

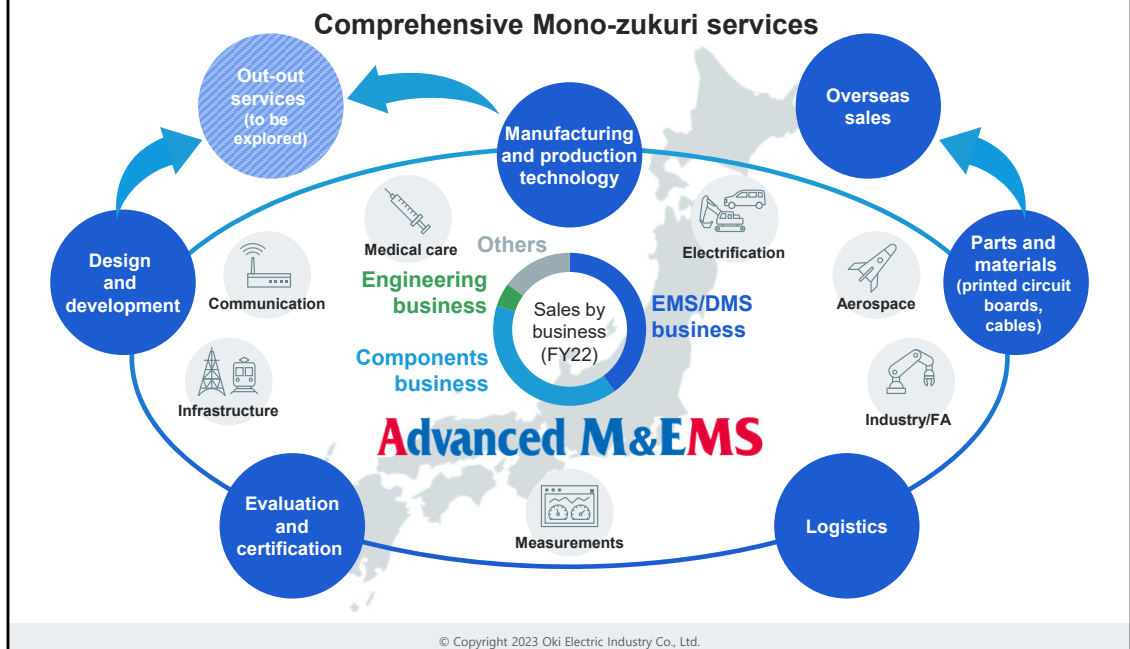
OKI Group  
**Business Strategy Meeting**  
**EMS**  
**Segment**

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Senior Executive Officer  
Head of EMS Division

**June 1, 2023**

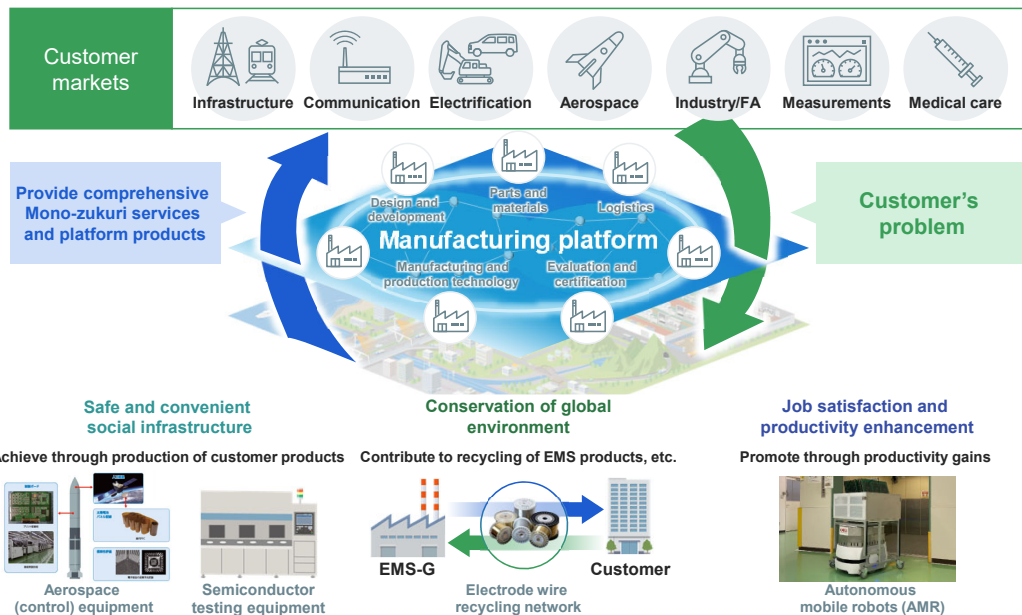
- 01 Segment Overview**
- 02 Vision for the Future (Segment Vision)**
- 03 Business Strategy to Realize Vision for the Future**
- 04 Medium-Term Business Plan 2025: Policy and Targets**
- 05 Medium-Term Business Plan 2025: Strategy and Key Initiatives**

