

MEDIUM-TERM BUSINESS PLAN 2025

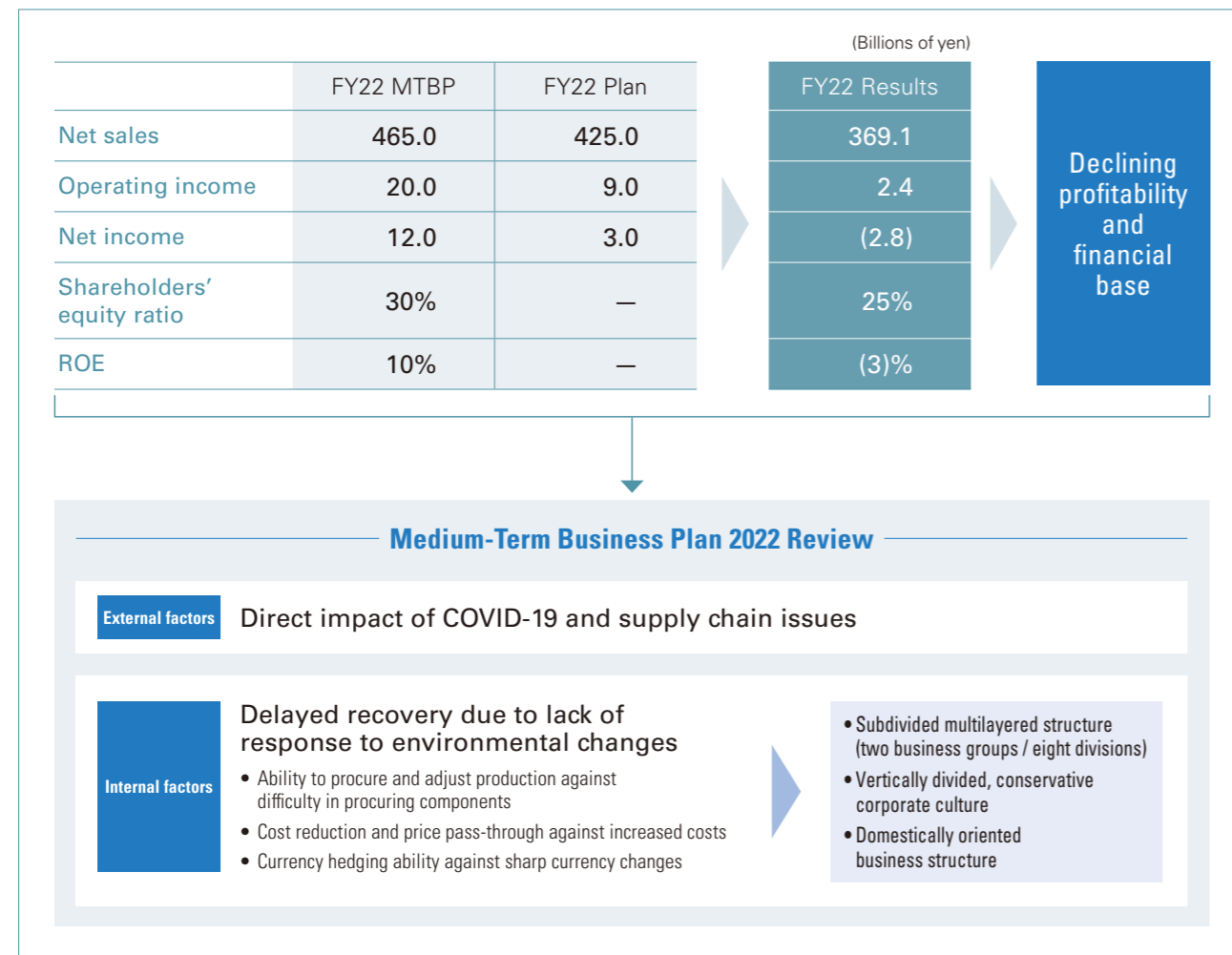
We have formulated our three-year Medium-Term Business Plan 2025 covering the period from fiscal year 2023 to 2025. Under the Plan, we will strengthen our ability to respond to environmental changes under the new structure formed in April 2023, break free from the downward trend of our performance, and ensure we are steering toward growth as a company "Delivering OK! to your life."



