverse talent to proactively thrive and improve employee performance. In addition, we will promote reskilling linked to our business strategy and seek to mobilize talent. Based on this approach, we will invest approximately 4.0 billion yen from this fiscal year in human capital, including recruitment, talent development, and revision of the grading system.
 By FY2025, we will increase female management ratio to at least 5% and raise OKI Work Engagement points to 70%.
- In addition, we will embed risk management and reinforce compliance awareness. Furthermore, we will promote initiatives based on the Human Rights Policy established last year to strengthen governance.



- This is an overview of the medium-term plan.
- Through the implementation of this medium-term plan, I intend to transform the Company into a productive and future-oriented growth enterprise. And now, we are determined to make a leap forward from being “a company delivering OK! to your life” of Japan, to “a company delivering OK! to your life” on a global scale.

Practice sustainability management as a company that "Delivering OK! to your life."

OKI's vision and contribution fields

**Material
issues**
(Materiality)

Providing products and services that help solve social issues

- Contribute to safe and convenient social infrastructure
- Contribute to job satisfaction and productivity enhancement
- Contribute to conservation of the global environment

Reducing environmental impact through business activities

- Reduce environmental impact at our own sites

Transforming into a corporate culture that continuously creates value

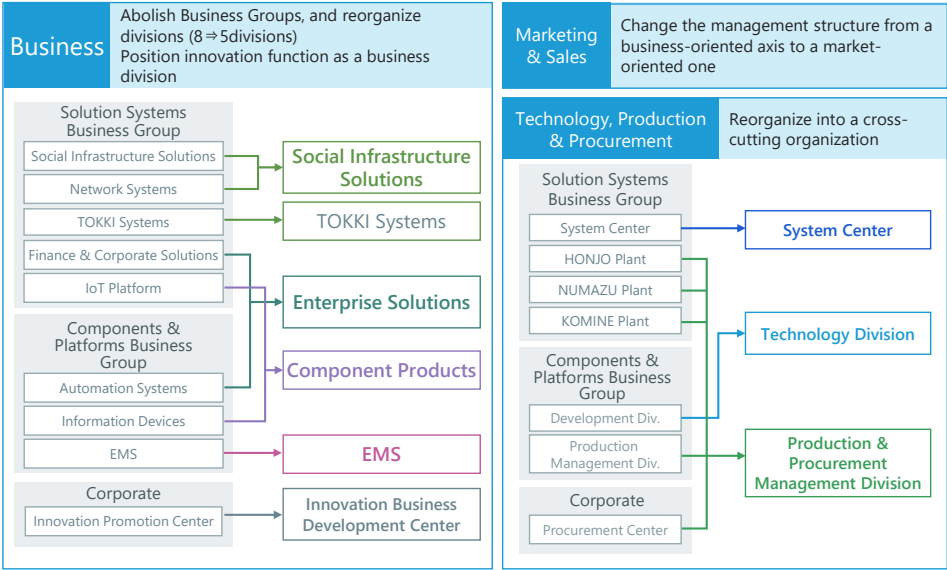
- Create value by "full participation innovation"
- Promote initiatives that enable diverse talent to proactively thrive

Strengthening management foundation to support sustainable growth

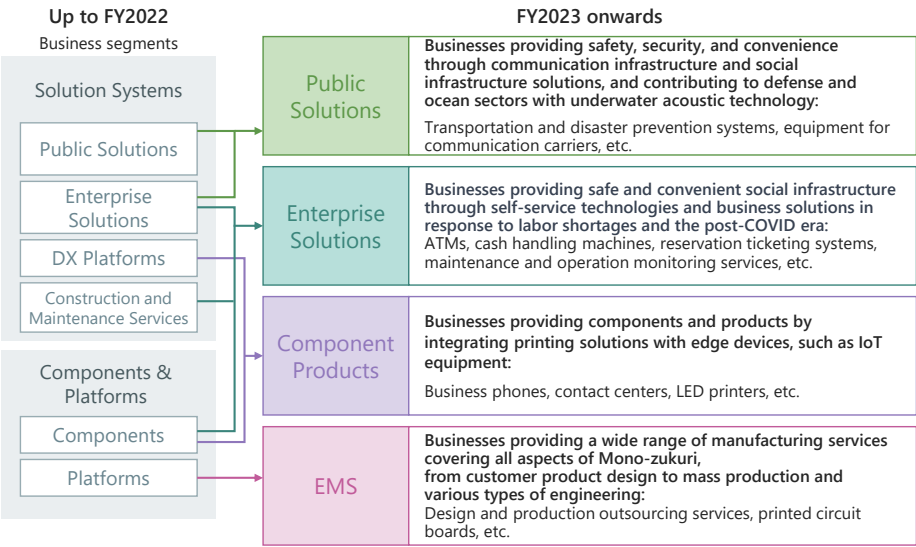
- Thoroughly manage risks and ensure compliance
- Ensure rigorous adherence to human rights
- Promote responsible procurement activities