Provide one-stop comprehensive Mono-zukuri services from design to manufacturing and reliability testing. Focus on the manufacturing of high quality and high value-added products with variable types and quantities.



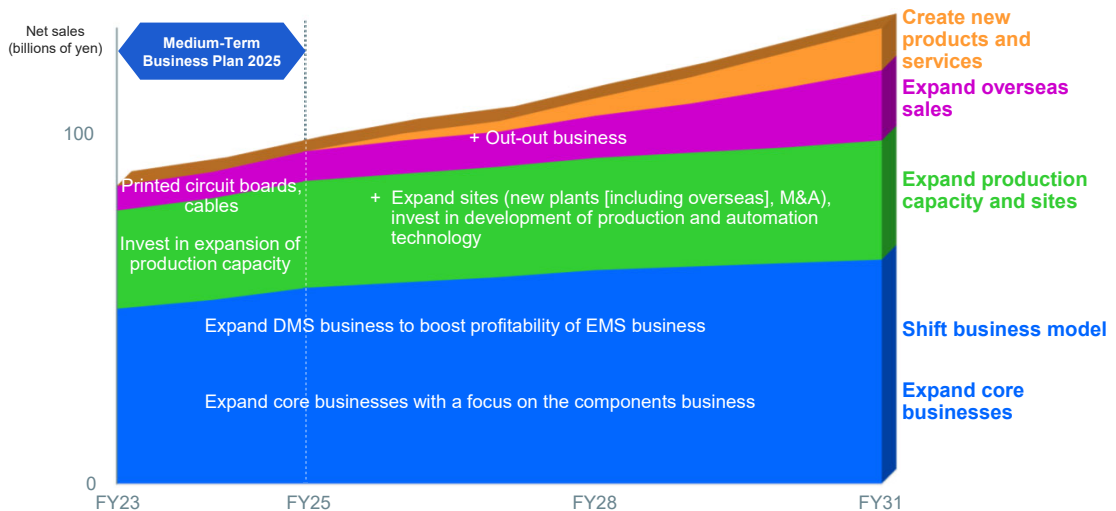
- Our EMS segment mainly consists of the EMS business, the components business, and the engineering business. It provides comprehensive Mono-zukuri services, covering all processes from design to manufacturing and engineering services.
- Leveraging the technological strengths accumulated by OKI in fields such as communication and ATM, we focus on manufacturing of high quality products with variable types and quantities in fields such as industrial measurements, medical care, and aerospace.
- Another strength is our ability to flexibly respond to customer needs by offering services focused on standalone processes such as design, parts, printed circuit boards, equipment assembly, and engineering.
- In response to requests for overseas production by some of our customers, we are exploring the provision of out-out services for EMS by utilizing OKI's overseas production sites in the future.