Medium-Term Business Plan 2022 Review

Our Medium-Term Business Plan 2022 is positioned as a "foundation" for OKI's goal of sustainable growth through solutions to social issues. While shifting our business portfolio, we have been working to achieve operating income higher than in fiscal year 2019 and to build a stable management foundation. However, we were unable to achieve the goals

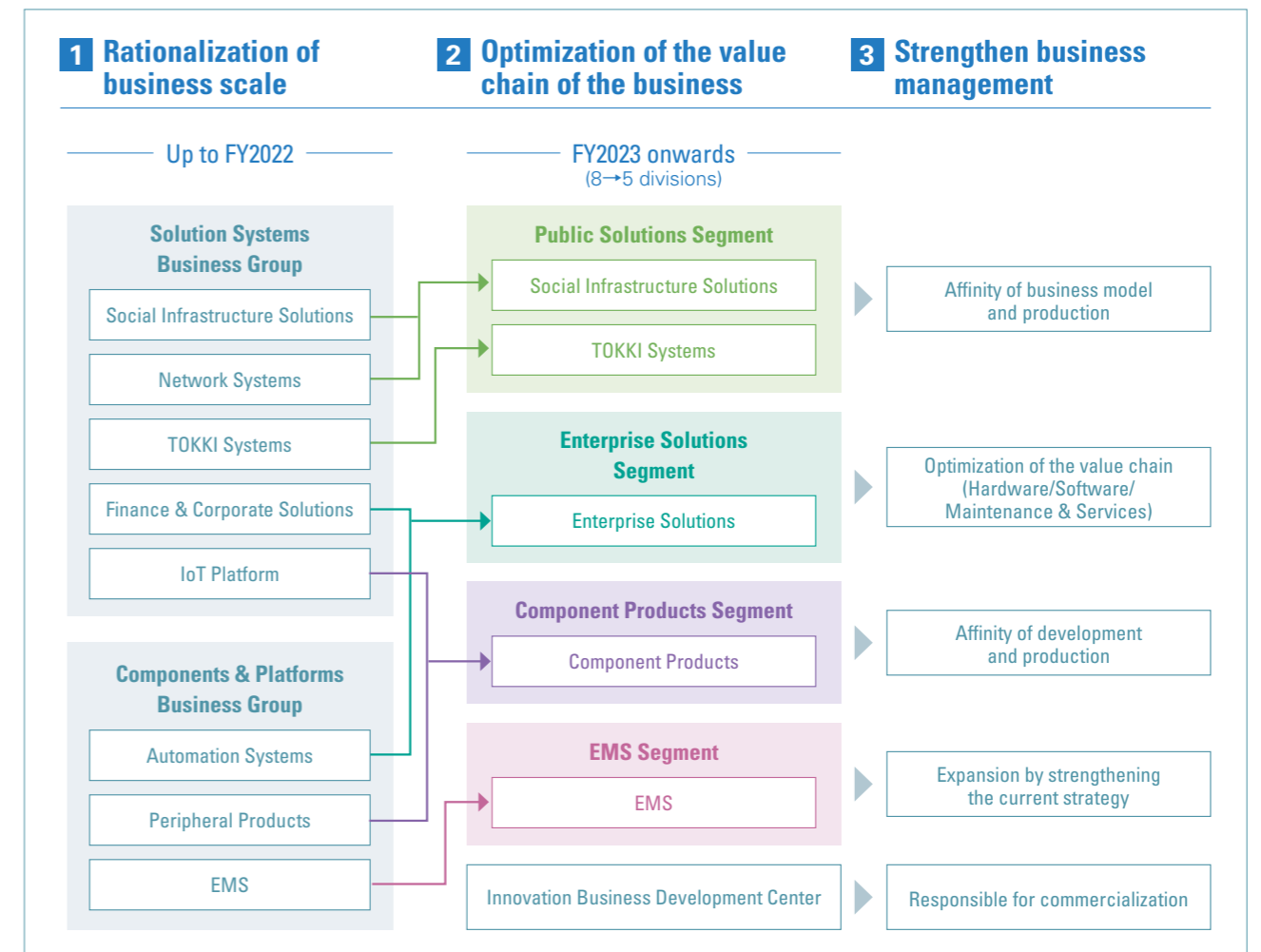
of our medium-term plan amidst drastic changes in the external environment, such as the COVID-19 pandemic and supply chain problems. We positioned fiscal year 2022 as a year of crisis response and made a single-year plan, but we were also unable to achieve that plan due to our inability to respond to the changes in the environment.



