

# Financial Results for the First Nine Months of the FY Ending March 31, 2021

February 4, 2021

Ok Electric Industry Co., Ltd.

# Executive Summary

## ■ Cumulative Q3 FY2021/3 Results

- ✓ Net sales decreased due to one-off factors (sales standards and large-scale projects) in the previous fiscal year.
- ✓ Results were generally as initially planned.

## ■ COVID-19 Impact on Results

- ✓ Overseas: Greater and longer impact than initially expected
- ✓ Japan: The impact increased on some customers; investment plans have been revised.

## ■ Structural Reforms

- ✓ Measures implemented steadily in line with the medium-term business plan scenario.
- ✓ Expect certain contribution from the structural reforms to the FY2021/3 results

# Summary of Financial Results

- Net sales and profit decreased year-on-year on rebound of specific factors of the previous fiscal year and prolonged impact of COVID-19.

(Billion yen)	9 months FY2021/3 (Results)	9 months FY2020/3 (Results)	Variance
Net sales	266.9	327.9	(61.0)
Operating income (loss)	(2.6)	9.1	(11.7)
Ordinary income (loss)	(3.4)	7.3	(10.7)
Profit (loss) attributable to owners of parent	(8.5)	7.2	(15.7)
USD average exchange rate (Yen)	106.12	108.67	(2.55)
EUR average exchange rate (Yen)	122.37	121.05	+1.32

## Segment Information (Net Sales)

- **Solution Systems**  
Although a reactionary decline from large-scale projects and a change in sales standards affected 9-month results, quarterly results continued to increase from the last quarter.
- **Components & Platforms**  
Decreased year-on-year significantly due to continuing impact of COVID-19, mainly in overseas markets.

(Billion yen)	9 months FY2021/3 (Results)	9 months FY2020/3 (Results)	Variance
Solution Systems	128.6	157.3	(28.7)
Components & Platforms	135.2	161.0	(25.8)
Others	3.1	9.5	(6.4)
<b>Total</b>	<b>266.9</b>	<b>327.9</b>	<b>(61.0)</b>

\*Results for 9 months FY2020/3 are restated.

## Segment Information (Operating Income/Loss)

- **Solution Systems**  
While reactionary decline in sales had impact on 9-month results, quarterly operating income continued to improve.
- **Components & Platforms**  
Quarterly loss decreased due to cost reductions, forex and a temporary increase (as a result of the reaction up to Q2) in consumables sales in Europe. 9-month results declined due to lower sales.

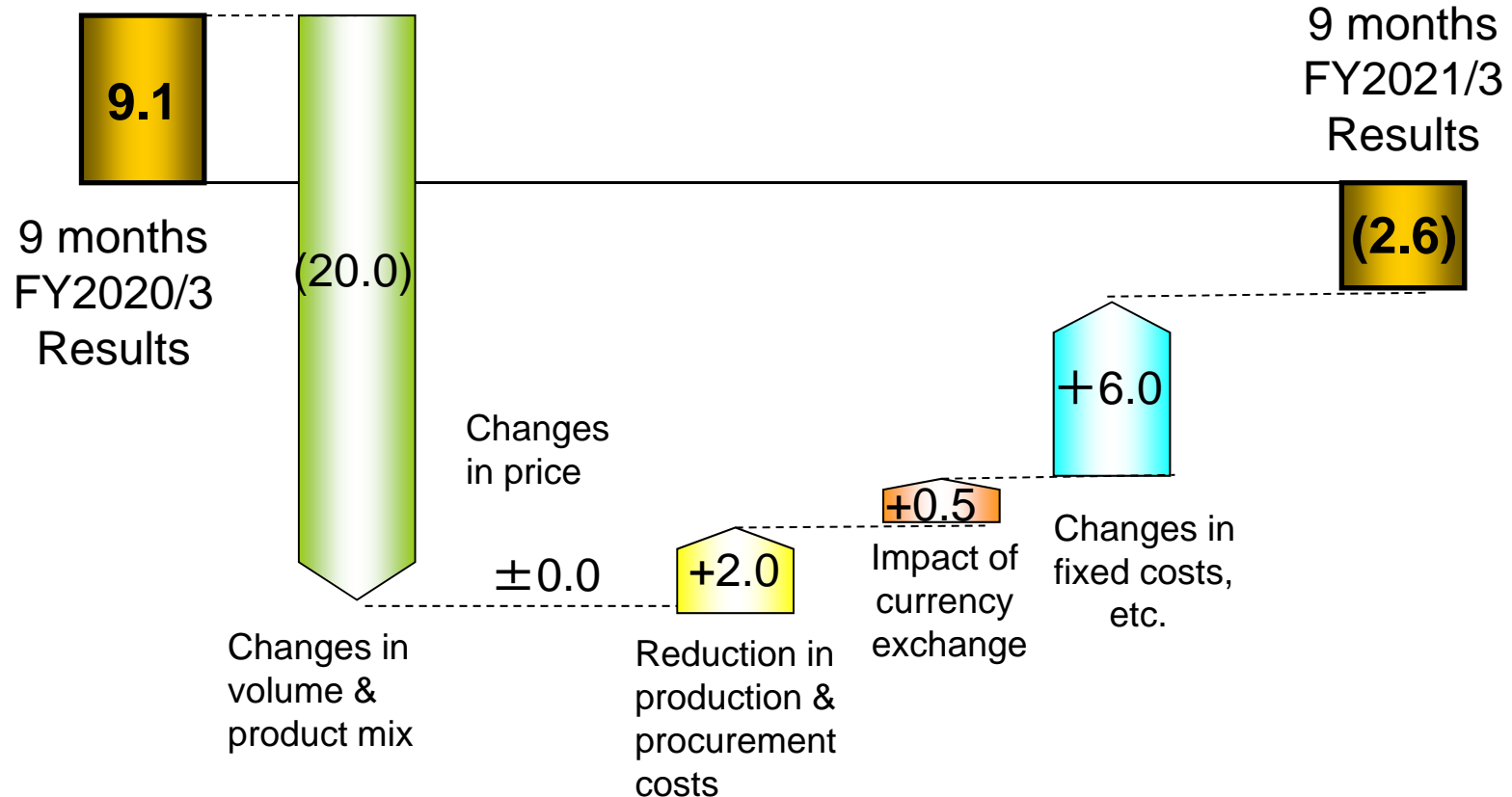
(Billion yen)	9 months FY2021/3 (Results)	9 months FY2020/3 (Results)	Variance
Solution Systems	6.5	10.7	(4.2)
Components & Platforms	(4.2)	3.9	(8.1)
Others	(0.3)	(0.2)	(0.1)
Corporate & Eliminations	(4.6)	(5.4)	+0.8
<b>Total</b>	<b>(2.6)</b>	<b>9.1</b>	<b>(11.7)</b>