Aim to be a manufacturing platformer that supports customer products with our production



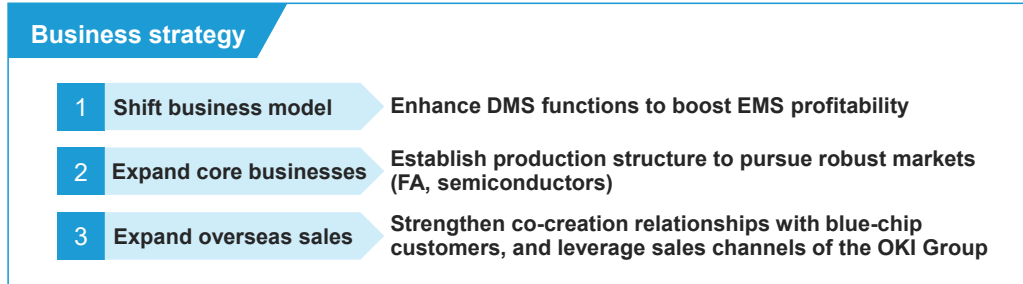
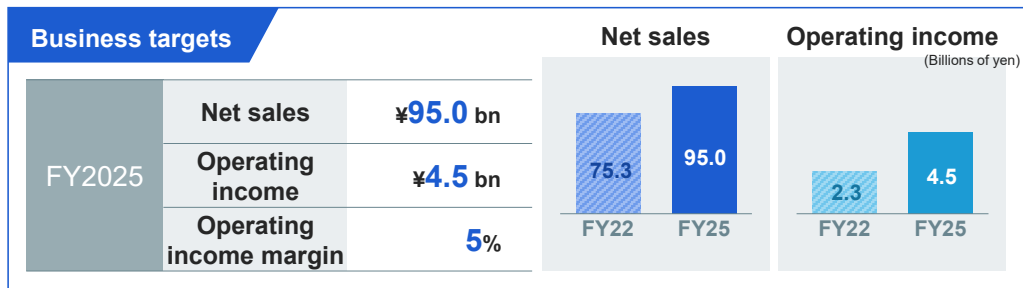
- Next, I will explain our vision for the future (segment vision).
- In the EMS segment, we are aspiring to support the manufacturing of customer products as a manufacturing platform operator.
- At present, we provide individual solutions to our customers' manufacturing problems. As a manufacturing platform operator, we plan to evolve into a segment that can identify common challenges among customers in the future, and provide platform products in response.
- Through the production of customers' products, the EMS segment will contribute to the realization of safe and secure social infrastructure.
- In addition, we will promote the recycling of EMS products and actively work to make our own plants more energy-efficient in an effort to achieve a sustainable Mono-zukuri environment.
- Thirdly, in response to the prevailing labor shortages, we will actively work to develop and introduce automation technologies, enhance productivity, and create better working environments for employees.

Realize a business with net sales of over 100 billion yen by FY26 through business model shift and growth investments. Aim for business growth at a sales increase of 5% or more (CAGR) and an operating margin of 5% or more.



- I will now go over our long-term business strategy to realize our vision for the future.
- The EMS segment pursues a basic policy of increasing sales and profit, and aims to grow into a segment that generates ¥100.0 billion in net sales by 2026. It will implement four major strategies to achieve its vision for the future.
- Firstly, the blue section shows a shift in business model from EMS to DMS, which will improve profitability and expand our core businesses.
- Secondly, the green section reflects growth markets as a foundation to sustain growth. We will make active capital investments and work to enhance our production environment, including by introducing automation.
- Thirdly, the purple section illustrates overseas expansion. While aiming to increase sales in our existing components business, we will consider expanding out-out services in our EMS business.
- Finally, the orange section shows the creation of new services as future initiatives. This will involve planning and developing new products that combine advanced technologies possessed by various EMS group companies, systematizing automation technologies based on the characteristics of production bases, and advancing initiatives to provide solutions to customers.