Revision of Business Structure

Based on a review of the Medium-Term Business Plan 2022, we recognized that the first issues that should be addressed are internal to OKI, such as our subdivided, multi-layered structure and vertically divided, conservative corporate culture. Starting in fiscal year 2023, we have simplified our structure by eliminating business groups, consolidating eight business divisions into five,

and reorganizing our business segments into four accordingly. We have three aims: 1) to unify the business scale to the 100 billion yen net sales level and increase the dynamism of measures and the speed of development, 2) to optimize the business value chain and increase business profitability, and 3) to strengthen business management by introducing an ROIC perspective.



Medium-Term Business Plan 2025 Basic Policy

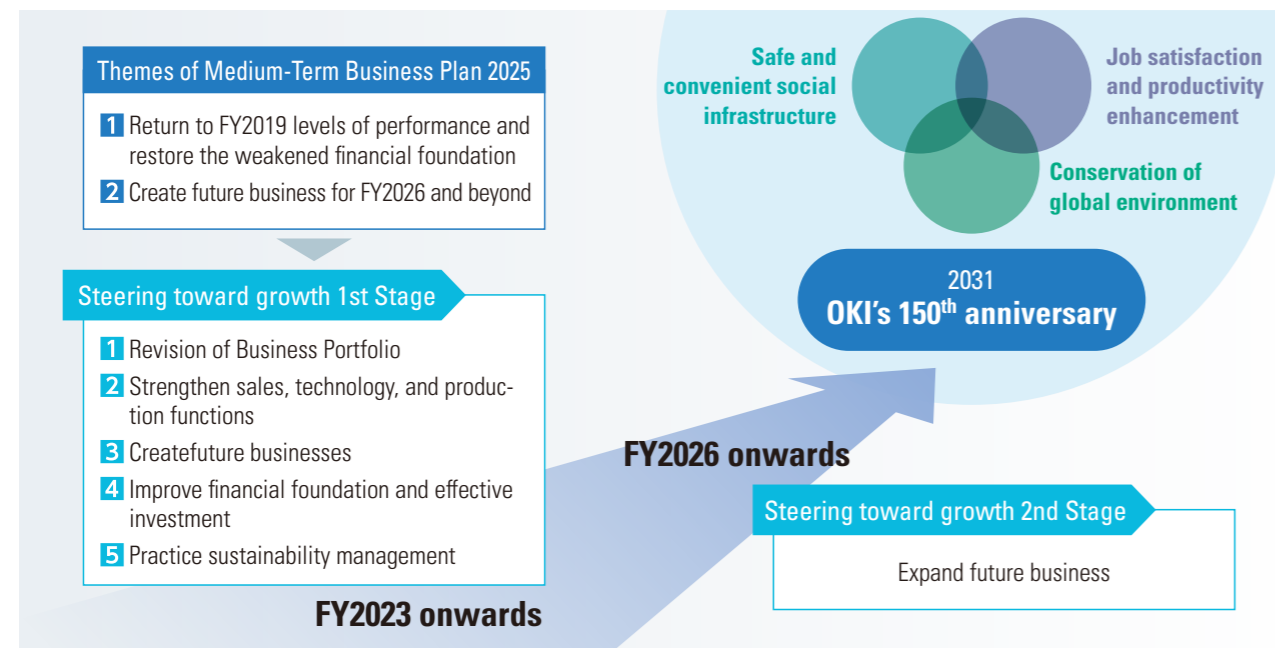
OKI is a company “Delivering OK! to your life” that helps solve social issues through mission-critical Mono-zukuri and Koto-zukuri.

As a company that contributes to maintaining ceaseless social infrastructures amid a time when society faces various challenges, we are focusing on the growing severity of climate change, the declining workforce due to the falling birthrate and aging population, and the aging of social infrastructures.

Based on this perspective, OKI’s vision for 2031, the 150th anniversary of our founding, is to provide value that leads to solutions to social issues in three fields of contribution:

“Safe and convenient social infrastructure,” “Job satisfaction and productivity enhancement,” and “Conservation of global environment.”

Under the Medium-Term Business Plan 2025, we will steer toward growth and break free from the downward trend in order to realize this vision. To achieve this, we will first restore OKI’s business performance to the fiscal 2019 level and recover our financial foundation. Then, to create future businesses for fiscal year 2026 and beyond, we will take five measures as the “Steering toward growth 1st Stage.”



