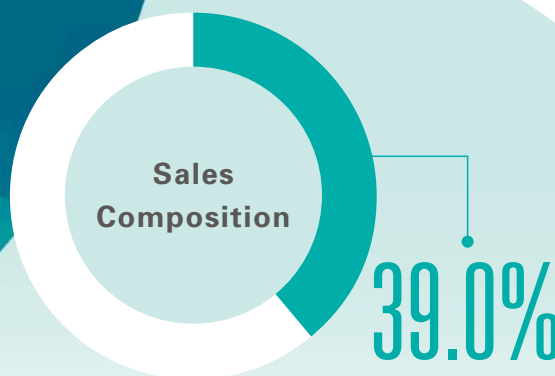


OVERVIEW OF OPERATIONS

ICT

While working to further bolster the profitability of stable-earnings businesses, we aim to achieve sustainable growth by creating new solutions that go beyond conventional frames based on IoT.



• Fiscal Year 2015 Earnings

Net sales declined 14.3% year on year to ¥191.2 billion. In the enterprise solutions business, sales were brisk in part due to front-loaded demand in systems for domestic financial institutions. In the corporate market, the trend was steady on progress in securing new projects, etc. In the telecom systems business, telecom carriers wound down investments related to existing network systems, and the large impact from the end of related sales in the first quarter translated into a sales decline. In the social infrastructure systems business, there were solid order inquiries for flight control systems and disaster prevention systems for municipalities but overall sales declined as demand for digitizing firefighting wireless systems peaked out in the previous fiscal year.

Operating income came to ¥11.6 billion for an operating margin of 6.1%. Despite the large impact of a decline in sales volume, there were benefits from reductions to fixed costs and progress on structural reforms.

• Outlook for Fiscal Year 2016

The Japanese economy is expected to remain in a mild recovery phase in fiscal year 2016. We expect social infrastructure investment as a whole to remain steady as the government's growth strategy keeps social infrastructure investment on a

firm footing as a whole and as private-sector capital investment edges up gently. We also expect the ICT business to evolve into a growth area as needs grow for solutions that address social problems such as managing infrastructure maintenance, labor shortages, medical nursing care, and disaster prevention and mitigation, while initiatives in the area of new technologies, such as the Internet of things (IoT), are actively promoted.

Within such a business environment, we forecast firm trends led by transportation infrastructure-related systems such as flight control systems and road traffic. In the solutions business for enterprises, we also expect growth in systems-related projects for transportation, distribution, and manufacturing industries. Meanwhile, in the public sector systems business, we expect sales to decline as the number of large projects shrinks and the replacement demand cycle ebbs for digital wireless communication systems for firefighting in the disaster prevention business.

In the ICT business, we will make stable-earnings businesses even more rock solid with the aim of further enhancing profit margins through optimal allocation of resources. In addition, we will accelerate initiatives aimed at creating new growth businesses utilizing IoT-based solutions that go beyond the conventional framework.

TOPICS

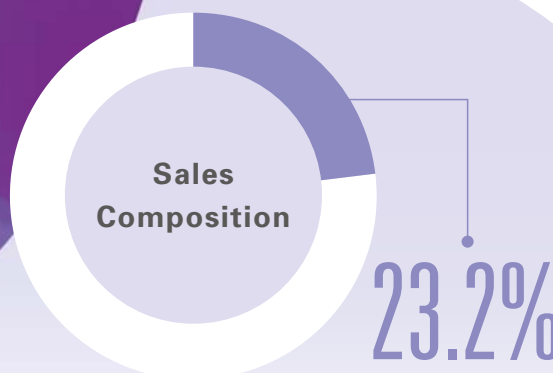
Launched Drone Detection System

OKI launched a system to detect approaching drones day or night using its aerial acoustic sensing technology. The system detects in-flight drones, collecting and analyzing flight noises specific to drones. Calculating distance, direction, and the angle of the vehicle, the system can issue alerts to monitors. It offers configuration flexibility to respond to various needs such as video confirmation using embedded cameras, expansion of the detection range, and remote monitoring using a network.



Mechatronics Systems

We work to bolster our earnings base by further accelerating the global expansion of the ATM business and focusing on sales of cash handling equipment in Japan.



• Fiscal Year 2015 Earnings

Net sales declined 11.3% year on year to ¥113.7 billion. As for ATM shipments overseas, our sales partner in China to which we have extended sales credit defaulted on outstanding debts, so we suspended new shipments to this partner from June 2015. We are continuing with arbitration proceedings to seek payment against sales credit extended. As a result of this, our sales in China fell sharply but our direct sales under the OKI brand without going through our sales partner fared well there. In emerging countries, sales from our businesses in Brazil declined on curtailed investment by customers as the country's economy slowed. In other regions, we delayed shipments owing to slowing economies and changing customer circumstances, so unit sales of ATMs undershot our plan. In Japan, however, sales of cash handling equipment to retail stores and service vendors grew steeply, and bank branch terminals for the financial institutions also recorded brisk sales.

Operating income came to ¥6.0 billion for an operating margin of 5.3%. Sales were robust overall at the domestic business, but sales volume overseas dropped off considerably.

• Outlook for Fiscal Year 2016

While slowing in a few emerging countries is evident, from a global perspective, we think there is still ample latent ATM demand. In the overseas ATM business in fiscal year 2016, we are rebuilding our sales system in China, signing a contract with a new sales partner. We expect unit sales of OKI brand products to decline overall, taking into account a likely fallback against the sales increase of the prior fiscal year. While the severe economic environment in Brazil is likely to continue, we expect the start of shipments for large orders from state-run banks received in fiscal year 2015 to contribute to earnings improvement. The goal of the overseas ATM business is still to grow globally, and we look for growth in regions apart from China and Brazil. In the domestic market, we expect briskness in the previous fiscal year to be sustained and support further growth in cash handling equipment sales.

