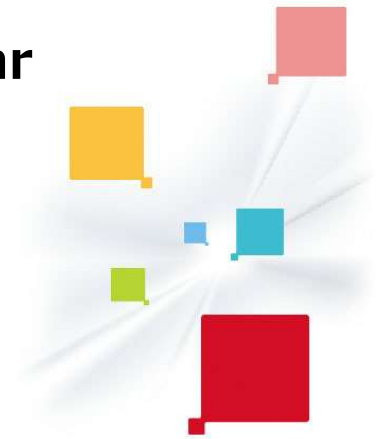


# Consolidated Results for the Year Ended March 31, 2021



May 7, 2021  
Ricoh Company, Ltd

## Forward-Looking Statements



The plans, prospects, strategies and other statements, except for the historical events, mentioned in this material are forward-looking statements with respect to future events and business results. Those statements were made based on the judgment of Ricoh's Directors from the information that is now obtainable. Actual results may differ materially from those projected or implied in such forward-looking statements and from any historical trends. Please refrain from judging only from these forward-looking statements with respect to future events and business results. The following important factors, without limiting the generality of the foregoing, could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- a. General economic conditions and business trend
- b. Exchange rates and their fluctuations
- c. Rapid technological innovation
- d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that achieve market acceptance in hot competitive market

No company's name and/or organization's name used, quoted and/or referenced in this material shall be interpreted as a recommendation and/or endorsement by Ricoh.

This material is not an offer or a solicitation to make investments. Please do not rely on this material as your sole source of information for your actual investments and be aware that investments decisions are your responsibility.

**Note: In this document, fiscal years are defined as follows:**  
FY2020 = Fiscal year ended March 31, 2021, etc.

### **Business category and other changes**

In fiscal 2020, Ricoh shifted some Office Services businesses to the Office Printing and Other categories. We also allocated some headquarters expenses to the relevant departments. We have accordingly retroactively revised numbers for the previous corresponding period.

## **Ricoh's 20th Mid-Term Management Plan**

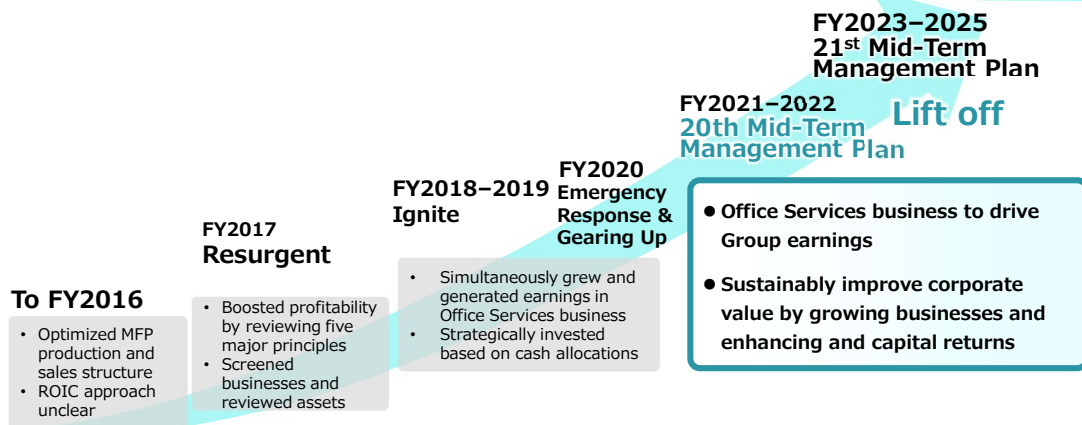
Presenter: Jake Yamashita, president and CEO

- Today, we will explain our full-year financial results for fiscal 2020.
- We will start by confirming the direction of our 20<sup>th</sup> Mid-Term Management Plan. Hidetaka Matsuishi, executive corporate officer and CFO, will then outline financial results for fiscal 2020 and present our outlook for fiscal 2021.
- Finally, Sergio Kato, president of RICOH Graphic Communications will discuss our medium-term outlook for that business unit, which focuses on Commercial Printing.

# Transitioning Toward Tomorrow

- Transform from an office automation equipment manufacturer to a digital services company
- Reform corporate profit structure through ROIC management and adopt business unit structure

Vision for 2036  
**Fulfillment through Work**



May 7, 2021

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- I will now explain how Ricoh is transitioning toward tomorrow by reviewing our trajectory over the medium term.
- Simply put, we need to break away from a profit structure that relies so much on the Office Printing business.
- When I became CEO in 2017, the actual profitability of each business was still unclear. We had optimized our structure and processes optimized to manufacture and sell MFPs.
- Right after taking the helm, I clarified the profit structures of each business under the RICOH Resurgent banner.
- We endeavored to bolster profitability by reviewing the five major principles that had guided us. These included emphasizing in-house manufacturing, maintaining a direct sales and service structure, and pursuing market share.
- We left no stone unturned in screening businesses and reviewing assets.
- Under RICOH Ignite, which we launched in fiscal 2018, we expanded the Office Services business and increased its earnings. We endeavored to transform our business structure while pushing ahead with our growth strategy.
- We responded to the COVID-19 pandemic by designating fiscal 2020 as a year of responding to that emergency and gearing up for the future. We undertook emergency and permanent measures to reinforce our business structure. These steps generated around 100 billion yen in earnings.
- We decided to bring forward our transition to a business unit structure, originally planned for fiscal 2023, and pushed ahead with preparations.
- We positioned our 20<sup>th</sup> and 21<sup>st</sup> Mid-Term Management Plan as a Lift Off period and declared that we would become a digital services company.
- We made our first steps toward materializing our Fulfillment through Work vision for 2036.



# FY2020 Full-Term Summary

- Achieved structural reforms and business growth in office services
- For gearing up, prepared for change to business unit structure and strengthened self-motivated employees



Business Unit Presentation	March 3 <sup>rd</sup> , 2021	March 3 <sup>rd</sup> , 2021	May 7 <sup>th</sup> , 2021	TBD	TBD
	RICOH Digital Services Akira Oyama	RICOH Digital Products Katsunori Nakata	RICOH Graphic Communications Sergio Kato	RICOH Industrial Solutions Yasutomo Mori	RICOH Futures Takahiro Irisa

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- We did much in fiscal 2020 to position ourselves for growth.
- Despite impairment losses in the Commercial Printing business, fourth-quarter operating profit after excluding transient factors was 13.2 billion yen.
- We are steering toward growth in fiscal 2021. Mr. Matsuishi will detail our efforts in that regard later in this briefing.
- Sergio Kato will present the medium-term outlook for RICOH Graphic Communications. I look forward to scheduling an appropriate time to outline efforts at RICOH Industrial Solutions and RICOH Futures.
- Thank you for your time. I will now hand you over to Mr. Matsuishi.

## Overview of FY2020 Results

Presenter: Hidetaka Matsuishi, Director and CFO

- I will now overview our fiscal 2020 results.

## Key Indicators

**Q4: Operating profit after excluding transient factors was ¥13.2 billion**  
(Effectively up ¥22.1 billion yen from forecast after taking one-time cost increases into account)

**Full year: Posted operating loss of ¥45.4 billion (effectively, loss of ¥10.8 billion)**  
owing to impairment and other one-time charges

### Quarterly statements of income

(billions of yen)	FY2019	FY2020	Year-on-year change	Effective change*1	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2020
Sales	2,008.5	<b>1,682.0</b>	-16.3%	-13.6%	352.3 (-26.2%)	409.6 (-20.8%)	431.1 (-13.6%)	488.9 (-5.0%)	1,682.0 (-16.3%)
Gross profit	721.5	572.3	-20.7%	-16.9%	122.0	140.3	153.3	156.5	572.3
Selling, general and administrative expenses	642.5	617.7	-3.9%	-2.2%	143.3	149.6	152.4	172.2	617.7
Operating profit	79.0	<b>-45.4</b>	-	-	Operating Profit -21.2	-9.3	0.8	-15.6	-45.4
Operating margin	3.9%	-	-	-	Transient factors*2 2.7	-1.7	-6.6	-28.9	-34.6
Profit attributable to owners of the parent	39.5	<b>-32.7</b>	-	-	Operating profit after factoring out transient factors*2 -23.9	-7.5	7.4	13.2	-10.8
ROE	4.3%	-3.6%	-	-					
Exchange rate	Yen/US\$ 108.80 Yen/euro 120.90	106.05 123.70	-2.75 +2.80						
R&D expenditures	102.8	<b>90.3</b>	-12.4						
Capital expenditures	86.5	<b>42.1</b>	-44.4						
Depreciation	62.5	<b>45.3</b>	-17.1						

\*1 YoY change after excluding forex factor, impacts of share transfers and removals from consolidation in previous fiscal year

\*2 Transient factors: structural reforms expenses, production reorganization costs, impairment, and government subsidies

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- Fiscal 2020 sales were 1,682.0 billion yen, down 16.3% from a year earlier. We posted an operating loss of 45.4 billion yen and a loss attributable to owners of the parent of 32.7 billion yen.
- The table on the right presents quarterly income statement highlights. The figures on the far right are totals for fiscal 2020. The 45.4 billion yen operating loss included 34.6 billion yen in transient factors, so the loss was effectively 10.8 billion yen.
- Our fourth-quarter sales were 488.9 billion yen, down 5% from a year earlier. The operating loss for the quarter was 15.6 billion yen. That amount included 28.9 billion yen in transient factors, however, so the underlying operating profit was 13.2 billion yen.
- We plan to generate 50 billion yen in operating profit in fiscal 2021. I believe that we are on track to get there.
- I would like to explain transient factors. These were structural reform expenses, including to optimize personnel, costs in relocating production sites, impairment charges, and 18.1 billion yen savings associated with government subsidies.
- Transient factors were particularly heavy in the fourth quarter, at 28.9 billion yen. The biggest factor was a 16.1 billion yen impairment charge for the Commercial Printing business.
- We incurred an impairment charge of 10.4 billion yen in the third quarter. This reflected the pandemic's impact on our performance and changes in earnings forecasts. The latest impairment charge was due to a new hike in related expenses that stemmed from converting part of a domestic Office Printing production site into a Commercial Printing production site. This move pushed back the timing of our earnings goals. The impairment charge did not reflect the strength of our businesses.
- Combined with the 10.4 billion yen incurred in the third quarter, the total impairment charge for Commercial Printing was 26.5 billion yen.
- So, after including 34.6 billion yen in transient factors, we posted an operating loss of 45.4 billion yen, compared with an operating profit forecast of 49.0 billion yen. The loss attributable owners of the parent was 32.7 billion yen against forecast of 36.4 billion yen.



# FY2020 Results

## Segment Operating Profit

Full year: All businesses except Industrial Printing effectively profitable (after one-time expenses)

Q4: Office Services earnings soared to ¥14.5 billion

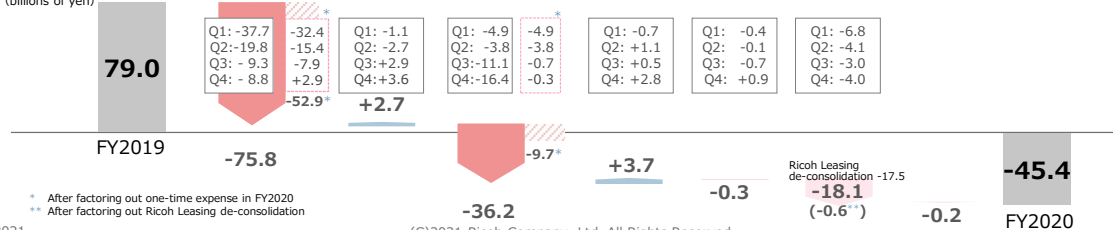
Industrial Printing in the black for the first time

Office Printing and Commercial Printing businesses recovered to last year's levels (after one-time expenses)

(billions of yen)	Office Printing	Office Services	Commercial Printing	Industrial Printing	Thermal	Others	Eliminations and Corporate
FY2020	6.7(29.6)	35.4	-14.6(11.8)	-1.6	2.6	-22.4	-51.4
Q1	-8.0(-2.7)	3.8	0.8	-1.2	0.5	-6.4	-10.6
Q2	1.7(6.1)	7.7	1.1	-0.6	0.3	-5.2	-14.5
Q3	12.4(13.8)	9.2	-5.0(5.3)	-0.1	0.6	-4.3	-11.8
Q4	0.5(12.3)	14.5	-11.5(4.5)	0.3	1.1	-6.4	-14.3

### Segment Operating Profit Changes

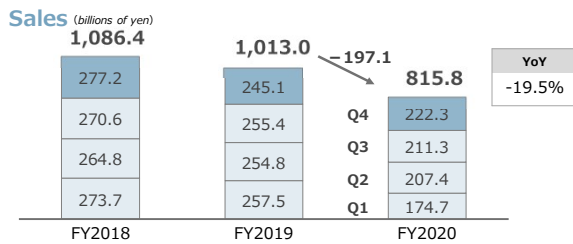
(billions of yen)



- Next, I will explain segment operating profit.
- For the year, all businesses except Industrial Printing were profitable after excluding one-time expenses.
- In the fourth quarter, our earnings in Office Services were particular large. The Industrial Printing business was in the black for the first time in the fourth quarter.
- The chart at the bottom of the slide shows segment operating profit changes from the previous year. The fourth-quarter changes for Office Printing and Commercial Printing recovered to the same levels as in the previous year, auguring well for the future.

