

To Our Stakeholders



Jake Yamashita
President and CEO

Our growth is the sum total of employee growth: striving groupwide to deliver Fulfillment through Work

Tackling tough times

Fiscal 2021, which ended March 31, 2022, reminded me as never before of the enduring truth that “Uncertainty is the only certainty there is.” During the year, life with COVID-19 became a certainty of sorts in the daily lives and behavioral patterns of many. In Japan, people seemed to have begun taking the pandemic in stride. They also had to deal with the impacts of ongoing shortages of semiconductors and plastics and rising prices for all sorts of goods and services. Then along came global price hikes and goods shortages associated with Ukraine invasion and a lockdown in Shanghai. And even when manufacturing was possible in China, dockworker and truck driver shortages in the United States significantly delayed goods shipments to customers.

These piled on and protracted developments completely unimaginable. We can no longer be certain that the past will predict the future. Preparing for tomorrow

is fraught with difficulty. We have naturally deliberated everything exhaustively from business continuity planning perspectives. Having specifics in place for the next steps rather than armchair theoretics is vital for us if we are to avoid falling by the wayside. It is a reminder of the importance of maintaining a management structure that fosters decision-making and zero-based thinking and broadens our options.

The year under review also amply demonstrated that peace is essential for globalization to progress. Efforts to become more competitive mean that supply chains for companies everywhere, us included, tend to be long and complex. This all works well when things are peaceful and logistics are stable, but falls apart amid disruptions to such stability. Pursuing the supply chain holy grail of quality, cost, delivery, and service is great. Lose control over delivery, however, and the whole structure can come crashing down. That is the reality we confront, and we must establish better processes. There is no time to waste.



Pursuing the 20th Mid-Term Management Plan with confidence and certainty

We positioned fiscal 2020 as a year for responding to the emergency resulting from the pandemic and gearing up for the future. We overcame the difficulties through companywide efforts. In fiscal 2021, we embarked on the 20th Mid-Term Management Plan (20th MTP) ^①, a two-year initiative. Perhaps our most significant challenge was adopting a business unit structure in April 2021. The original intention was to complete this over two or three years, so finishing it in just a single year underscores our ability to accelerate reforms. In establishing five domain-specific business units and delegating authority to BU presidents, we enabled prompt decision-making and accelerated responsiveness to customer changes.

All of our frontline salespeople are exceedingly diligent. Direct sales account for a large portion of our revenues. So, these people have frequent opportunities to engage directly with customers, who often seek our assistance with a range of issues. The pandemic acted as a tailwind to drive Japan's workstyle reform forward, and our salespeople learned that customers face unique work challenges along the way. One way to help customers has been to offer an extensive range of Scrum packages that are easy to deploy, even with limited budgets.

Print volumes have fallen as work practices have changed. I am sure that many customers found they were printing things unnecessarily. Even if the economy recovers and more people return to offices, those volumes will never return to what they were. Even prior to the pandemic, we were already exploring

● For more information, refer to the following pages: ① Medium- to Long-Term Outlook and the 20th Mid-Term Management Plan: Ricoh Lift Off P. 19-20

countermeasures given a predicted eventual decline in print volumes. The drop was several years earlier than we envisioned. The situation was very serious. That is where our robust customer connections came to the fore. We turned the challenge into an opportunity to leverage online tools to keep presenting new proposals to customers. While it will take some more time to regain our footing, I am confident we are heading in the right direction. I believe helping customers work smarter will sharpen our competitive edge, propelling progress with the 20th MTP and pave the way for better tomorrows.

RICOH Graphic Communications, RICOH Industrial Solutions, and RICOH Futures play pivotal roles in digitalizing workplaces. While admittedly smaller than RICOH Digital Services and RICOH Digital Products, they cultivate important fields for our future. These business areas often engage in advanced technological and conceptual areas, so they need to identify growth at a faster pace. Management has an important responsibility to swiftly determine the quickest path toward success, whether by going it alone or collaborating with other companies.

The value of working and our approach

When we committed to becoming a digital services company focusing on the world of work, people sometimes asked if we were forsaking our manufacturing roots. Some companies certainly have adopted a strategy of outsourcing hardware production and specializing in services. Our approach, however, is to partner with customers. Edge devices are central to achieving our goals.