We expect earnings overall to be even with the year-earlier level on a decline in unit shipments of ATMs to China despite a likely improvement in Brazil on shipments for large orders.

TOPICS

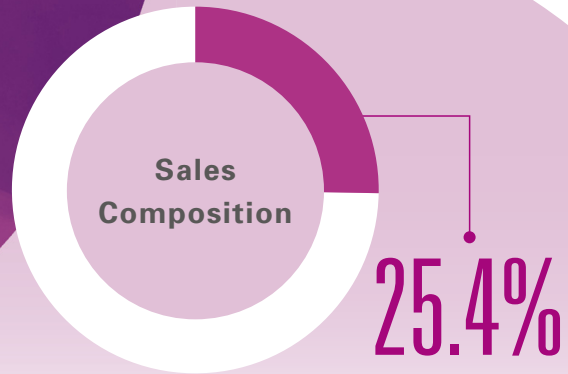
Launched Withdrawal/Deposit Machine "USCOS II-CV" for Narrow Spaces

We launched the USCOS II-CV withdrawal/deposit machine for space-constrained stores that supports stricter cash management and greater task efficiency for administrators. The USCOS II-CV performs the basic functions of a medium-sized withdrawal/deposit machine and small banknote and coin changer but installation requires a space of just 42cm across, so it can fit into a small store where a conventional withdrawal/deposit machine could not be installed. It reduces the task burden of administrators with an easy-to-navigate user interface.



Printers

In addition to strengthening sales of high-value-added products, we strive to enhance our profitability by developing niche market globally.



• Fiscal Year 2015 Earnings

Net sales decreased 3.6% year on year to ¥124.6 billion. Sales of LED printers remained brisk overall, with sales of high-value-added strategic products such as color multi-function printers (MFPs), the product line on which we have been most focused, getting a lift thanks in part to a stronger sales support structure. Meanwhile, in existing products, the overall market continued to shrink, led by color single-function printers (SFPs) for office use. Our decision to maintain the price level amid the intensifying price competition in the market also led to lower sales volumes of our existing products. From the middle of the second quarter of fiscal year 2015, however, we were able to apply the brakes to the decline in sales volumes in part by selective price revision of products. In addition, we acquired from Seiko Instruments Inc. its wide format printer business on October 1, 2015.

Operating income came to ¥1.4 billion, a decline of ¥5.3 billion year on year. A better product mix stemming from an increase in high-value-added products helped to offset the negative impacts of the unit sales decline in existing products and price competition but fluctuations in foreign exchange rates drained ¥4.6 billion from operating income on a year-on-year basis.

• Outlook for Fiscal Year 2016

For fiscal year 2016, we expect fierce price competition in the printer market to persist as the printing needs of the office market continues to shrink. This mainly reflects less printing demand as mobility becomes increasingly common among office workers, along with changing work styles and IT infrastructure. In this environment, as a result of strengthening of the sales channel support system in the United States and Europe, sales of strategic products at the printers business are growing and improving the product mix. We aim to increase sales by globally deepening our niche strategy through the development of markets in specific industries such as medical care and design, as well as by improving product mix. In addition, we expect the wide format printer business we acquired in fiscal year 2015 to contribute to sales across the entire year in fiscal year 2016. With sales synergies from the wide format printer business, we seek to expand sales in the professional printing market. We expect earnings to grow on an increase in sales volume and a further shift toward high-end models in our product mix.

TOPICS

Establishes Wide Format Printer Company

OKI Data Infotech was established on October 1, 2015 after the acquisition of the globally-deployed wide format printer business of Seiko Instruments Inc. to OKI Data. The acquisition comes with new technologies and development resources such as large inkjet printers as well as a product portfolio and relevant sales channels that enable us to offer one-stop solutions targeted at the printing, distribution, and retail sectors. We will strive to strengthen the printer business in the professional printing market.



EMS

We strive to further expand our proprietary high-end electronics manufacturing services using our strength in combining high-mix, low-volume manufacturing with high quality and reliability.



8.6%

• Fiscal Year 2015 Earnings

Net sales rose 5.1% year on year to ¥42.4 billion. In particular, sales at the circuit board business were solid due in part to the effect of the acquisition from Yokogawa Electric Corporation of the Ome Factory of Yokogawa Manufacturing Corporation on April 1, 2015. In the market for industrial instruments and measuring instruments, sales increased as new customers came onboard. In contrast, sales fell in the market for communication equipment in response to curtailed investment by end-users.

Operating income increased by ¥0.3 billion year on year to ¥2.3 billion on higher sales volumes and other factors.

• Outlook for Fiscal Year 2016

Since its founding, the EMS business has continued growth in sales and income. We look for sales growth again in fiscal year 2016 on increased new customers and new projects received from our existing customers. We will continue to expand operations using M&A opportunities like we have in the past. We expect income growth on an increase in sales from new customers and new projects. We will endeavor to maintain profit margins at a certain level taking into account the profitability of each project while eyeing on developing new business opportunities.

TOPICS

Mass-production Technology for Multi-layer Copper-coin PCBs for High Speeds and High Frequencies

OKI Circuit Technology successfully developed design and mass production technologies for multi-layer printed circuit boards that support high speeds and high frequencies based on copper coin insertion. The new technology achieves a 20-fold improvement in heat dissipation. Inserting cylindrical copper coins into through-holes without leaving gaps using a specially-developed method that minimizes pressure loading ensures greater area for heat conduction for a limited number of through-holes. The newly developed T-Coin* structure enables a long service life and high reliability.

*T-Coin: Technology of copper Coin insert