# FY2020 Results Office Printing

Excluding one-time expenses, Q4 operating profit of ¥12.3 billion (actually ¥500 million), with full-term post-expense result of ¥29.6 billion (actually ¥6.7 billion) on emergency initiatives and business structure reforms efforts



## Q4 Overview

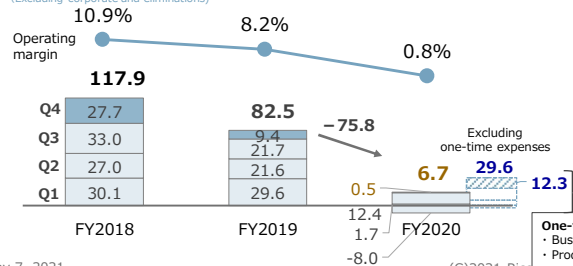
- Operating profit ¥0.5 billion (¥12.3 billion after excluding one-time expenses)
- Hardware: Asia drove recovery, while nothing changed from Q2 in Europe and United States
- Nonhardware: Sales recovered to 85% of previous year levels (around 3% higher than anticipated)

Excluding forex impact

YoY sales change	Q1	Q2	Q3	Q4	FY2020
Hardware	-31%	-15%	-17%	-10%	-18%
Non-hardware	-33%	-23%	-18%	-15%	-22%
Japan	83%	87%	94%	101%	91%
Americas	59%	70%	71%	78%	70%
Europe	61%	84%	81%	84%	77%

## Operating profit

(billions of yen)  
(Excluding corporate and eliminations)



## Overview

- Emergency measures and efforts to strengthening business structure led to operating profit of ¥6.7 billion (¥29.6 billion after excluding transient expenses)
- Lower office attendance rates stemming from pandemic cut earnings by around 20%, with performance bottoming out in Q1 and recovering (from 30% decline, to somewhere about 10% down)

**One-time expenses 22.8**

- Business structure reforms 16.8
- Production structure reorganization 5.0, etc.

- I will now present segment results.
- In Office Printing, our fourth-quarter operating profit was 500 million yen. After excluding one-time expenses, segment operating profit would have been 12.3 billion yen.
- Hardware sales recovered, particularly in Japan and elsewhere in Asia, but were again lackluster in Europe and the United States.
- Non-hardware sales recovered to 85% of previous year levels. This was about three percentage points higher than expected.
- Operating profit for the full year was thus 6.7 billion yen. With one-time factors excluded, operating profit would have been around 30 billion yen.
- The pandemic dampened sales by about 20%. The drop peaked at around 30% in the first quarter and shrank to somewhere above 10% in the fourth quarter.

# FY2020 Results

## Office Printing : Results trends by country and region



In Japan and elsewhere in Asia, recovered after bottoming out in spring 2020, and in hardware performed at pre-pandemic levels in Q4

North America and Europe: Hardware and non-hardware performances stagnant from fall season; with signs emerging recently of office attendance recovery (see next page)

Sales compared with previous year  
(by country and region)

Year on year after excluding forex impact (excluding pandemic impact for China after January 2021 and for other operating regions after March)



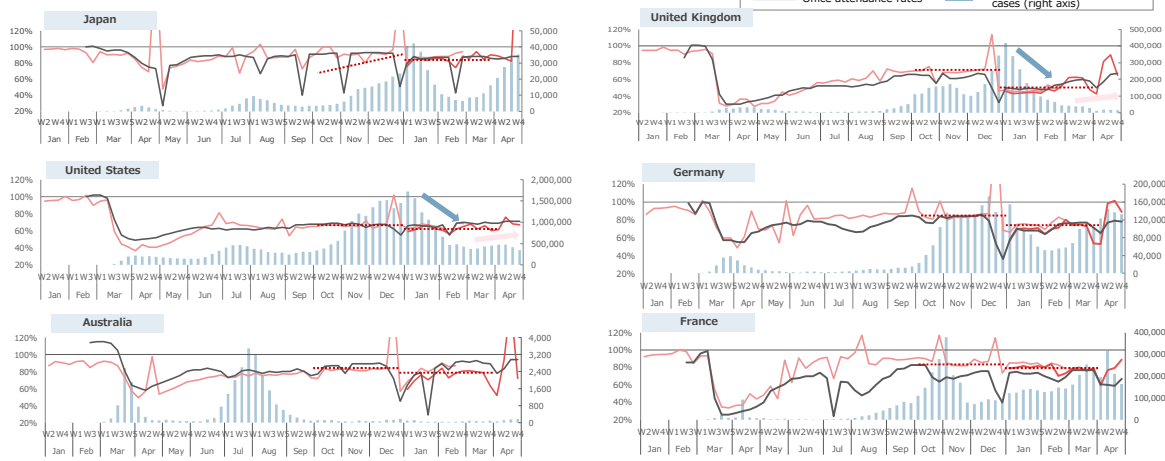
- Next up are results trends by country and region for Office Printing hardware and non-hardware.
- We have shown areas of improvement in blue and areas of deterioration in red.
- We recovered in Japan and elsewhere in Asia.
- In contrast, performances stagnated in North America and Europe from fall last year, although signs have emerged of an office attendance recovery. I will explain this on the next page.

Q4 volumes on par with those of Q3, as expected

In Europe, lockdowns from November 2020 and spreads of COVID-19 variants, with Japan seeing State of Emergency declarations and other moves from January

COVID-19 case numbers declined in United States and Europe, leading to signs of office attendance rates recovering  
 → Progress with vaccinations leading to possible returns to offices

MFP print volumes and attendance rates at company offices (by country)



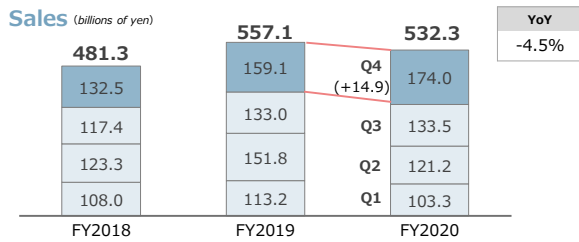
May 7, 2021

Note: Office attendance rates based on the Google Community Mobility Report, showing rates of change in traffic to workplace since before pandemic. Weekly data published each Tuesday. Print volumes based on Ricoh @Remote data, with change in MFP print volumes from previous corresponding period. Number of COVID-19 cases from Johns Hopkins University-announced figures.

- This chart summarizes changes in MFP print volumes and office attendance rates through April this year.
- The red lines show MFP print volumes. The black lines show office attendance rates.
- Note slight upturns recently in office attendance rates, particularly in Europe and the United States. We believe that this reflects progress in vaccinations.

# FY2020 Results Office Services

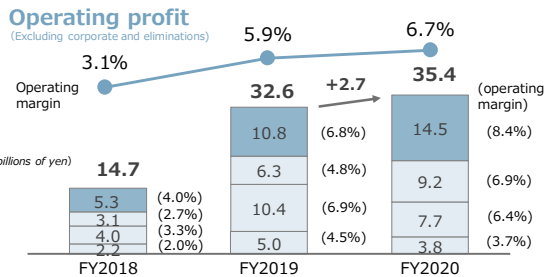
Revenues and earnings up in Q4 owing to strong structure and favorable package deployments  
→ Operating margin exceeded 8% for first time



## Q4 overview

- IT Services and applications
  - Japan: Scrum Series sales remained robust, rocketing 89% year on year. Scrum package sales reached record 10,000 units in March 2021
  - Europe: Strengthened sales and services capability generated synergies, with sales jumping 21%\*1
- IT infrastructure: Domestic GIGA school transactions peaked (contributing to sales)
- Business Process Services: Sales off owing to closures of around 10%\*2 of services sites

\*1. YoY change after excluding forex impact for Office Services operations in Europe, Middle East, and Africa  
\*2. Percentage of U.S. services sites closed

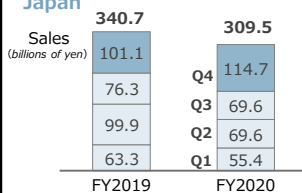


Sales	billions of yen	Q4	YoY	FY2020	YoY
Office services business		174.0	+9.4%	532.3	-4.5%
IT infrastructure (hardware and software)		88.8	+16.8%	242.8	-6.7%
IT services (including maintenance and outsourcing)		35.2	+8.7%	113.3	+3.7%
Applications (business-specific apps and in-house apps)		22.5	+10.4%	73.4	+7.3%
Business Process Services		22.3	-16.5%	86.1	-20.1%

- Next up is the Office Services business.
- Revenues and earnings were up in the fourth quarter on a strengthened sales and services capability and favorable package developments. The operating margin exceeded 8% for the first time. Sales for the quarter reached a new high.
- Fourth-quarter sales advanced 9.4% from a year earlier.
- In Japan, the Scrum Series continued to do well, with sales jumping nearly 90% year on year. Sales exceeded 10,000 units in a single month.
- In Europe, our strengthened sales and services capability yielded steady gains, contributing sales of more than 30 billion yen.
- In IT infrastructure, GIGA school transactions in Japan peaked, contributing to sales.
- We primarily offer Business Process Services in the United States. These sales continued to decline owing to closures of some services sites.

Office Services: Regional situations

Japan



Sales rose in Q4 on accelerated Scrum Series sales and contributions from GIGA school deals

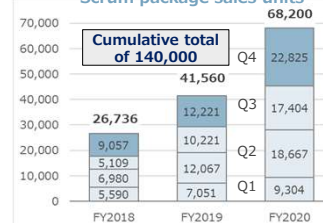
(1) Scrum Series sales accelerated

	FY2020		H2	
	Sales	YoY	YoY	YoY
Scrum packages (for small and medium-sized enterprises)	45.2	154%	132%	175%
Scrum assets (for mid-sized companies)	21.1	266%	293%	252%
total	66.3	178%	156%	194%

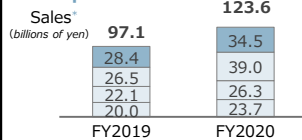
(2) Q4 GIGA school deals were ¥33.5 billion

→ In FY2021: Acquire network, managed services, and other derivative businesses

Scrum package sales units



Europe



Sales increased 21% YoY on strengthened structures systems in priority countries and package deployments

(1) Accelerated Work Together, Anywhere rollouts deployments

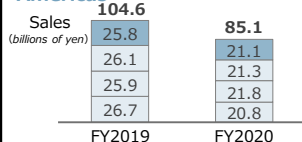
Orders: ¥7.2 billion, with ¥41 billion in pipeline (as of end of Q3 orders were ¥5.7 billion, with ¥34.4 billion in pipeline)

(2) Expanded DocuWare deployment

Strengthened structures in priority countries and expanded number of nations in which DocuWare is deployed (Q4 sales soared 71% YoY)

(3) Strengthened training of multi-skilled service staff

Americas



Undertook output center closure recovery measures and accelerated digital services business development

(1) Business Process Services: Increased income on activities to reduce costs despite lower revenues from site closures, and strengthened mail and fax forwarding and other services.