People produce all sorts of data from work. It is vital to capture the necessary and valuable data from the enormous volumes generated through work. High-quality data enhances analysis and artificial intelligence-based work's effectiveness. Even if you build a great platform, without good edge devices, you will only get meaningless information, and it will be difficult to create an ecosystem where data can bring value. Our RICOH Smart Integration co-creation platform² serves as a common global service delivery platform. Further enhancing the functionality and performance of edge devices will become even more invaluable.

Because people are central to work processes, it is essential for them to be creative, come up with constructive ideas, and broaden their perspectives. Humans are analog beings in an increasingly digital world. So, we need to make artificial intelligence, systems and networks, and other digital platforms more accessible and user-friendly for people. I believe that the Ricoh Group can make this happen. Although AI and other machines were traditionally limited in capabilities, the possibilities have expanded greatly as they have evolved rapidly.

We adopted Robotic Process Automation (RPA) in 2018. In overhauling our business processes, we began rethinking the tasks that people should perform. Assume for a moment that one robot can automate one business process. If 70 robots and 50 employees can together do what 100 people handled before, will the other 50 people have nothing to do? Should we be happy that we can halve the labor costs? No. We should be delighted to have freed those people up to take on new and creative work. We should invest in educating and reskilling these people accordingly.

● For more information, refer to the following page: ② Ricoh's co-creation platform RICOH Smart Integration P. 28

By and large, companies have traditionally structured themselves around tasking employees to drive corporate growth. Going forward, corporate growth should be an extension of employees' growth and both aligned. These people should clearly envision what work they want to pursue. As well as identifying skills and ideas of our employees through the talent management system, we now have more opportunities to follow their growth through surveys and other vehicles. Self-motivated employees who can sharpen their capabilities and want to tackle new challenges will drive corporate growth.

Empowering all employees to shine and grow

The pandemic provided new opportunities to transform employee communications and education. To cite my own experience, the resulting spread of teleworking has increased the number of roundtables with employees in Japan and across the globe. We are also



Roundtable session with employees

continuing individualized new employee welcome ceremonies in Japan that we initiated in April 2020, where I greet the new employees one by one. Traditionally, all of them assembled in a venue together, but we look to maintain this new format, even post pandemic. I was long concerned that remote working could leave some employees behind. But even before the pandemic, we had been reforming work practices. We learned much from this experience, which enabled us to overcome crises and brought us to where we are today.

Our human resources development commitment culminated in us opening the Ricoh Digital Academy in Japan in April 2022. Those accustomed to working remotely find studying through the Academy very rewarding. Certainly there are differences from person to person, so we will offer more learning options and support their pursuit of new challenges.

The pandemic forced all of us in Ricoh to revisit what we had always taken for granted. We stopped doing some unnecessary tasks and devised and tried new and more effective ways to do things that need to be done. I think that these insights and experiences are useful in the business frontlines.

Always close to our customers —our tireless challenges

Many people readily associate Ricoh with copiers or the environment. We appreciate this, as it testifies to the concerted efforts of our management and employees over the years. We have advocated environmental management since 1998. Our accumulated endeavors since in a progressive approach to ESG have



been the reason customers and dealers worldwide select us as their preferred partner. This is why we refer to ESG as future finance.

We know for certain that our past investments and accomplishments are paying off. We will capitalize that data in looking ahead. Also, investments in current and future finances through ESG activities must take us closer to our goals. If they do not, then we should halt such investments. Shareholders and other investors would never tolerate activities that have no rationale, and these efforts might achieve little to show for it. We will keep this in mind while deliberating our next MTP.

I reflected on how we would like customers to view us in coming years based on all of this. I would be delighted if they concluded that Ricoh is always there for them, ready to lend a helping hand for their work needs. Of course, we take pride in the fact that we

have always been there for our customers, and we hope to continue to use the power of digital technology to solve our customers' problems and be a visible presence for them. We will endeavor to direct all investments, human resource development, and management decision-making toward that goal, and we will continue striving to deliver outstanding products and services.

It is precisely because we are facing difficult times that we are boldly taking on new challenges with our eyes fixed on the opportunities that lie ahead. The Ricoh Group will continue its efforts to realize Fulfillment through Work ¹ so that our stakeholders will recognize our efforts with high expectations.

● For more information, refer to the following page: ¹ Vision for 2036: Fulfillment through Work P. 2