\*Results for 9 months FY2020/3 are restated.

# Reasons for Changes in Operating Income/Loss

- The impact of volume fluctuations was significant. Some recovery was achieved through a review of overall costs, etc.

(Billion yen)



## Balance Sheets

- There is no major change in the composition of each asset and liability. Total assets decreased.
- Shareholders' equity ratio decreased by 0.5 points.

(Billion yen)	Dec. 2020	Mar. 2020	Variance
Current assets	204.4	236.7	(32.3)
Fixed assets	137.5	135.7	1.8
Assets	341.9	372.5	(30.6)
Current liabilities	150.8	159.9	(9.1)
Fixed liabilities	94.9	106.1	(11.2)
Liabilities	245.8	266.0	(20.2)
Shareholders' equity	95.9	106.2	(10.3)
Others	0.2	0.2	0.0
Net assets	96.1	106.4	(10.3)
Total liabilities and net assets	341.9	372.5	(30.6)
Shareholders' equity ratio (%)	28.0	28.5	(0.5)
D/E ratio (times)	0.8	0.7	+0.1

# Cash Flows

- Cash flows are almost unchanged from the previous year except for asset sales in the previous year.
- Cash reserves are at a level with some leeway.

(Billion yen)	9 months FY2021/3 (Results)	9 months FY2020/3 (Results)	Variance
I Cash flows from operating activities	11.0	11.6	(0.6)
II Cash flows from investing activities	(11.1)	1.0	(12.1)
Free cash flows ( I + II )	(0.1)	12.6	(12.7)
III Cash flows from financing activities	(7.1)	(5.8)	(1.3)
Cash and cash equivalents	39.2	33.7	+5.5
Purchases of PP&E and intangible assets	19.8	8.5	+11.3
Depreciation	9.3	9.2	+0.1



# Progress of Medium-Term Business Plan

## <Progress of Measures> (as of Feb. 4, 2021)

- Overseas sales strategy shift and reorganization of sales models, bases and personnel
  - Completed the selection of printer models, mainly for specific applications
  - Suspend printer hard sales in North America by the end of FY2021/3. Started reorganization of sales bases in Europe.
  - Reduction of employees at business sites in process, accordance with medium-term business plan. (Target: 60% reduction)
- Reorganization of production bases
  - End of ATM production and sales in China (Shenzhen Plant closed and production transferred to Vietnam Plant)
- Strengthening development capabilities through resource shifts
  - Apr. 2020, transferred 50 engineers from Oki Data to the Development Division (DMS) to begin technology integration (from Printers to Peripheral Products)
  - Apr. 2021 Merge Oki Data. Integrate printer engineers to create Development Division with a workforce of 700 people.
- Strengthening group-wide production control (promote conversion to Virtual One Factory and smart factory)
  - Apr. 2021 establish Production Management Division, Manufacturing Reinforcement Division
  - FY2022/3 establish new plant in Honjo District
- Group-wide cost reform
  - Shift to telework. Reorganize and consolidate offices in Shibaura and Toranomom areas. (Target : 50% reduction of office space)