(2) Bolstered DocuWare sales structure

(3) Strengthened services and packages to digitize workplaces

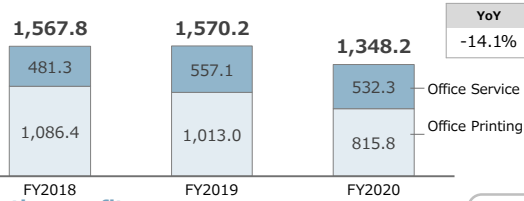
- I will now detail regional situations.
- In Japan, Scrum Series sales reached 66.3 billion yen, representing more than 20% of domestic Office Services business revenues. Gross profit neared 10 billion yen, contributing to performance.
- GIGA school deals were 33.5 billion yen in the fourth quarter. This was mainly for hardware. Network, security, and managed services, and other areas will become earnings sources, and we will make effort to build positions there.
- In Europe, we have progressed in strengthening structures in priority countries and accelerating package deployments. The package deployment pipeline was 34.4 billion yen in the third quarter, and has risen to more than 40 billion yen.
- DocuWare continued to perform well, with sales soaring more than 70% year on year in the fourth quarter. While endeavoring to reinforce our business structure, we strengthened training of multi-skilled service staff.
- In the Americas, we are cultivating such value-added services as mail and fax forwarding in view of the impacts of output center closures. In IT services, we are preparing to reinforce our capability.

# FY2020 Results Office Business Total

Total Office Business revenues and earnings were down, although we posted an operating profit of ¥42.1 billion (effectively ¥65.0 billion)

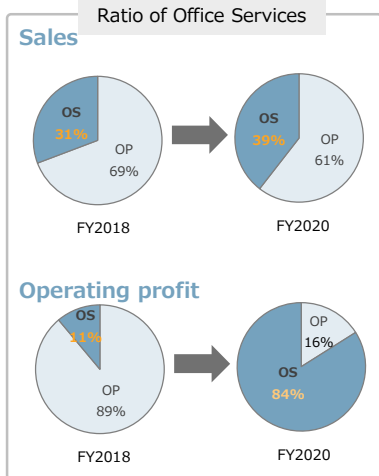
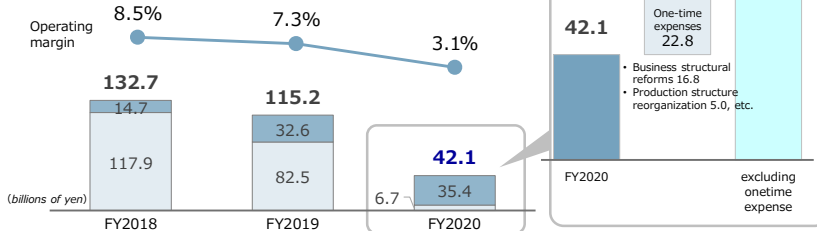
Office Services business: 31% of sales in FY2018 → 39% in FY2020  
11% of operating profit in FY2018 → 84% in FY2020

Sales (billions of yen)



Operating profit

(Excluding corporate and eliminations)



FY21 forecast	OS ratio
Sales	41%
Operating profit	48%

- Although total Office Business revenues and earnings were down, we posted an operating profit of 42.1 billion yen, which would have been 65.0 billion yen after excluding one-time expenses.
- In fiscal 2020, Office Services represented 39% of sales and 84% of operating profit in office-focused businesses.
- Our forecasts for fiscal 2021 are in the bottom right of the slide. We look for Office Services to constitute around half of operating profit.

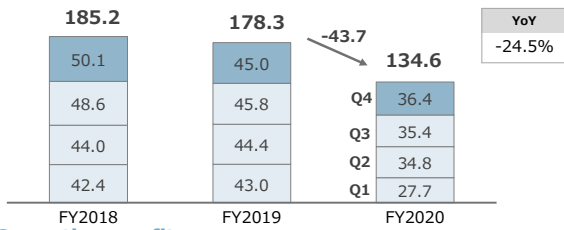
# FY2020 Results

## Commercial Printing

Revenues and earnings dwindled as recovery slowed amid a resurgence in infections  
 Operating loss of ¥14.6 billion (after excluding one-time expenses, operating profit of ¥11.8 billion)



### Sales (billions of yen)



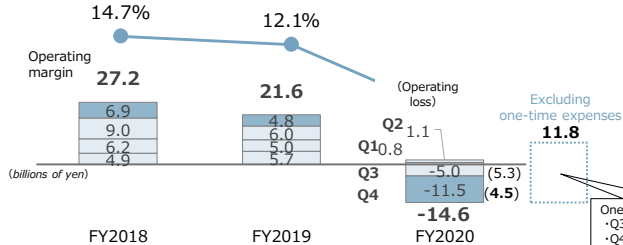
### Q4 overview

- Hardware: Benefited from solid production printing demand
- Demand for enterprise printing dropped from pandemic impact
- Non-hardware: Production printing demand recovered on demand from people spending more time at home
- enterprise printing recovery delayed
- Impact of impairment losses of 16.1 billion (revised profit forecast owing to production system reorganization)
- After excluding impairment losses, operating profit was ¥4.5 billion

Sales YoY Change*	Q1	Q2	Q3	Q4
Hardware	-39%	-28%	-33%	-25%
Non-hardware	-34%	-20%	-16%	-15%

### Operating profit

(Excluding corporate and eliminations)



⇒ Pandemic recovery and expansion from launching strategic products and developing sales channels

	Q1	Q2	Q3	Q4
Americas	66%	71%	73%	71%
Europe	56%	78%	77%	84%
Japan	85%	101%	91%	97%



New products  
 RICOH Pro C5300s/C5310s  
 color production printer

May 7, 2021

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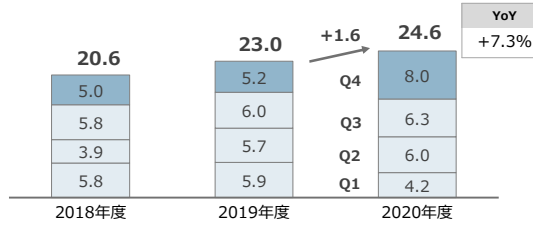
- I will now overview our Commercial Printing business performance.
- Revenues and earnings dwindled as a recovery slowed amid a resurgence in infections. After an impairment charge, we incurred an operating loss of 14.6 billion yen. With one-time charges excluded, we would have generated 11.8 billion yen in operating profit.
- Production printing demand was solid for hardware and non-hardware. In contrast, a turnaround in enterprise printing experienced delays because of poor office attendance rates.
- We aim to expand by recovering from the pandemic, introducing strategic products, and cultivating new channels.



# FY2020 Results Industrial Printing

Sales for year rose 7.3%, to ¥24.6 billion, on growth each quarter (Q4 revenues rocketed around 50%)  
Returned to profitability in Q4 on robust sales of inkjet heads and industrial printers and initiatives to reinforce structure

## Sales (billions of yen)



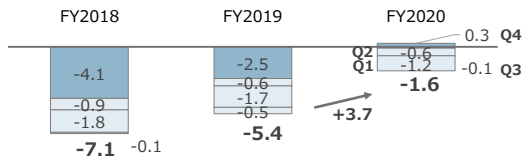
## Q4 overview

- Inkjet printheads: Launched new thin-film inkjet head  
→ Expanded in high-end and low-end offerings (the sales increasing 50% YoY)
- Industrial Printers  
Textile models: Sales surged 90% YoY to e-commerce companies amid shift to Internet with demand from people spending more time at home
- Wide-format models: Struggled amid falling advertising demand from resurgence in infections

## Operating profit

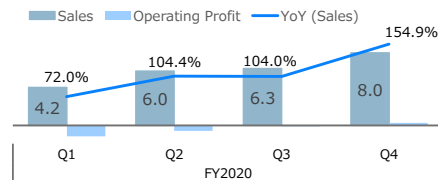
(Excluding corporate and eliminations)

(billions of yen)



## Overview

- Sales grew after Q2, reaching ¥8 billion in Q4



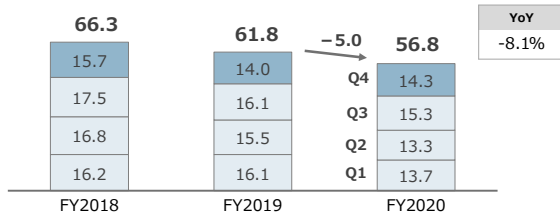
⇒ Looking to launch new inkjet heads and expand in textiles field

- I will now discuss the Industrial Printing business.
- Fiscal 2020 sales rose around 7% from a year earlier, to 24.6 billion yen.
- Sales increased each quarter, with fourth-quarter revenues jumping around 50% year on year. New inkjet printheads contributed to this growth, as did measures to reinforce our business structure in the first half, which fueled a return to profitability.
- We were almost in the black in the third quarter and returned to profitability in the fourth quarter on robust demand for new inkjet printheads and industrial printers.
- We aim to maintain a strong earnings structure and expand business while developing new products and building our presence in textiles.

# FY2020 Results Thermal

Steadily improved performance after bottoming out in Q1, with revenues and earnings rising in Q4

## Sales (billions of yen)

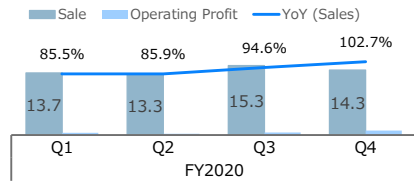


## Q4 overview

- Revenues and earnings rose on solid sales expansion of release silicone-top linerless labels in Japanese market and recovery in Chinese market
- Encountered recovery delays in Europe and United States

## Overview

- Although recoveries in Europe and United States were somewhat delayed, enjoyed steady improvements after bottoming out in Q1, with sales and profits rising in Q4

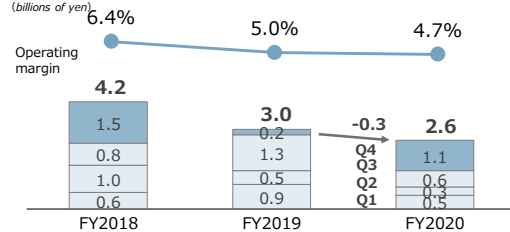


- Revenues and earnings decreased owing to sluggish demand for event and transportation tickets and despite e-commerce growth, as labels were smaller and competition intensified

⇒ Made steady progress in all measures that we seek to accelerate (improve costs, develop products that resolve social issues, and expand sales in logistics and other areas with demand potential)

## Operating profit (billions of yen)

(Excluding corporate and eliminations)

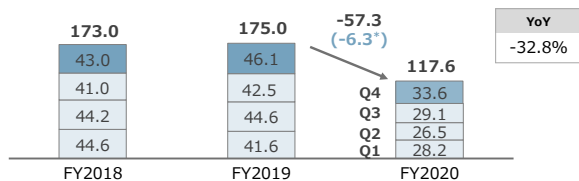


- Next, I will discuss the Thermal business.
- As projected in our previous report, sales of release linerless labels in the Japanese market began to grow steadily in the fourth quarter.
- We seek to perform better by reducing costs while expanding sales of products that resolve social issues.

