

A Conversation
between
the COO and
an Outside
Director

Implementing an exciting strategy to achieve our goal of “Delivering OK! to your life.”

Successor candidates for the position of OKI's President are considered through the collaboration of the incumbent president and the Personnel Affairs and Compensation Advisory Committee, taking into account our corporate philosophy and business environment and based on discussions of the selection criteria and job requirements. We recently had Shigeru Asaba, the chairman of the Personnel Affairs and Compensation Advisory Committee as well as an outside director, talk to Mori, our new President, about the process leading up to the President's appointment in April 2022 as well as the expectations surrounding Mori, etc.

Asaba To decide who to appoint as our President, the Personnel Affairs and Compensation Advisory Committee came up with three basic qualities that suitable candidates should possess. The first is multi-stakeholder management, which specifically means considering the strengths and weaknesses of OKI's management resources in order to determine what kind of value to provide to our diverse stakeholders, including customers, investors, and society. The second is will and resolve, which means the guts necessary to effect change after becoming President. Finally, the last set of qualities we looked for were more human traits, such as sincerity. As a committee, we worked to select human resources who satisfy all of the above requirements.

In a sense, I suppose you could say that the top managers of any company require these three qualities. In addition, I personally emphasized the need for qualities that are suitable right now: human resources capable of dealing with the problems OKI is currently facing, including finding a way to boost our chronically low revenue and getting us on to a growth trajectory. Mori was involved with the Printers business for many years, where—faced with many competitors—he launched the new COREFIDO* business model and successfully improved our revenue. In addition, as the President of a printer subsidiary, he had the guts it took to integrate his company with OKI, and—thanks to his cheerfulness and interpersonal skills—others were inspired to follow him even in the midst of those difficult changes. At the same time, he had little business experience related to OKI itself, and, when he was appointed in April, he had no experience as a director, but we figured that Kamagami—our former President and new CEO—as well as us outside directors could cover for him.

Mori I believe the reason I was nominated at a time when our fiscal year 2021 performance was assumed to be poor is that I am supposed to help change our current situation and escape the trouble we are in. And based on your explanation,

I am even more convinced that I am right.

My whole life has been spent in the Printers business, and I have spent almost twenty years constantly thinking about underdog strategies aimed at beating huge, powerful rivals. In order for an underdog to win, it is necessary for them to find a way to dominate a narrow playing field, which means it is necessary to properly identify their originality and the trade-offs required to exploit it. I believe this perspective is necessary for OKI in its current state as well. As was just pointed out, I have little business experience related to OKI itself, so I hope to gain an understanding of our business from a higher perspective, change our culture, and form a group that implements actual business reforms.

Asaba We are currently engaged in discussions pertaining to our next Medium-Term Business Plan, but—in terms of devising OKI's strategy—although we have the necessary

technology, we feel like our marketing is weak, including a general lack of excitement and fun. The key message behind our current Medium-Term Business Plan, “Delivering OK! to your life.” is a nice turn of phrase and all, but the social issues and areas we are working on in connection with this ethos are still too all-encompassing. Ultimately, trying to do everything means you can't do anything right. For our next Medium-Term Business Plan, we must discuss how to achieve our goal of “Delivering OK! to your life.” in more concrete and in-depth terms, make sure that we have a firm understanding of our strengths and signature moves from diverse perspectives, and clearly decide what we need to do.

Everyone must also be convinced of the importance of the social issues we are targeting, and they must all be involved in our efforts to resolve them. Furthermore, we need to use our unique advantages as a starting point for telling our story. If we can fully exploit advantages that other companies cannot imitate, I believe our business will continue for five years, ten years, or even longer in spite of our times of dramatic change. In that sense, I think COREFIDO*, in which Mori was involved, is a truly fascinating example. He chose to exploit the strengths of LED printers by emphasizing a simple system that is unlikely to break—as opposed to the conventional approach of emphasizing quiet designs and printing quality—and, with that perspective as a starting point, he devised a business model leading to a strategy other companies could not copy. I think it would be wonderful if he could apply the same kind of thinking to the growth strategy for our next Medium-Term Business Plan.

Mori As was just said, I also believe the key is to ensure that other companies cannot imitate us. If we try to imitate some other big company, we'll just end up losing the ensuing power game to them. I think the best way for OKI to

survive is to narrow down the markets we compete in so that we can more effectively emphasize our unique features. As an example, COREFIDO was born as a result of interviews with customers, during which I learned that the main reason they purchased our products—that is, our products' true strength—is that they do not break. I think it's important to really listen to customer feedback like this when it comes to our strengths as well and then contemplate how to turn such feedback into a competitive advantage or a path to victory for our business.

I hope to clarify our vision for our next Medium-Term Business Plan, what we will target a few years down the line, and which initiatives we will pursue. OKI's current net sales amount to around 350 billion yen, which is approximately half of our peak sales of 720 billion yen. Scale might not be everything, but we still require a certain presence to achieve OKI's vision of what we should be. To accomplish that, I will do everything I can to get us on to a growth trajectory during the next Medium-Term Business Plan period so that we can get, if only a little, closer to the level we need to be at or at least find the right path to do so during my term of office.

Asaba I have looked at OKI as an outside director, and I can see that the Company is extremely skilled in terms of system-based thinking and reductionism. Of course, although that is fine in some ways, what OKI really needs right now is not the ability to reduce things or break them down and clarify their mechanisms but rather the ability to make sense of things in general and then make specific decisions about how to realize individual projects. In that sense as well, I think Mori is the perfect man for the job.

Mori I also think it is important to be able to gain an overall understanding of what is happening, abstract it a bit, and then share it. Based on that, I will help devise an exciting strategy at a level detailed enough to ensure that we will be able to win—and certainly not lose in the next five years or so—and then implement it. I hope to effectively convey a message to OKI about why we need to change like that and what the purpose of our reforms is.

Asaba I think there are a lot of expectations surrounding OKI regarding our technologies, the way they can help resolve social issues, and, in other words, how we can achieve our goal of “Delivering OK! to your life.” I believe Mori's mission as our President is to make those expectations a reality, and I am convinced he can do it.

Mori I hope to engage in deeper discussions with our outside directors, promote our reforms, and help ensure that they yield results. Thank you for your time today.

*COREFIDO: the industry's first business model to achieve a long-term free warranty service by taking advantage of the high durability and maintainability made possible by the simple structure of LED printers

Shigeru Asaba
Outside Director



Takahiro Mori
Representative Director
and COO