Business policy: Expand sales in growth and new markets by strengthening production structure through growth investments



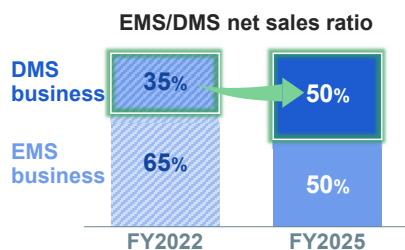
- Next, we move on to the policy and targets in our Medium-Term Business Plan 2025.
- To achieve our vision for the future, which I have mentioned earlier, we will implement three initiatives in three years.
- Firstly, we will shift our business model from EMS to DMS.
- Secondly, we will expand our core businesses with a focus on the components business.
- And thirdly, we will pursue overseas expansion.
- In the following slides, I will explain these three strategies or initiatives.

Shift business model: **Enhance DMS functions to boost EMS profitability**

Major KPI for FY25 (vs. FY22)	EMS/ DMS	Net sales ratio
		<b>+15%</b>

 EMS/DMS  
 business


Acquire new customers in DMS growth markets (EVs, aerospace)	Bolster systems engineering (SE) functions, and strengthen integration of sales, technology, and production
Rapidly move to mass production for orders received	Shorten time to mass production by organizing a dedicated project management team
Rapidly generate sales from orders received by alleviating supply chain impacts	Boost OKI's procurement capabilities by reinforcing cooperation with Production & Procurement Management Division Accelerate measures to resolve issues
Strengthen cost competitiveness via shift from EMS to DMS	Pursue cost-conscious production from development stage, and design solutions with productivity in mind



Outlook for supply chain impact (overview)

	FY2023	FY2024	FY2025
Market demand trends	Projected lull in demand	Renewed shortages (transition to EVs, higher adoption of ICT devices)	
Risk components (legacy semiconductors, power supplies, etc.)	Supply shortages	Demand growth, major supply risks	
	No impact on production	Risk of impact on production	Risk of impact on income statement

- First of all, one of the key initiatives in our business strategy is to shift our business model from EMS to DMS.
- We launched initiatives to strengthen DMS during our previous medium-term plan, and our orders have been robust as a result.
- However, DMS projects have fallen short of our sales and profit targets due to challenges such as a longer period from development to mass production than anticipated, a smaller scale of orders received, and a significant impact from the recent semiconductor shortage on the supply chain.
- In response to these challenges, we will implement the following initiatives in our current medium-term plan.
- Firstly, we will significantly enhance our systems engineering (SE) functions and deepen integration of sales, technology, and production.
- We will also concentrate on activities to secure large-scale projects characterized by high added value.
- In particular, in addition to thriving markets such as semiconductors and industrial fields, we have positioned electric vehicles-related applications, which is a market poised for growth, and aerospace, which is a strength of our EMS group, as growth markets, and we will cultivate new customers in these fields.

- We will establish a specialized project management unit within the segment to ramp up the speed to mass production.
- With regard to the launch of new projects, we will work to shorten the period from development to mass production by setting up a system that enhances internal and external communication.
- Next, coming to the supply chain impact, we have recently seen improvements for some materials, but we anticipate that availability will remain an issue, particularly for legacy semiconductors. We will closely cooperate with the Production & Procurement Management Division by sharing information to understand trends early on, and advance measures by negotiating with customers and vendors with a sense of urgency.
- Moreover, we have continued to propose switching designs for hard-to-get components to customers since FY2022, and will push ahead with such measures.
- With regard to cost improvement measures derived from the shift to DMS, we will focus on Mono-zukuri from the design stage, and accordingly enhance added value by using common parts for which OKI has excellent procurement capabilities, and by incorporating “ease of production” into our designs. In this way, we will strive to improve our profit margins.