## FY2020 Results Other

While existing businesses were on recovery track, revenues and earnings down from de-consolidation of leasing business and investments in growth businesses

### Sales (billions of yen)

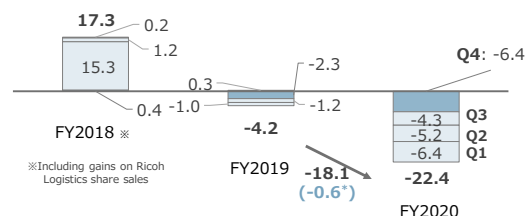


### Q4 overview

- In existing businesses sales were up, while Industrial Products performed solidly and delivered higher earnings
- Smart Vision: Demand solid for THETA and related cloud services amid rising demand in 360° camera market (Sales increasing 40% YoY)
- Industrial Products: Benefited from demand recoveries in automobile market and in China (for projectors and industrial equipment)

### Operating profit

(Excluding corporate and eliminations)  
(billions of yen)



### Overview

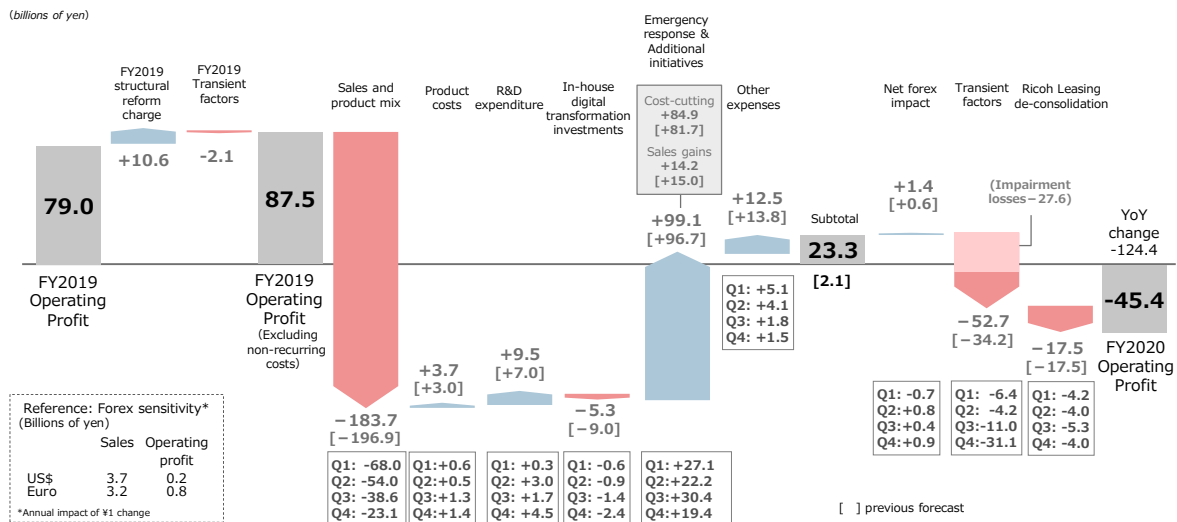
- Operating profit basically unchanged after factoring out the impact of deconsolidation of leasing business
- Enhanced profitability of existing Smart Vision and Industrial Products businesses

⇒ In Smart Vision, delivered growth in 360° camera market, while in Industrial Products expanded by cultivating new channels

- In Other businesses, we enjoyed steady recoveries in existing areas but experienced lower revenues and earnings from the de-consolidation of the leasing business and investments in growth businesses.
- In existing businesses, sales jumped around 40% for THETA and related cloud services in the fourth quarter.
- Our Industrial Products business regained profitability on demand recoveries in the automobile and industrial equipment markets in China.
- After factoring out the de-consolidation of the leasing business, full-year sales were basically unchanged.
- We will keep reviewing investments in growth businesses, including by strengthening, withdrawing from, and reviewing them, while carefully monitoring our portfolio based on the return on invested capital and other factors.

# FY2020 Results Operating Profit Comparisons

Accelerated emergency measures to be profitable after excluding transient factors



May 7, 2021

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- Here, we present operating profit comparisons.
- I will start from the left. Our fiscal 2019 operating profit was 79.0 billion yen. After excluding a 10.6 billion yen structural reform charge and 2.1 billion yen in transient factors, the underlying operating profit was 87.5 billion yen.
- The sales and product mix were 13 billion yen higher than projected. This is because the 10 billion yen risk that we included in third-quarter results did not materialize.
- The figures for product cost reductions, R&D expenditure, and in-house digital transformation investments were as shown.
- Emergency response and additional initiatives were 99.1 billion yen, representing an improvement of about 100 billion yen, and this contributed greatly to performance. The composition was 84.9 billion yen in cost-cutting and 14.2 billion yen in sales gains.
- Sales volumes shape other expenses, good examples being for incentives and sales promotion spending. So, subtracting 12.5 billion yen in other expenses from the 183.7 billion yen decrease in sales and product mix revealed the direct impact of the pandemic, which was around 170 billion yen in fiscal 2020.
- The subtotal was thus 23.3 billion yen. Since we had projected 2.1 billion yen in the third quarter, we lifted our forecast by 22 billion yen.
- The net forex impact of 1.4 billion yen reflected a weaker yen.
- The total impact of transient factors was 52.7 billion yen, of which 27.6 billion yen stemmed from impairment losses.
- After including 17.5 billion yen from the de-consolidation of Ricoh Leasing, the operating loss was 45.4 billion yen.

## Progress with Emergency and Permanent Actions

Accelerate deployment of measures to generate around ¥100 billion in earnings

Emergency measure: Double initially planned reductions, with permanent measures on track

Full-year impact (billions of yen)

Categories	Measures	At Q1 announcement	At Q2 announcement	At Q3 announcement	Results
Emergency measures	<b>SG&amp;A expense cuts</b> <ul style="list-style-type: none"> <li>✓ Trim SG&amp;A expenses</li> <li>✓ Optimize spending in line with activity declines</li> <li>✓ Cut costs through work practice reform</li> <li>✓ Review benefits and allowances</li> </ul>	25.0	31.0	47.7	51.1 <small>Including ¥18.1 billion from savings associated with government subsidies</small>
	<b>SG&amp;A expense cuts</b> <ul style="list-style-type: none"> <li>✓ Review development themes aimed at making Ricoh world's top manufacturer</li> <li>✓ Digitalize headquarters business processes, etc.</li> </ul>				
Permanent measures	<b>Cost of goods sold reductions</b> <ul style="list-style-type: none"> <li>✓ Reinforce digital manufacturing</li> <li>✓ Optimize production sites to being a digital services company</li> <li>✓ Enhance service operations productivity</li> <li>✓ Accelerate global deployment of failure prediction and remote maintenance</li> </ul>	30.0	34.0	34.0	33.8
	<b>Sales boost efforts</b> <ul style="list-style-type: none"> <li>✓ Tailor services businesses to local needs</li> <li>✓ Continue rolling out products and services for new normal</li> </ul>	15.0	15.0	15.0	
	<b>total:</b>	70.0	80.0	96.7	

\*Operating profit contributions

- Progress with emergency and permanent actions exceeded our initially planned reductions by around 30 billion yen. This stemmed largely from the efforts of employees.
- Expenditure reductions totaled 84.9 billion yen.
- The impact of efforts to boost sales was 14.2 billion yen, which was close to our target of 15 billion yen.

# Statement of Financial Position as of March 31, 2021

Lowered total assets by ¥1 trillion by deconsolidating Ricoh Leasing and improved financial stability

## Assets

(billions of yen)	As of Mar 31, 2021	Change from Mar 31, 2020	
Current Assets	1,058.7	-1047.4	Increase from intra-group cash pool balances
Cash & time deposits	335.0	+72.1	Increase from sales of Ricoh Leasing shares and financing
Trade and other receivables	392.1	-0.6	
Other financial assets	92.8	+5.5	
Inventories	192.0	-9.2	
Other current assets	46.7	+10.2	
Assets classified as held for sale *	-	-1125.5	Decrease from Ricoh Leasing de-consolidation
Non-current assets	829.1	+67.6	
Property, plant and equipment	191.9	-9.6	
Right-of-use assets	63.6	+4.2	
Goodwill and intangible assets	225.5	-6.3	
Other financial assets	136.0	-3.0	
Other non-current assets	211.9	+82.4	Ricoh Leasing shares posted as equity method investments
Total Assets	1,887.8	-979.7	

\*Transfer of assets held for sale: Transferred related assets and liabilities to assets and liabilities held for sale in line with partial transfer of Ricoh Leasing shares

Exchange rate as of Mar 31, 2021: US\$ 1 = ¥ 110.71 (+1.88)  
(change from Mar 31, 2020, rate) EURO 1 = ¥ 129.80 (+10.25)

## Liabilities and Equity

(billions of yen)	As of Mar 31, 2021	Change from Mar 31, 2020	
Current Liabilities	657.5	-891.3	
Bonds and borrowings	82.7	+31.2	Increase from transfer of long- and short-term bonds and borrowings
Trade and other payables	287.1	+41.1	Intertwining with liabilities related to sale owing to Ricoh Leasing consolidation
Lease liabilities	25.4	-1.7	
Other current liabilities	262.1	+7.1	
Liabilities directly related to assets held for sale*	-	-969.0	Decrease from Ricoh Leasing de-consolidation
Non-current Liabilities	306.5	-3.7	
Bonds and borrowings	139.6	+11.5	Increase in borrowings for pandemic and other measures
Lease liabilities	46.7	+7.9	
Accrued pension & retirement benefits	70.4	-29.3	Decrease from higher in market value of pension assets
Other non-current liabilities	49.6	+6.1	
Total Liabilities	964.0	-895.1	
Total equity attributable to owners of the parent	920.2	-0.1	
Noncontrolling Interest	3.6	-84.5	Decrease from Ricoh Leasing de-consolidation
Total Equity	923.8	-84.6	
Total Liabilities and Equity	1,887.8	-979.7	

Total Debt 222.4 +42.7

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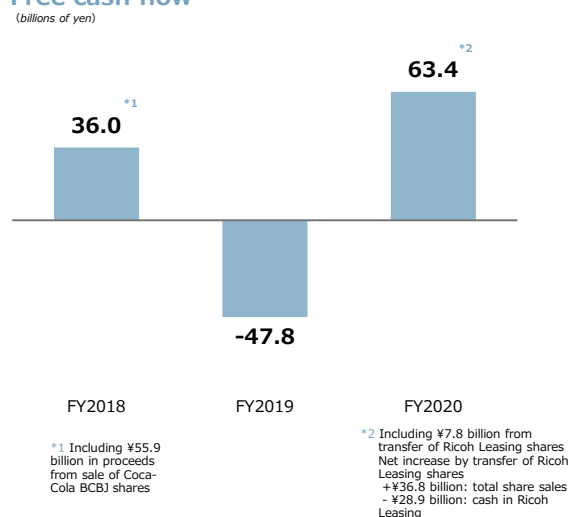
- I will now discuss our balance sheet performance.
- Total assets were 1,887.8 billion yen, down 979.7 billion yen from a year earlier. The prime factor of about 1 trillion asset reduction was the de-consolidation of Ricoh Leasing.
- Cash and time deposits and bonds and borrowings increased, as explained in the previous briefing, owing to accounting cash pool balance expansions.
- Interest-bearing debt rose 42.7 billion yen, to 222.4 billion yen. As explained in the previous briefing, this largely reflected 30 billion yen raised to secure liquidity in light of the pandemic and 10 billion yen secured through a sustainability loan.
- The de-consolidation of Ricoh Leasing lowered interest-bearing debt by 700 billion yen.

## FY2020 Statement of Cash Flows

Free cash flow entered positive territory owing to working capital improvements and efforts to constrain investments amid declining earnings


(billions of yen)	FY2019	FY2020
Profit	44.4	<b>-32.6</b>
Depreciation and amortization	120.6	<b>104.6</b>
Other operating activities	-48.4	<b>55.0</b>
Net cash provided by operating activities	116.7	<b>126.9</b>
Plant and equipment	-77.9	<b>-37.3</b>
Purchase of business	-16.4	<b>-8.4</b>
Other investing activities	-70.1	<b>-17.7</b>
Net cash used in investing activities	-164.5	<b>-63.5</b>
Increase (Decrease) of debt*	127.9	<b>53.8</b>
Dividend paid	-18.8	<b>-14.8</b>
Other financing activities	-0.4	<b>-7.2</b>
Net cash provided by financing activities	-32.9	<b>-35.7</b>
Effect of exchange rate changes	75.7	<b>-4.0</b>
Net increase in cash and cash equivalents	-4.2	<b>7.3</b>
Cash and cash equivalents at end of period	23.5	<b>66.6</b>
	263.6	<b>330.3</b>
<b>Free cash flow (Operating + Investing net cash )</b>		
Profit	-47.8	<b>63.4</b>

### Free cash flow



- Here is our statement of cash flows.
- While earnings were down, we achieved a positive free cash flow of 63.4 billion yen on improvements in working capital, investment constraints, and the de-consolidation of Ricoh Leasing.
- Net cash provided by operating activities increased on lower receivables from Ricoh Leasing and a decrease in inventories. Net cash used in investing was down on fewer acquisitions and the de-consolidation of Ricoh Leasing.