Management Targets

We will break free from the downward trend and achieve net sales and operating income at fiscal year 2019 levels, while restoring the financial foundation.

		(Billions of yen)		
		2019 Results	2022 Results	FY2025 Plan
Growth potential	Net sales	457.2	369.1	450.0
	Operating income	16.8	2.4	18.0
	Net income	14.1	(2.8)	10.0
Profitability	Operating income margin	4%	1%	4%
Financial soundness	Shareholders' equity ratio	29%	25%	30%
Capital efficiency	ROE	14%	(3)%	8%
Shareholder returns	Dividend payout ratio	31%	—	30% or more

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

Five Measures in Steering Toward Growth 1st Stage

1 Review of Business Portfolio

From fiscal year 2023, we have established a new business structure with an awareness of rationalization of business scale, optimization of the value chain, and strengthening business management, and have clarified the positioning of each segment. We will achieve dynamic and speedy business development, including for our subsidiaries, and work to secure major projects and expand our focus areas through strategies appropriate to the positioning of each segment, working to improve profitability.

2 Strengthening Sales, Technology, and Production Functions

Under the new structure, we have reorganized our sales divisions to focus on market alignment and established the Global Business & Marketing Division to restart our overseas business. In addition, the Technology Division, which is responsible for technology development management, and the Production and Procurement Management Division, which aims to maximize the efficiency of all plants and optimize QCD and the supply chain, were newly established as cross-functional divisions across the entire company. By strengthening these functions, the OKI Group will have a structure that makes it possible to demonstrate our comprehensive capabilities and boost our business capabilities without being swayed by changes in the external environment.

3 Creating Future Businesses

We will evolve the Group’s manufacturing infrastructure and innovation activities and apply the technologies and processes we have developed to solutions, products, and services, thereby creating value in the three fields of contribution as well as contributing to solving issues faced by society and our customers. We will continuously strengthen our Edge technologies, such as ICT technologies, sensing technologies, and component technologies required for self-service and automation, which are our strengths, as well as focus on data management and promote the creation of platforms to deepen the use of data obtained from the real field.

Focus Areas

By 2025, setting “social infrastructure,” “manufacturing,” and “ocean” as focus areas, we will strengthen solutions for “infrastructure monitoring” for roads and railroads and “river basin flood control,” as well as “advanced remote operations” and “streamlining of logistics” by utilizing traffic data. Beyond that, we will take on the challenge of creating products by developing technologies for the marine domain and leveraging our “manufacturing know-how” accumulated through EMS and in-house production.

Innovation

To date, we have focused on activities to raise awareness of innovation among all employees, such as innovation training and the introduction of an innovation management system. Under the Medium-Term Business Plan 2025, we will strengthen these activities at the Innovation Business Development Center, which was established as a business unit responsible for new businesses, and accelerate commercialization for the future in the areas of “advanced remote operations,” “logistics,” “healthcare and medical care,” and “CFB (crystal film bonding),” with a view to global expansion.

Restarting Overseas Business

We will position our overseas sales companies as front-line bases for all of OKI, and in addition to expanding sales of existing products, we will first develop the air display business and EMS parts business. What is even more important is R&D activities for technologies and products from a global perspective. We will also consider new bases to search for the latest technologies and find partners.

4 Improving Financial Foundation and Effective Investment

We will execute investments for business expansion premised on improving our financial foundation and maintaining our BBB credit rating. We will increase profits by steadily reaping the benefits of rollover and large-scale projects from the previous Medium-Term Business Plan period. We will also quickly normalize working capital, which has become excessive due to supply chain effects, and optimize our held assets by selling policy-held stocks and other measures. We will also return profits to shareholders, reduce interest-bearing debts, and make steady capital investments in a balanced manner, including aggressive capital investments in growth businesses.

5 Practicing Sustainability Management

In conjunction with the formulation of the Medium-Term Business Plan 2025, we have updated our Material Issues (Materiality) for sustainability management. Along with “Products and services that help solve social issues” that constitutes efforts for resolution of social issues in the three fields of contribution, we will steadily promote environmental, social, and governance initiatives by “reducing environmental impact through business activities,” “transforming into a corporate culture that continuously creates value,” and “strengthening management foundation to support sustainable growth.”

Website “Medium-Term Business Plan 2025”
<https://www.oki.com/en/ir/corporate/strategy/>