Expectations/demands of society and stakeholders and the social issues confronting OKI

Organizational reforms centered on streamlining and enhancing overall capabilities



Transition to a management structure focusing on market alignment
and value chain optimization



Terms	Explanation
Real-time sensing	Technology that enables real-time measurement of information from a target object using sensors and similar devices
Recurring	Business model offering a combination of equipment provision and business process outsourcing (BPO)
DMS	Development & Design Manufacturing Service: A comprehensive service that includes not only electronics manufacturing services (EMS) but also design and development
OVNM ODMT ODMES OTM OPNT OJIP	OKI Viet Nam Co., Ltd. [Vietnam] OKI Data Manufacturing (Thailand) Co, Ltd. [Thailand] OKI Data MES Co., Ltd. [Japan (Fukushima)] OKI TOMIOKA Manufacturing Co., Ltd. [Japan (Gunma)] OKI Precision (Thailand) Co., Ltd. [Thailand] OKI JIP Co., Ltd. [Japan (Saitama)]
IMS	Innovation Management System: A management system designed to foster innovation
AI edge computing	Technology that enables general-purpose AI processing at the 'edge' of a network, closer to the data source, while also interacting with cloud-based systems
Virtual One Factory	Production model designed to strengthen inter-factory collaboration by integrating operations of multiple factories as if they were a single entity
Portability, Smart Factory	Factory that enables cooperative production across multiple factory locations; Instead of relying heavily on manual labor, it leverages automation and IoT technologies to achieve efficiency and energy savings
ZEB/ZEF	Net Zero Energy Building/Factory: Structures or factories that achieve virtually zero energy consumption by employing energy-efficient equipment and renewable energy sources
Remotely operated platforms	Advanced technology platform for remote digital transformation (Remote DX); It integrates humans, a wide variety of robots, and different edge devices to enable intuitive, real-time responses to on-site situations from remote locations

Terms	Explanation
Edge module	Embedded modules that are installed in devices like robots, among edge devices
Warehouse integrated platforms	Platform that allows for more efficient, automated warehouse operations; It leverages sensing technology, AI, and production management expertise to transition away from traditional warehouse operations that depend on individual skills.
Wireless vital/biosensing	Technology that uses sensors to gather human health data, such as pulse rate and body temperature, then wirelessly transmits this information for continuous monitoring
Edge device	Devices, like equipment or sensors, that function at the 'edge' of a network, which is closer to real-world data sources or operational sites
Edge platform	Platform designed to increase the value derived from data by integrating and making sense of various types of data gathered from edge devices
Ruggedize	Technology that enhances the durability of products or systems, equipping them with qualities such as heat and cold resistance, waterproofing, dustproofing, and shock resistance, making them suitable for challenging environments
Multimodal	Capability to process various types and formats of data
V2X	Vehicle to Everything: Communication technology that connects vehicles with all types of objects
Vision	Advanced image recognition technology that offers high environmental durability, lightweight design, and fast performance, suitable for use in mobile devices and outdoor environments
Zero Energy Gateway	IoT gateway device that operates on solar power and enables wireless communication without the need for external power supply
Projection Assembly System	System that combines projection mapping and image sensing to provide visual support for factory workers' actions