## ESG action

- 2020年 4月 Concludes sustainability-linked loan agreement
- 6月 Commits to Uniting Business and Governments to Recover Better
- 8月 Commits to Business for Nature's Call to Action
- 9月 Commits to Business Ambition for 1.5°C campaign  
Japan's Ministry of the Environment selects Ricoh's proposal as verification project for establishing recycling system for plastics and other resources to support decarbonized economy
- 11月 Joins 30% Club Japan   
Begins market development of polyactic acid foam sheets from renewable resources
- 2021年 3月 Participates in WIPO GREEN, an international framework for exchanging environment-related technologies  
Lifts fiscal 2030 target for renewable energy usage rate from 30% to 50%  
Launches unique comprehensive assessment system for renewable electricity, with all headquarters electricity generated from renewables from fiscal 2021
- 4月 Formulates Ricoh Group Human Rights Policy

## Major awards and recognition

- 2020年 4月 Shortlisted for RE100 Leadership Award
- 6月 Remains included in FTSE4Good Index Series, FTSE Blossom Japan Index, and MSCI Japan Women in Action Index
- 8月 Places first overall in Gomez ESG Site Ranking 2020
- 11月 Included in the Dow Jones Sustainability World Index  
Wins the Grand Prix award at the Nikkei SDGs Management Grand Prix
- 12月 Recognized for climate action leadership and included on the CDP climate change "A List" 2020
- 2021年 1月 Wins Chairman's Award, the most prestigious of prizes bestowed, in Japan Telework Association's Telework Promotion Award
- 2月 Receives "A" score in Carbon Disclosure Project's Supplier Engagement Leaderboard
- 3月 Ricoh, Ricoh Leasing, Ricoh Japan, Ricoh Technologies, and Ricoh IT Solutions certified under White 500 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program  
Wins second prize in 2021 J-Win Diversity Awards  
Receives Gold rating in EcoVadis supplier survey

- This slide presents an ESG update for fiscal 2020.
- Key initiatives included joining the 30% Club Japan in November 2020. In March this year, we lifted the fiscal 2030 target for our renewable energy usage rate from 30%, to 50%. We updated the Ricoh Group Human Rights Policy.
- We have garnered considerable external recognition, as you can see on the right of this slide. In November 2020, we were included in the Dow Jones Sustainability World Index.
- Among numerous recognitions, we won the top award in the Nikkei SDGs Management Grand Prix. We won the Chairman's Award, the most prestigious prize in the Japan Telework Association's Telework Promotion Award. We received an "A" score in the Carbon Disclosure Project's Supplier Engagement Leaderboard. Five Group companies obtained certification under the White 500 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program.
- All Group employees will keep striving to drive improvements in tackling a range of challenges, referring to external benchmarks in viewing internal standards and issues.



## **FY2021 Full-Year Outlook and Actions**

## Forecasts for FY2021 - Key Indicators

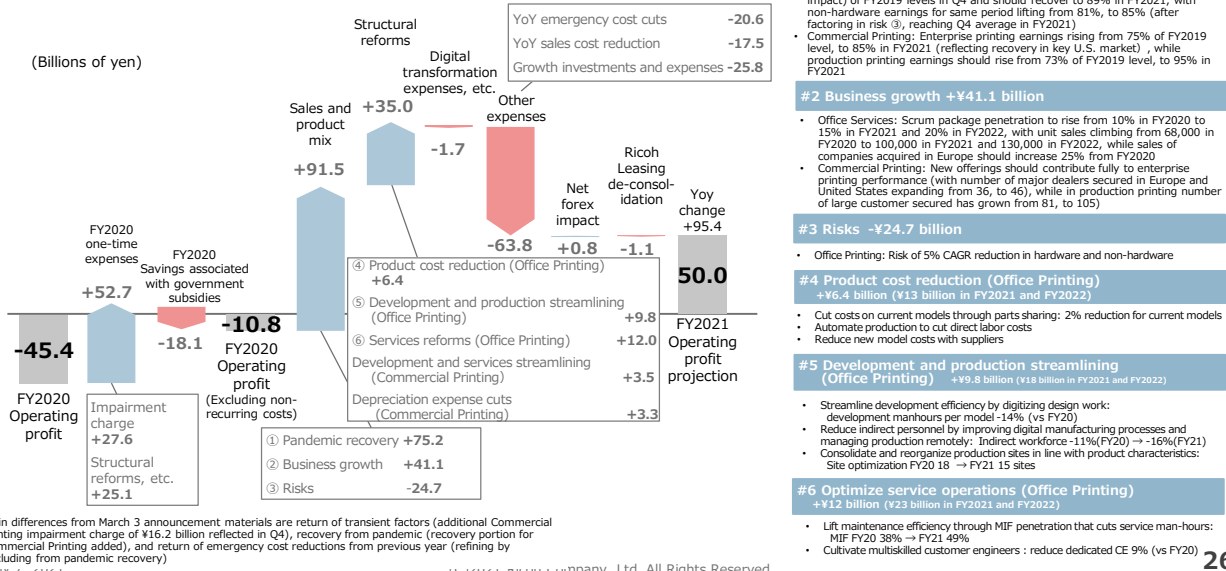
Looking for revenues and earnings to expand from business growth, more robust operational structure, and global economic recovery from pandemic abating during fiscal 2021

(billions of yen)	FY2020	FY2021 Forecast	YoY Change
Sales	1,682.0	<b>1,910.0</b>	+13.6%
Gross profit	572.3	661.4	+15.6%
Selling, general and administrative expenses	617.7	611.4	-1.1%
Operating profit	-45.4	<b>50.0</b>	—
Profit attributable to owners of the parent	-32.7	35.4	—
EPS (Yen)	-45.20	<b>52.52</b>	
ROE	-3.6%	<b>More than 4%</b>	—
ROIC	—	<b>More than 3%</b>	
Average exchange rates	Yen/US\$ 106.05 Yen/euro 123.70	105.00 125.00	-1.05 +1.30
R&D expenditures	90.3	90.0	-0.3
Capital expenditures	42.1	43.0	+0.8
Depreciation	45.3	44.0	-1.3

- I will now present our forecasts for fiscal 2021.
- During this year, we intend to boost revenues and earnings by generating business growth and reinforcing our operating structure while taking advantage of a global economic recovery once the pandemic abates. We recognize, however, that the aftermath of the pandemic will continue to affect results during the term.
- We look for sales to climb 13.6%, to 1,910 billion yen. Operating profit should be 50 billion yen, and profit attributable to owners of the parent should be 35.4 billion yen. We look for a return on equity of more than 4% and a return on invested capital exceeding 3%. While these targets are still low, we will nonetheless endeavor to attain them.

# Forecasts for FY2021 - Operating Profit Comparisons

Recover from pandemic while generating earnings by strengthening structure and expanding businesses



- This page presents factors in operating profit changes for our fiscal 2021 forecasts. As well charting changes, we have included measures and key performance indicators to indicate the accuracy of figures. Going from left to right, we posted an operating loss of 45.4 billion yen in fiscal 2020. We incurred one-time expenses of 52.7 billion yen. Savings associated with government subsidies were 18.1 billion yen, so the operating loss was effectively 10.8 billion yen.
- The sales and product mix added 91.5 billion yen, the details of which are in sections #1 through #3 on the right. The #1 pandemic recovery impact was 75.2 billion yen. Office Printing hardware sales in the fourth quarter of fiscal 2020 were 82% of the fiscal 2019 level (after stripping out pandemic impact). We look to a recovery of 89% of the fiscal 2019 level in fiscal 2021. Non-hardware sales were 81% of the fiscal 2019 level in the fourth quarter of fiscal 2020, and we look to a rise to 85% of that level in fiscal 2021. At the same time, we assume #3 risks of 24.7 billion yen on the assumption of a 5% decline in the compound annual growth rate. We are thus effectively projecting 84% and 81% of fiscal 2019 hardware and non-hardware levels, respectively, in fiscal 2021, which is a very adverse outlook. These levels are basically those of the fourth quarter of fiscal 2020. In Commercial Printing, we anticipate demand recoveries in enterprise and production printing. Assuming a swift recovery in the Americas, which represents for 50% of segment sales, enterprise and production printing revenues should be 85% and 95%, respectively, of fiscal 2019 levels in fiscal 2021. Our #2 business growth should be 41.1 billion yen. We will undertake two approaches in Office Services. One is to lift Scrum package penetration from 10%, to 15%. Second, we plan more acquisitions, primarily in Europe, and hope to increase the rate to 25%. In Commercial Printing, we seek to increase sales through new offerings and by cultivating dealers and customers.
- Structural reforms efforts should deliver 35 billion yen in gains. For measures #4 through #6 on the right, we have lowered costs 2% every year by standardizing parts, automating production, and collaborating with suppliers to lower new model expenses. In #5 development and production streamlining, we aim to generate 9.8 billion yen by digitizing design work, improving processes through digital manufacturing, and optimizing production sites. We have based that estimate on results to date, and we are determined to succeed. In terms of #6 optimizing service operations, we have halved breakdown frequencies for new MFP models. We have halved parts replacement calls and have slashed service costs. We aim to expand new model penetration from 38% to almost 50% so we can cut service man-hours. We also look to generate 3.5 billion yen from digitizing development and production for Commercial Printing and through service reforms. Total structural reforms would add 35 billion yen, including 3.3 billion yen in reduced depreciation from impairment charges in fiscal 2020.
- For other expenses, the year-on-year reduction from emergency cost cuts of the previous year would be 20.6 billion yen, owing mainly to higher bonuses. The year-on-year sales cost reduction would be 17.5 billion yen, largely for such activity expenses as travel for sales and service and for logistics expenditure. Growth investments and expenses totaling 63.8 billion yen link to sales growth. Most of these expenses are for Office Services, including higher expenditure for acquired companies and spending on multi-skills training for sales services. Also included are the cost of global software development.
- After also factoring the forex impact and Ricoh Leasing de-consolidation, we forecast an operating profit of 50 billion yen for fiscal 2021, compared with an operating loss of 45.4 billion in fiscal 2020.

# Segment Changes

Switched from business to business unit segments in line with segmentation change  
(Office Printing and Office Services figures will be disclosed as references)

## Current segment

<b>Office Printing</b>	MFPs, laser printers, related parts and supplies, customer service, etc.	
<b>Office Service</b>	Network equipment, software, solution, customer service, etc.	
<b>Commercial Printing</b>	Cut sheet printer, continuous feed printer, related supplies, customer service, etc.	
<b>Industrial Printing</b>	Inkjet heads, inkjet modules, industrial printers, etc.	
<b>Thermal</b>	Thermal paper and thermal media, etc.	
<b>Other</b>	<b>Industrial Products</b>	Industrial optical components, modules, electronic components, precision device components
	<b>SmartVision</b>	Digital cameras, 360°cameras and related services
	<b>Other</b>	Environment, healthcare, etc.



## New segment

<b>Digital Services</b>	<ul style="list-style-type: none"> <li>■ Office Service</li> <li>■ Office Printing(Sales)</li> </ul>	
<b>Digital Products</b>	<ul style="list-style-type: none"> <li>■ Office Printing (R&amp;D, Production, OEM)</li> <li>■ Digital Communication Devices (R&amp;D, Production, OEM)</li> </ul>	
<b>Graphic Communications</b>	<ul style="list-style-type: none"> <li>■ Commercial Printing</li> <li>■ Industrial Printing</li> </ul>	
<b>Industrial Solutions</b>	<ul style="list-style-type: none"> <li>■ Thermal</li> <li>■ Industrial Products</li> </ul>	
<b>Other</b>	<b>SmartVision</b>	<ul style="list-style-type: none"> <li>■ 360°cameras and related services</li> </ul>
	<b>Other</b>	<ul style="list-style-type: none"> <li>■ Healthcare</li> <li>■ Environment</li> <li>(New materials, Energy Harvesting, etc.)</li> <li>■ Digital cameras ,etc.</li> </ul>

- In transitioning to a business unit structure, we are switching from business segments to new ones.
- We will keep disclosing Office Printing and Office Services figures as references, as we receive many inquiries about them.

