

**Summary Translation of Q&A for the Nine Months of
the Fiscal Year ending March 31, 2018**

Q: In the ICT business, results for Q3 and the first nine months seem relatively good when compared with profit growth target of the full year plan. Breaking the results down between areas where you are ahead of plan and areas where you are seeing a shift in demand, could you give us some more detail about the main factors influencing performance here?

A: You will forgive me if I don't give you specific numbers on where we are ahead of plan at the moment. Profit growth was in part driven by sales to government agencies and by sales in social infrastructure, along with maintenance projects related to these. Due to the structure of the ICT business, earnings tend to be concentrated in the Q4 of the year, but overall we are seeing relatively good momentum in sales and profits in line with external trends at the moment.

Q: I appreciate that the business related to government agencies and social infrastructure is doing well, but these are not really the types of business where you experience a sudden pick-up in orders during the year and then respond to that, are they? Would it be correct to assume that something you had not anticipated at the start of the year is occurring?

A: Basically, no projects have come in that we had not expected at the beginning of the year. However, the volume of work involved and the timing of the work coming through has generally been ahead of our expectations.

Q: In the Mechatronics systems business, could you tell us the number of domestic and overseas ATMs sold in Q3? Also, over the past three quarters the operating loss has been around 1.5 billion yen every quarter. Last year, in Q4 you reported a loss of 1.7 billion yen, excluding one-off costs of 11.0 billion yen. In Q4 this year, what factors might lead to a better outcome than the three quarters so far?

A: Regarding the number of ATMs, the third quarter cumulative total is 5,500 for Japan, compared with 9,500 in our annual plan. In China, we sold 3,300 units versus an annual plan of 7,000 units, and in the Rest of the World excluding China we sold 2,900 compared with 7,000 in the annual plan. In China, we sold slightly less than 10,000 units this time last year. Given the growing number of ATMs in urban areas and the increasing popularity of e-money, the situation is severe. In the Rest of the World, we sold around 3,100 units this time last year, so we are slightly down year on year. Some specific factors affected our business in India, so sales were slightly sluggish. Looking at factors for improvement in Q4, order intake in Japan toward March has been better than in previous

years, so we think we might see some improvements based on stronger domestic demand.

Q: Looking at the Q4 specifically [in Mechatronics Systems], is it fair to say that Japan looks a bit better than it did last year, but that there is not so much improvement in China or Brazil?

A: Looking at earnings situation by region, approximately three quarters of the loss for the first nine months is attributable to Brazil. We had originally expected to reduce our losses in Brazil this year, but the situation is broadly unchanged from last year. Sales volumes in China are sluggish, but total income and expenditure in China, including maintenance costs, is roughly flat. We are seeing a sharp decline in prices due to certain special factors in the Rest of the World, mainly India. Although the Rest of the World shows growth potential, the situation is challenging. Unfortunately, we have not secured the large orders we had anticipated for this year, nor have managed to sell the number of units that we had originally planned. On the other hand, the domestic market is generally positive.

Q: In the Mechatronics Systems business, you have talked about reviewing your strategy. Does that mean you are planning to change your strategic approach but not the cost structure? If so, will this entail additional investment?

A: We said in our briefing that we are reviewing our business strategy from a medium- to long-term perspective. This strategic review involves a consideration of how we respond to changes in the operating environment—including the cost structure—from a medium- to long-term perspective. If we are likely to incur temporary, one-off expenses, we will disclose this information in a timely manner at the appropriate time.

Q: Looking at the Mechatronics Systems business in China, the number of ATMs sold in Q3 was large compared to Q1 and Q2. Should we assume this is just seasonality, or is this an indication that there is a pick-up of investment in the market even if it is a bit sluggish at the moment?

A: Yes, you should assume it is just seasonality.

Q: For the Printers business, you have reported a 2.7 billion yen improvement in operating income for the first nine months compared to last year. What would the picture look like if you split out the effects of foreign exchange and restructuring benefits?

A: Foreign exchange had a positive impact of around 1.7 billion yen, while restructuring benefits accounted for a little less than 50% of the remaining 1.0 billion yen improvement. The rest reflects the impact of cutting back on sales investment and other factors.

Q: You originally intended to spend 2.5 billion yen on restructuring in the Printers business in the first half. However, restructuring costs have been 1.6 billion yen for the first nine months. Does this mean you are going to spend the remaining 900 million yen in Q4? If so, can we expect a positive effect from this restructuring of, say, 1 billion yen next year?

A: Although there has been some delay in the restructuring plan, we expect it will be largely complete by the end of the fiscal year. Next year, we intend to review the beneficial impact of this restructuring carefully, and we will report this separately.

Q: Corporate expenses at the end of Q3 rose faster than last year. Are there any specific reasons? Do you expect expenses for the full year to be in line with the company's plan?

A: We have incurred expenses related to a takeover bid, specific to this year. For the year overall, we expect to be in line with the plan.

Q: If we look at the Mechatronics Systems business in Brazil, and read what the Brazilian banks are saying, it looks like the number of ATMs in the country is decreasing. There is also more and more mention of electronic payments. Furthermore, it looks like the profile of independent ATM vendors in the market is increasing. Is this a similar trend to what we are seeing in China? Will the banks shift more to cash-recycling ATMs as the number of ATMs in operation declines? What is your understanding of the situation?

A: In Brazil, trends are the same as in China in terms of the number of bank branches and financial institutions' activities, but the similarity stops there. Developments on the payments and settlements side are completely different in Brazil to what is going on in China. Although the Brazilian economy is now past the worst phase, the banks are still in restructuring mode. Current activity reflects that. Competitive bidding for cash dispenser orders has also increased. Although we are seeing a decline in number of ATMs in operation, we do not believe the Brazilian market is going the same way as China. We have strong competitors in Brazil, such as Diebold, so competition can naturally be tough.

Q: With regard to your dispute with Yihua, your former partner in the ATM business in China, I recall that you have made a provision of 10.9 billion yen for doubtful accounts, in respect of your original claim to be owed 18.2 billion yen. What is the situation with regard to collecting this amount?

A: We are currently in negotiations about recovering this amount but we have no progress to report yet. Naturally, our intention is to recover the full amount.

Q: I understand that you have benefited from restructuring the Printers business and the euro's strength. However, in terms of sales performance, are you regaining market share taking account of the market environment and competitiveness? What about new product launches?

A: Regarding Printers, we are looking to shift our focus to the industrial market. At the moment, we are trying to change the structure of our business. The signs are encouraging, but positive results have yet to surface.

Note: The forward-looking statements in this document are made based on information currently available to OKI and certain assumptions considered reasonable as of the date of this material. Therefore, actual results may differ from its projections upon the changes of business environments and other conditions. Partial corrections and revisions have been made to the contents of this document to make it easier for readers to understand.