Expand core businesses: Establish production structure to pursue robust markets (FA, semiconductors)

Major KPI for FY25 (vs. FY22)	Components business	Net sales	Operating income
		+20%	+10%

Engineering business  
Components business



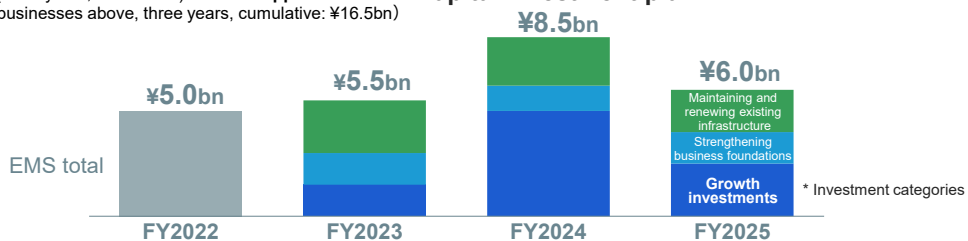
Expand sales by increasing production capacity through growth investments centered on the components business

Increase profits with productivity improvement investing in infrastructure enhancement, maintenance and renewal

Components business	Cables	Increase production capacity and sites for the FA, robotics, and machine tool fields [¥8.5 billion]
	Printed circuit boards	Increase production and processing capacity for semiconductor and aerospace fields [¥6.5 billion]
Engineering business		Expand capacity to grow EMC and measurement businesses [¥1.5 billion]

EMS (three years, cumulative)  
(Two businesses above, three years, cumulative: ¥16.5bn)

Approx. ¥20.0bn  
Capital investment plan



- Next, as our second key initiative, we will concentrate on expanding our core businesses.
- The components business will remain our primary focus, but we have received numerous requests for production hikes from existing customers who operate in growth fields. We will therefore make active capital investments to build up production capacity and keep pace with market growth.
- During our current medium-term plan, we plan to invest a total of roughly ¥20.0 billion in the EMS segment.
- Specifically, we plan to invest ¥8.5 billion in cables and ¥6.5 billion in printed circuit boards in the components business, and ¥1.5 billion in the engineering business, for a total of approximately ¥16.5 billion, representing around 80% of the entire investment amount.
- Breaking down our investments by purpose, we plan to allocate roughly ¥9.0 billion to growth investments, ¥4.0 billion to strengthening our manufacturing infrastructure, and about ¥7.0 billion to renewal investments.
- We aim to expand sales through growth investments, and to increase profits through enhanced productivity resulting from manufacturing infrastructure investments such as automation and renewal investments to bring in the latest equipment.

Expand overseas sales: **Strengthen co-creation relationships with blue-chip customers, and leverage the sales channels of the OKI Group**

Major KPI  
for FY25 (vs. FY22)

Overseas Net sales

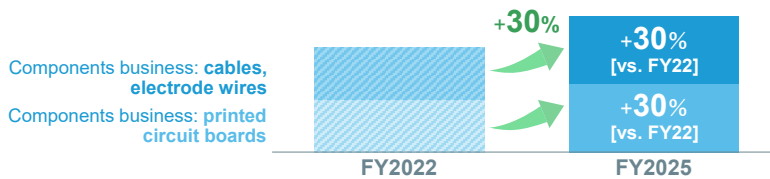
**+30%**

EMS/DMS  
business  
Components  
business



Components business	Printed circuit boards	<p>Expand market share by stepping up co-creation with customers in the North American and Asian semiconductor equipment markets</p> <ul style="list-style-type: none"> <li>Ultra-high-density multi-layer and ultra-high precision technologies, alongside mass-production capabilities</li> </ul> <p>Enter North American aerospace market</p> <ul style="list-style-type: none"> <li>Leverage Japanese certification and expertise</li> </ul>
	Cables, electrode wires	<p>Expand mass-production sales through joint development with customers in the European and North American FA and robotics markets</p>
	Secure new customers by leveraging channels of overseas sales companies in OKI Group	
EMS/DMS business	Explore out-out services (EMS), and establish business foundations	