# Fiscal 2021 Forecasts by Segment

From FY2021, will present segment information by business unit:

On this occasion, presenting information recalculated for segments to date and approximated (reference information)

• Changes in rules for allocating expenses under business unit structure:

(1) Allocate headquarters expenses to each segment and (2) Change cost burdens between segments

• **Graphic Communications:** Loss projection owing to increased allocations (¥37.5 billion) from production structure reorganization

## Current segment

		FY2020 result	FY2021 forecast (approx.)
Office Printing	Sales	815.8	884.0
	OP	6.7	49.0
Office Service	Sales	532.3	625.0
	OP	35.4	46.0
Commercial Printing	Sales	134.6	164.0
	OP	-14.6	27.5
Industrial Printing	Sales	24.6	32.0
	OP	-1.6	2.0
Thermal	Sales	56.8	71.5
	OP	2.6	5.0
Others	Sales	138.3	160.0
	OP	-22.4	-21.5
Eliminations and Corporate	Sales	-20.6	-26.5
	OP	-51.4	-58.0
Total	Sales	<b>1,682.0</b>	<b>1,910.0</b>
	OP	<b>-45.4</b>	<b>50.0</b>

## New segment

		FY2021 forecast (before allocations)
Digital Services	Sales	1,542.0
	OP	43.5
Digital Products	Sales	378.0
	OP	44.0
Graphic Communications	Sales	196.0
	OP	34.0
Industrial Solutions	Sales	147.0
	OP	12.0
Other	Sales	19.0
	OP	-14.0
Eliminations and Corporate	Sales	-372.0
	OP	-69.5
Total	Sales	<b>1,910.0</b>
	OP	<b>50.0</b>

OP: Operating Profit (billions of yen)

New expense allocations		Total allocation expenses	FY2021 forecast (after allocations)
(1) Headquarters expenses	(2) Change in cost sharing between segments		
0	0	0	1,542.0
-29.1	19.6	-9.5	34.0
0	0	0	378.0
-15.6	13.6	-2.0	42.0
0	0	0	196.0
-7.1	-30.3	-37.5	-3.5
0	0	0	147.0
-4.3	-1.2	-5.5	6.5
0	0	0	19.0
-0.9	-2.2	-3.0	-17.0
0	0	0	-372.0
57.0	0.5	57.5	-12.0
0	0	0	<b>1,910.0</b>
0	0	0	<b>50.0</b>

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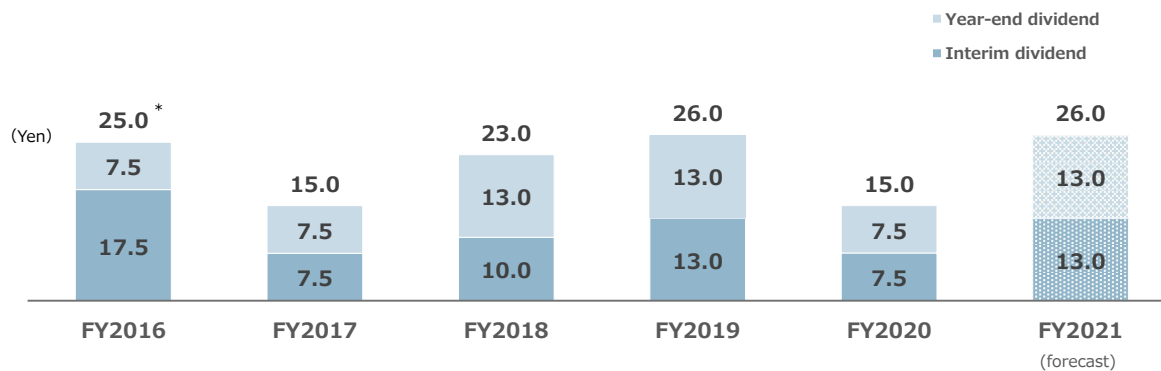
- We will disclose the figures in the far right column after allocations.
- On this occasion, however, we are presenting fiscal 2021 projections recalculated for segments to date so comparing with those segments is easier.
- In shifting to a business unit structure, we significantly changed rules for allocating expenses.
- As well as allocating most headquarters expenses to each segment, we also allocated expenses rigorously between segments.
- Eliminations and corporate are thus now around 12 billion yen. We will continue to overhaul processes to drive further reductions.

## Capital Policies: Shareholder Returns

**Fiscal 2020: Maintain stable dividend not withstanding loss**

**Fiscal 2021: Return to fiscal 2019 level (total payout ratio of 49.5%)**

**Steadily and consistently lift dividends in keeping with cash flow generation and investment and working capital circumstances**



\* Excluding 80<sup>th</sup> anniversary commemorative dividend

- We will propose a year-end dividend of 7.5 yen per share for fiscal 2020 at the ordinary general meeting of shareholders, bringing the total for the term to 15 yen.
- In fiscal 2021, we look to restore dividends to the level of fiscal 2019. In that case, the interim and year-end dividends would be 13 yen per share each, for an annual total of 26 yen. The resulting total payout ratio would be 49.5%.
- We will keep consistently lifting dividends while factoring in our cash flow generation and progress with investments and working capital.

## Summary of FY2020 Results

<b>Results</b>	<ul style="list-style-type: none"> <li>• Significant impact of lower office attendance rates owing to pandemic (operating profit of around 170 billion yen)</li> <li>• Recovery after bottoming out in Q1 owing to emergency response measures, Office Service business, and other factors                     <ul style="list-style-type: none"> <li>→ Q4 operating profit effectively ¥13.2 billion (after excluding transient factors)</li> <li>*Effectively up ¥22.1 billion yen from forecast after taking one-time cost increases into account</li> </ul> </li> </ul>
<b>Q4 business conditions</b>	<ul style="list-style-type: none"> <li>• Office Printing :             <ul style="list-style-type: none"> <li>Recovery centered in Japan and elsewhere in Asia, with no change from fall in Europe and United States</li> <li>Non-hardware: Recovered to 85% of previous year levels</li> </ul> </li> <li>• Office Services : Package deployments in Japan and Europe and stronger European structure drove over 8.0% operating margin (a quarterly high)</li> <li>• Commercial printing             <ul style="list-style-type: none"> <li>Hardware: Struggled in Europe and United States amid constraints on large investments</li> <li>Non-hardware: On recovery path, largely in e-commerce-related printing</li> <li>Impairment losses of ¥16.1 billion from production site review in line with transition to business unit structure</li> </ul> </li> <li>• Industrial Printing: Profitable for first time owing to demand recovery in China, higher sales of new thin-film heads, and measures to strengthen business structure</li> </ul>
<b>FY2021 outlook</b>	<ul style="list-style-type: none"> <li>• Recovery from pandemic, strengthening business structure and business growth in digital services and graphic communications</li> <li>• Reviews under business units, including to optimize development, production, and services structure</li> <li>→ Operating profit of ¥50.0 billion</li> </ul>
<b>Shareholder returns</b>	<ul style="list-style-type: none"> <li>• No change to fiscal 2020 year-end cash dividends of ¥7.5 per share (¥15.0 for the year)</li> <li>• Looking to pay annual dividend of ¥26.0 per share (a payout ratio of 49.5%), the same level as in fiscal 2019</li> </ul>

- Finally, we have summarized our results for fiscal 2020 here. We look to produce a robust operating profit while focusing on our recovery from the pandemic while reinforcing our structure and driving business growth.

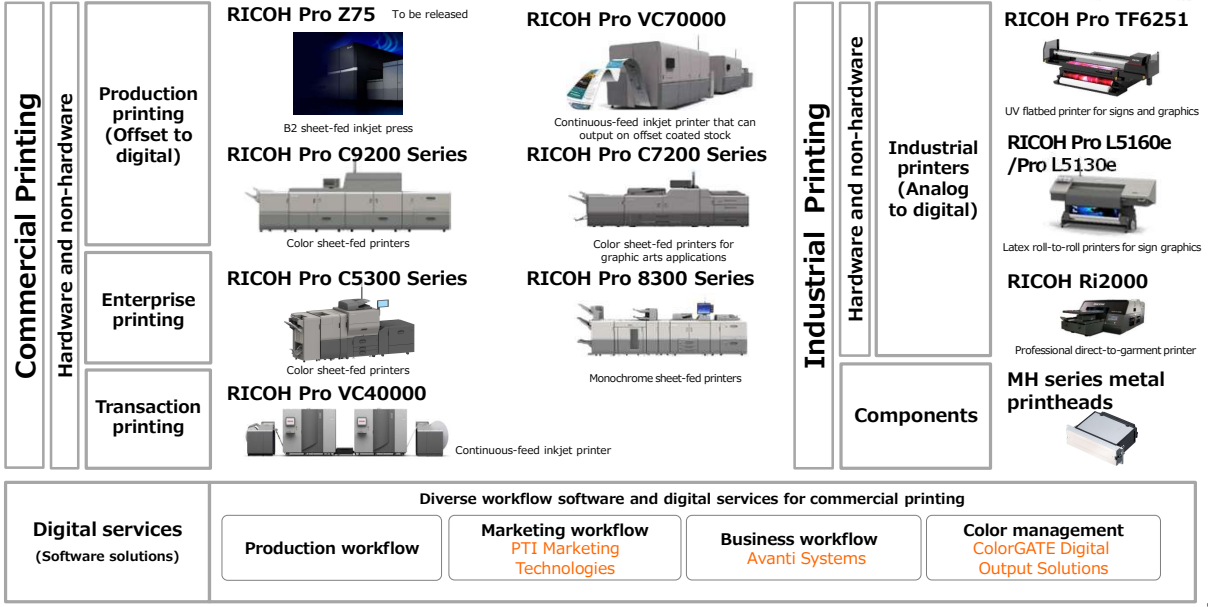
## **RICOH Graphic Communications**

Presenter: Sergio Kato, president of RICOH Graphic Communications

- It is a pleasure to be here today.
- I will share the medium-term outlook for RICOH Graphic Communications.



# RICOH Graphic Communications' Business Portfolio



May 7, 2021

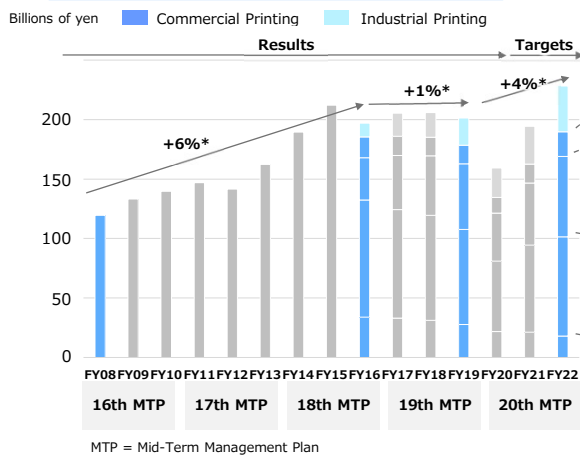
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- I will first overview our business portfolio.
- Commercial Printing encompassed hardware and non-hardware in three areas. These are production printing, enterprise printing, and transaction printing, such as for forms.
- Industrial Printing on the right covers hardware and non-hardware for industrial printers for textiles and sign graphics and inkjet printhead components.
- We also offer a range of workflow solutions and digital services for Commercial Printing and Industrial Printing.

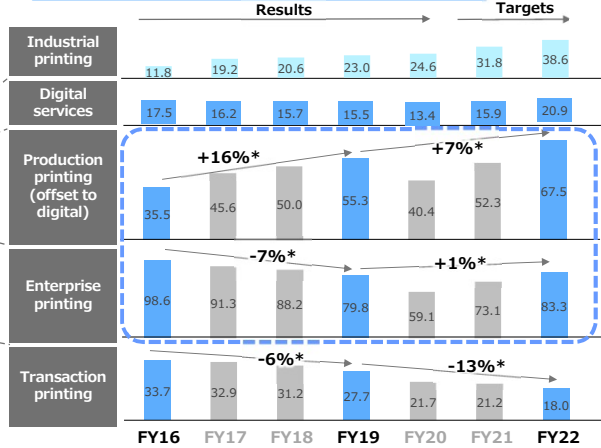
# RICOH Graphic Communications Sales Trends and Targets

Under 19<sup>th</sup> Mid-term Management Plan, sales stagnated overall owing to delays in launching new products for enterprise business and in shift to paperless in transaction printing. However, sales for production printing business (offset to digital) surged and plan to expand overall sales as a major growth area toward FY2022

## Overall sales to date and targets



## Segment sales to date and targets



May 7, 2021

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- I will discuss how Ricoh has expanded in these business areas and discuss our plans.
- The Commercial Printing business, in which we became a full-fledged player in fiscal 2008, expanded an average 6% annually, or around 50% over nine years through fiscal 2016 (see the graph on the left).
- Unfortunately, progress halted during the 19<sup>th</sup> Mid-Term Management Plan, from fiscal 2017 through 2019. There are two key reasons for this. The graph on the right presents our business segments.
- The first reason is that we lost market share in enterprise printing owing to delays in launching new products, which caused sales to decline an average 7% annually (second from the bottom of that graph).
- Second, transaction sales (bottom of the graph) dropped an average 6% annually owing to a shift to paperless printing.
- Notwithstanding that stagnation, production printing sales (middle of graph) climbed an average 16% per year.
- We will make production printing our main expansion driver and pursue an average annual growth overall of 4% by fiscal 2022.
- Today, I will discuss how we will build profitability in production printing as our growth driver and in enterprise printing, which will significantly affect our business performance.