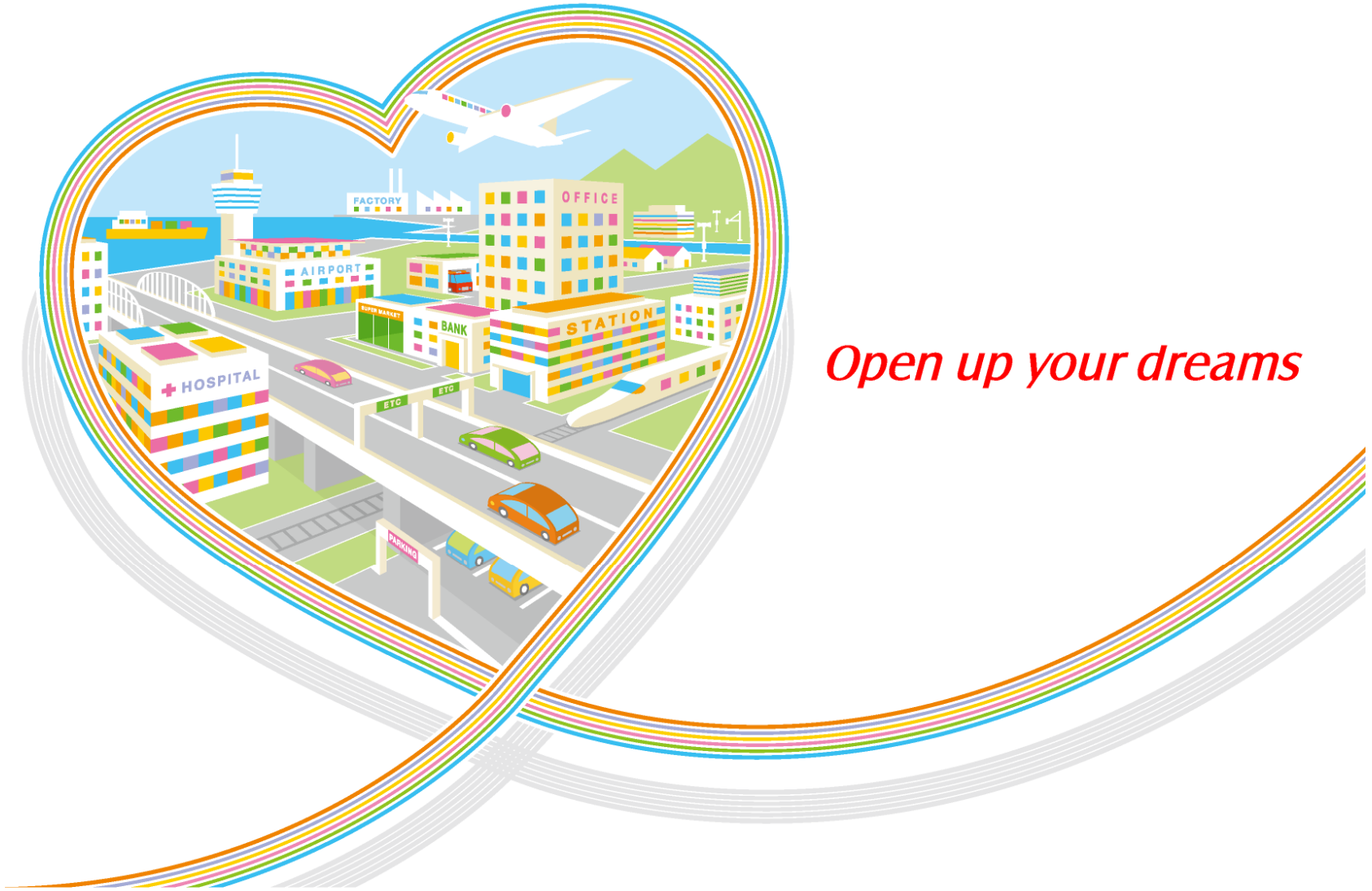
# Reference: Quarterly Results

		FY2020/3				FY2021/3		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
(Billion yen)								
Solution Systems	Net Sales	52.8	50.8	53.7	71.7	40.0	43.5	45.1
	Operating Income	2.4	3.2	5.1	9.5	1.7	2.2	2.5
Components & Platforms	Net Sales	51.6	56.8	52.6	55.3	40.0	47.8	47.4
	Operating Income	0.3	2.8	0.9	1.3	(1.7)	(1.9)	(0.5)
Others	Net Sales	3.2	3.1	3.2	2.4	1.4	0.9	0.8
	Operating Income	(0.1)	0.0	0.0	(0.4)	0.0	(0.1)	(0.2)
Corporate & Elimination	Operating Income	(1.5)	(1.8)	(2.0)	(2.7)	(1.2)	(1.6)	(1.8)
Total	Net Sales	107.6	110.8	109.5	129.4	81.4	92.2	93.3
	Operating Income	1.1	4.1	3.9	7.7	(1.1)	(1.4)	0.0

\*Results for FY2020/3 are restated.

# Notice

- The projections and plans in this material are based on information currently available to OKI as of the date of publication and certain assumptions judged as rational, therefore actual results are subject to change depending upon the changes of business environments and other conditions.
- Indication method of amounts in hundred millions (yen) are as follow:  
Amounts in each item are rounded to the nearest hundred million yen. Variances are calculated in the hundred millions.



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