Overseas net sales



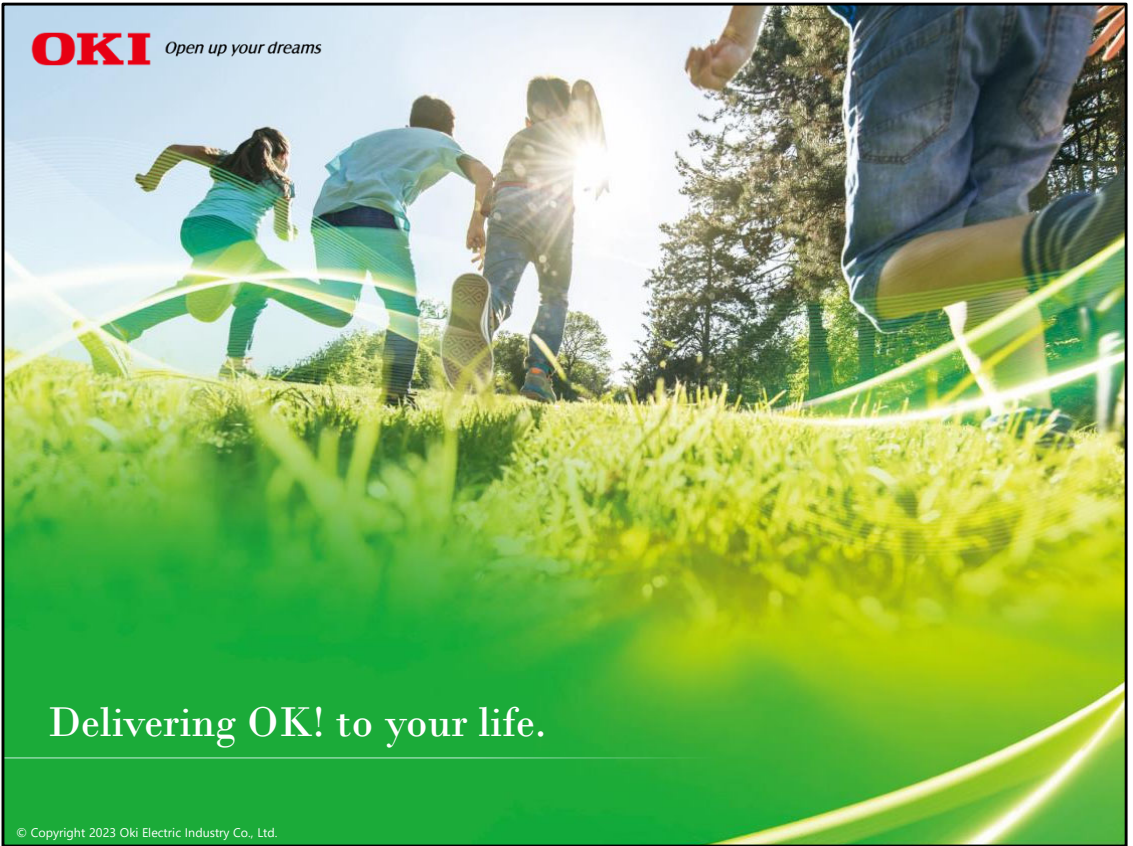
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- Thirdly and finally, I will discuss our strategy for expanding overseas sales.
- The components business is our primary focus, and we already have a track record of overseas sales. For printed circuit boards, cables, and electrode wires, we will implement the following growth measures.
- We will first strengthen co-creation business relationships with semiconductor-related customers mainly in North America and Asia, and aim to expand sales by winning new orders.
- In addition, we intend to enter new markets by striving to obtain certifications overseas, leveraging our domestic certification in the aerospace field.
- Next, for cables and electrode wires, we are already conducting joint development with some customers, but we will work to expand mass production sales overseas by developing new products that utilize our strengths.
- As a common strategy, we will strive to bring in new customers overseas and expand sales by increasing OKI Group's overseas sites and the channels of our sales companies.
- As a result of such efforts, we aim to achieve a 30% increase in overseas sales in FY2025 relative to the level recorded in FY2022.
- We will also start examining out-out manufacturing services for EMS as a

strategy for expanding overseas sales in the future. To meet the needs of EMS customers who request overseas production, we envision manufacturing services that rely on OKI's overseas manufacturing sites. Based on the results of this examination, we will verify the commercial viability of such a business and work to establish foundations to support the launch of services.

**OKI** *Open up your dreams*



Delivering OK! to your life.

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