# Production Printing (Offset to Digital) Business

## Drive digitalization in offset printing

### Sales

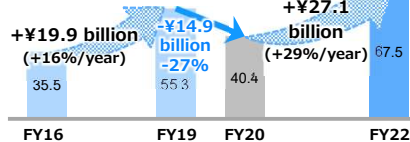


Chart 1 C9200series active units in EU and US



Chart 2 Customer base expansion

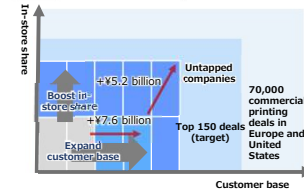
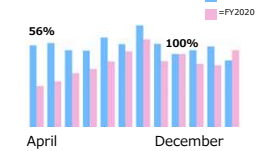


Chart 3 Print volume trend in North American (FY2019vsFY2020)



### FY2017–2019: Strengthened lineup and expanded active units

Category	Description	Sales (billion yen)
<b>New products</b>	-Top share of RICOH VC70000 -30% market share for RICOH C9200 <i>See Chart 1</i>	<b>+¥2.1 billion</b>
<b>Customer base expansion</b>	-Captured new major printing business in EU and US. Secured 81 deals (from top 150 global players in revenue terms) <i>See Chart 2</i>	<b>+¥7.6 billion</b>
<b>Non-hardware expansion</b>	-Boosted sales by expanding active units and print applications	<b>+¥10.2 billion</b>
<b>COVID-19 impact</b>	-Demand plunged due to the pandemic (FY2020)	<b>-¥14.9 billion (-27%)</b>
<b>FY2017-19 Total</b>		<b>+¥19.9 billion</b>

### FY2021 and beyond: Drive digitalization in offset printing

Category	Description	FY2021-2022 Sales (billion yen)	FY2021 Sales	FY2021 Operating Profit	FY2022 Sales	FY2022 Operating Profit
<b>New products</b>	-World's first auto duplexing B2 model Secure top share through RICOH Pro Z75 inkjet press, which employs aqueous ink	<b>+¥3.5 billion</b>	+0.1	+0.0	+3.4	+1.8
<b>Customer base expansion</b>	-Captured new major commercial printing business +24 companies (from 81 companies, to 105) <i>See Chart 2</i>	<b>+¥5.2 billion</b>	+1.0	+0.6	+4.2	+2.9
<b>Non-hardware expansion</b>	-Boost non-hardware sales by expanding active units	<b>+¥4.0 billion</b>	+1.0	+0.6	+3.0	+2.1
<b>COVID-19 impact</b>	-COVID-19 recovery, centered in Europe and United States: to 90% of FY2019 level in FY2021 and 100% in FY2022 <i>See Chart 3</i>	<b>+¥14.4 billion</b>	+10.8	+4.9	+3.6	+1.6
<b>Total</b>		<b>+¥27.1 billion</b>	<b>+12.9</b>	<b>+6.1</b>	<b>+14.2</b>	<b>+8.4</b>

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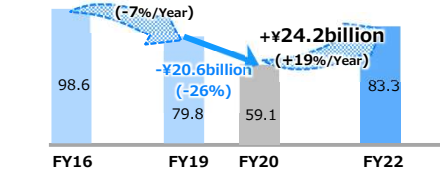
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- I will first talk about the production printing business.
- The mass production and consumption model of areas like offset printing in the production printing sector will likely shrink further owing to the pandemic. At the same time, we will see a full-fledged rise in demand for digital printing in view of the need for automation in the new world of work.
- From fiscal 2017 through 2019, Ricoh's production printing sales increased 19.9 billion yen. The three drivers were new products, customer development, and a resulting non-hardware expansion.
- Launches of world-class offerings have been beneficial. The RICOH Pro VC70000, a continuous-feed inkjet printer that delivers the same quality and productivity as offset systems, and the RICOH Pro C9000 and 7000 series, which offer professional paper handling, have spearheaded a shift to digital processes. Hardware sales alone have jumped by 2.1 billion yen. For the RICOH Pro C9200 series, we increased the number of machines in field by 36% over three years.
- We also expanded our customer base. We targeted the top 150 global players in revenue terms in commercial printing in Europe and the United States. We secured 81 deals worth 7.6 billion yen.
- As well as increasing the number of machines in field, we boosted non-hardware sales by 10.2 billion yen by expanding print applications, such as delivery flyers for goods ordered online.
- In fiscal 2021 and beyond, we will accelerate business growth by bringing out more new products while cultivating customers and expanding non-hardware sales.
- One embodiment of ongoing efforts to roll out new products is the RICOH Pro Z75. This inkjet press is the world's first auto duplexing B2 model and outperforms offset printing. We will use automation to drive further digitization. We anticipate 3.5 billion yen in growth over two years.
- We will acquire and cultivate new customers (see Chart 2), adding 5.2 billion yen in sales over the next two years by broadening our customer base, drawing on our global service capabilities and up-selling and cross-selling to bolster our market share. Of the 150 top-selling companies, 69 have yet to do business with us, so in our view there are still numerous business opportunities.
- Such measures should enable us to expand the number of machines in field and steadily expand the non-hardware business, driving sales a further 4 billion yen.
- In this area, fiscal 2020 sales fell 27%, or 14.9 billion yen, owing to the pandemic. We expect sales to recover to 95% of the fiscal 2019 level in fiscal 2021 and 100% of that level in fiscal 2022, mainly from recoveries in Europe and the United States. Sales should recover to 14.4 billion yen over two years.
- Print volumes in North America (see Chart 3) recovered to 100% of fiscal 2019 levels in December last year after falling to 56% of those levels in April 2020. Improvements slowed in January and February this year amid a third wave of COVID-19 infections but picked up in March, with print volumes reaching 94% of previous year levels. We look for a 95% recovery for the whole of fiscal 2021.
- Business growth and a turnaround from the pandemic should enable us to increase sales in this business area by 27.1 billion yen over the next two years, lifting operating profit by 6.1 billion yen in fiscal 2021 and 8.4 billion yen in fiscal 2022.

# Enterprise Printing Business

Extend reach, increasing market share by expanding into high print volume and low-price segments while adding new dealers and developing countries

## Sales -¥18.8 billion



FY2017-2019: Sales declined in intensified competition

Chart 1 Market coverage with RICOH C5300

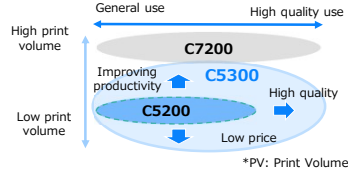


Chart 2 Business growth in China



Category	Description	Sales (¥ billion)	FY2021-2022 Sales	FY2021 Sales	FY2021 Operating Profit	FY2022 Sales	FY2022 Operating Profit
New Products	- C5200 (launched in FY2016) lost competitive market share slipping from 16%, to 14%	-¥20.9	+¥4.8	+3.6	+2.3	+1.2	+0.8
Developing countries	- Launched China business strategy +17%/year - Chinese market: growth rate +9%/yr (FY16-19) - Secured 5 focused dealers: (out of 50 dealers in China) - Boosted market share from 9% to 17% (FY16-19)	+¥2.1	+¥2.4	+1.0	+0.6	+1.4	+0.8
Dealer Expansion	- Increase number of dealers by 21% YoY in FY2021 in US and Europe (boosting number of large American dealers from 36, to 46)	+¥5.0	+1.8	+0.9	+3.2	+1.7	+1.7
COVID-19 Impact	- Demand declined due to the pandemic - Color and monochrome markets dropped to 59% and 57% of previous demand levels	-¥20.6	+¥12.0	+8.2	+3.6	+3.8	+1.6
<b>Total</b>		<b>+¥24.2</b>	<b>+14.6</b>	<b>+7.4</b>	<b>+9.6</b>	<b>+4.9</b>	<b>5</b>

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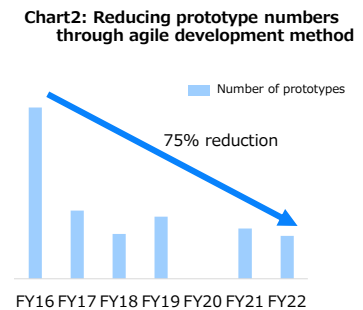
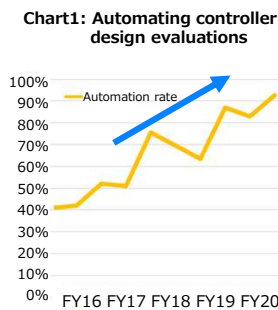
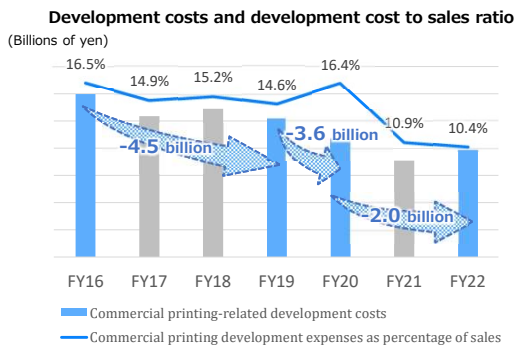
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- I will now talk about the enterprise printing business, current our largest business. Here, sales declined 18.8 billion yen from fiscal 2017 through 2019. This was primarily because the competitiveness of mainstay offerings eroded amid product launch delays. Our market share accordingly decreased from 16%, to 14%, causing fiscal 2020 sales to fall more than 20 billion yen from a year earlier.
- For growth in developing countries, we fully entered the Chinese market. There, we achieved an average annual growth rate of 17%, compared with an overall demand growth rate of 9% in that nation, boosting sales by 2.1 billion yen. We targeted 50 dealers able to sell commercial printing presses to the government and other sectors. We secured five of those dealers. This achievement and growth through our direct sales channel lifted our market share by eight percentage points.
- From fiscal 2021, Ricoh aims to rapidly build market coverage by tapping opportunities in three respects. It will cultivate new customer segments by launching new products, progress in developing countries, and cultivate dealer channels.
- We will capitalize on customer segment opportunities by rolling out new products. We launched the RICOH Pro C5300 series halfway through fiscal 2020. We have dramatically expanded our customer segment by helping improve productivity, offering low-priced models, and delivering higher quality than from conventional offerings (see Chart 1).
- Our market share in this segment dropped to 14% at one stage but it has already recovered to more than 15%. We look to lift our share to 19% in fiscal 2022, expanding sales by 4.8 billion yen over two years. Ricoh dominates the market for upscale models, with a share of 30%, so there seems considerable scope for growth.
- Developing countries represent the second area of opportunity. Augmenting expansion to date, we delivered 25% growth year on year in China in fiscal 2020, with the pandemic having no business impact. Of 50 dealers targeted, we aim to secure at least five in the next two years, generating another 20% of growth. By including dealer expansion in developing countries other than China, we will boost overall developing country sales by 2.4 billion yen.
- The third area of opportunity is dealer channels in Europe and the United States. We traditionally prioritized our direct sales channel. From fiscal 2020, however, we worked hard to do more business with dealers. By fiscal 2020, we had secured 36 leading U.S. dealers that could handle commercial printing models. By lifting the number to 46, we should boost combined European and U.S. sales by 5 billion yen.
- Enterprise printing business sales dropped 26% year on year, or 20.6 billion yen, in fiscal 2020 owing to the pandemic. We are experiencing recoveries, particularly in Europe and the United States. We look for sales to recover by 12 billion yen over the next two years. We assume that fiscal 2021 and 2022 sales will be 85% and 90%, respectively, of fiscal 2019 levels. These levels are par with turnaround ones for Office Printing.
- Business growth and a recovery from the pandemic should enable us to expand sales by 24.2 billion yen over two years, with operating profit improving 7.4 billion yen in fiscal 2021 and 4.9 billion yen in fiscal 2022.

# Structural Reforms: Development Reforms

Cost saving from development reforms by the end of FY22:  
¥2.0 billion (Commercial printing only)

	FY2017-FY2019 Key initiatives	savings	FY2021-FY2022 Key initiatives	savings
Structural reforms	<b>Commercial printing</b> <b>Design process reforms:</b> From mass-production waterfall development method to small lots agile development method	-¥4.5B	■ Coordinate digital manufacturing by integrating production and development ■ Digitalize design work ■ Pare down number of development models	-¥2.0B



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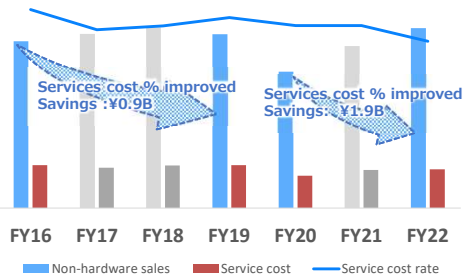
- I will now discuss structural reforms.
- On the development structure front, we reformed design processes from fiscal 2017 through fiscal 2019, shifting to agile development for small-lot production. By automating design evaluations (see Chart 1) and reducing prototype numbers through agile development (see Chart 2), we were able to cut costs by 4.5 billion yen.
- We will further integrate production and development to coordinate digital manufacturing, digitalize design work, and pare down the number of development models.
- In fiscal 2020, we saved 3.6 billion yen ahead of schedule, and look to save another 2 billion yen over the next two years.

# Structural Reforms : Services Reforms

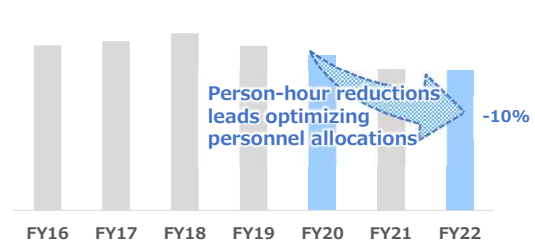
Savings from services reforms by the end of FY2022: ¥1.9 billion

	FY2017-2019 Key initiatives	Savings	FY2021-2022 Key initiatives	Savings
Structural reforms	<ul style="list-style-type: none"> <li>Enhanced product availability and serviceability</li> <li>Boosted active units profitability</li> <li>Encouraged key-operators to resolve issues</li> <li>Reduced services cost even for expanding market</li> </ul>	Services cost: ¥0.9B	<ul style="list-style-type: none"> <li>Undertake activities to enhance services and sales profitability                             <ul style="list-style-type: none"> <li>Cut services person-time by deploying advanced models machines and replacing active units</li> <li>Keep striving to enhance active unit profitability</li> </ul> </li> <li>Bolster operational efficiency through remote support                             <ul style="list-style-type: none"> <li>Encourage operators to resolve issues</li> <li>Prevent problems from arising by deploying failure prediction technology</li> </ul> </li> </ul>	Services cost: <b>¥1.9B</b>  Number of dedicated field technicians: <b>-10%</b>

Services cost as percentage of non-hardware sales



Number of dedicated field technicians



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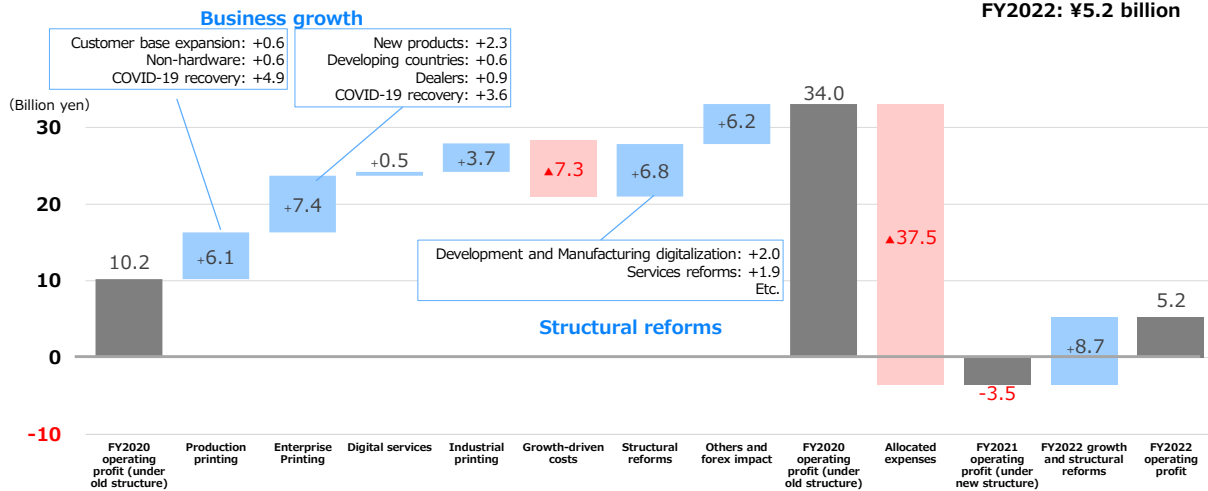
- I will now take you through our service cost reforms.
- From fiscal 2017 through fiscal 2019, we saved around 900 million yen by improving product operational quality and serviceability.
- From fiscal 2021, we will reinforce our business structure in several ways. These include having operators provide maintenance and deploying failure prediction technology. We would cut costs by 1.9 billion yen by enhancing operational efficiency while reducing the number of field technicians by 10%.

# RICOH Graphic Communications Operating Profit Hierarchy Chart (FY2020–2022)

- Significantly improve operating profit through business growth and structural reforms
- Achieve profitability in FY2022 by operating autonomously under business unit structure

Operating profit targets

FY2021: (¥3.5 billion)  
FY2022: ¥5.2 billion



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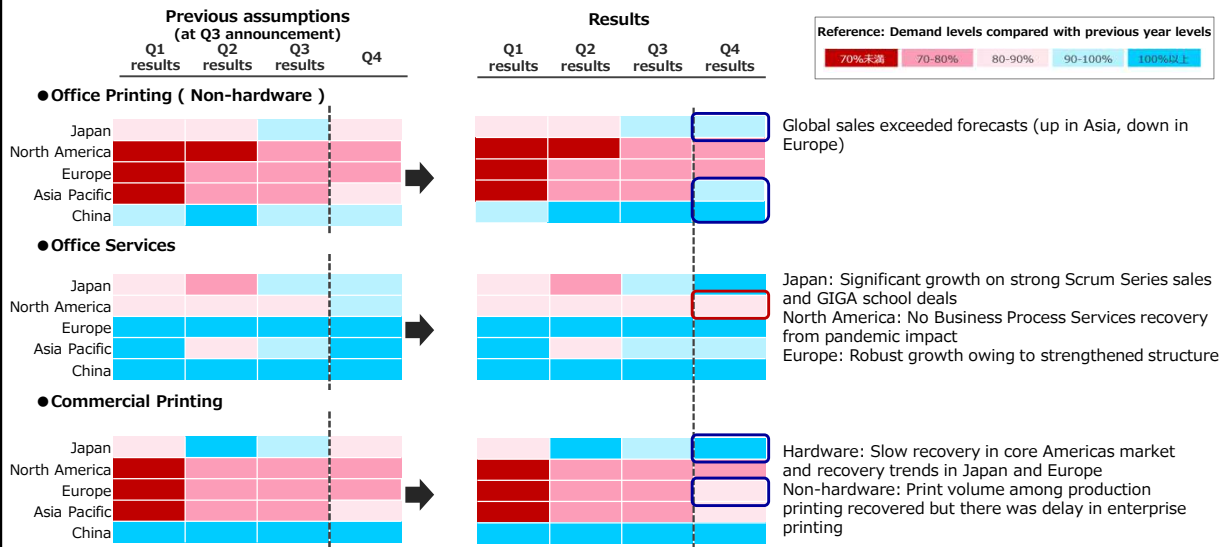
- Finally, I have produced an operating profit hierarchy chart for RICOH Graphic Communications for fiscal 2021 and 2022.
- For fiscal 2021, we project an operating loss of 3.5 billion yen that would stem from 37.5 billion yen in expense allocations for operating as a business unit. In fiscal 2022, however, we would absorb those allocations through further business growth to generate an operating profit of 5.2 billion yen.
- While continuing to grow and structurally reinforce our business, as I have described, we will expand our digital services business through one-on-one marketing, launch new inkjet printheads, and broaden our Industrial Printing business to drive digitalization in textiles and sign graphics. We will thereby bolster profitability, primarily in Europe and the United States. We will also enhance earnings by rigorously managing our return on invested capital.
- We aim to become the world's top comprehensive printing partner. We will grow by being the best at understanding the printing field, becoming a digital transformation catalyst in that field, and by learning what customers want and resolving their issues.
- Thank you very much for your time.

# Appendix

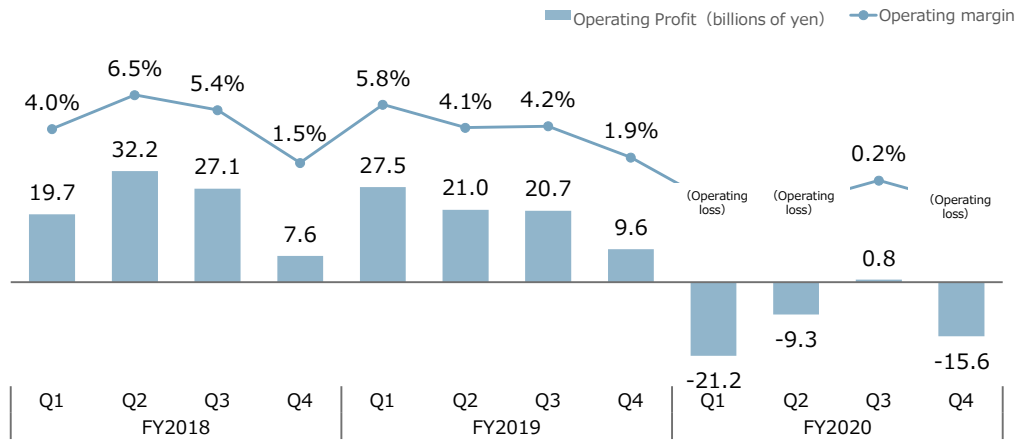


# Pandemic Impact Assumptions by Core Business

Recovery from pandemic impact in Q4 reflected recovery in Japan and Asia ⇔ Delays in Europe and United States (generally within expectations)



# Quarterly Operating Profit



◆Unit sales growth rates for MFPs and printers

FY2020	Q1	Q2	Q3	Q4	total	FY22020	A3 MFP					A4 MFP				
							Q1	Q2	Q3	Q4	total	Q1	Q2	Q3	Q4	total
Japan	-21%	-7%	-3%	-11%	-11%	Japan	-21%	-6%	-4%	-7%	-10%	-18%	-19%	+8%	-60%	-23%
Overseas	-32%	-14%	-16%	-17%	-19%	Overseas	-32%	-16%	-15%	-8%	-18%	-32%	-9%	-16%	-31%	-22%
MFP total	-30%	-13%	-14%	-16%	-18%	MFP total	-30%	-14%	-13%	-8%	-16%	-31%	-10%	-15%	-32%	-22%
LP total	-26%	-12%	-12%	+8%	-10%											

◆Sales growth rates for MFP and printer hardware and non-hardware

FY2020 YoY sales change	Hardware					Non-hardware				
	Q1	Q2	Q3	Q4	total	Q1	Q2	Q3	Q4	total
Japan	-21%	-6%	+0%	-5%	-8%	-16%	-11%	-8%	-9%	-11%
Overseas	-31%	-14%	-19%	-11%	-19%	-44%	-30%	-27%	-22%	-31%
MFP total	-29%	-13%	-15%	-10%	-17%	-35%	-24%	-21%	-17%	-24%
LP total	-45%	-34%	-33%	-17%	-32%	-25%	-20%	-5%	-7%	-14%
MFP + Printer total	-31%	-15%	-17%	-10%	-18%	-33%	-23%	-18%	-15%	-22%

**RICOH**  
imagine. change.