

## Key Questions and Answers

### Shareholder Returns

Q: A stated goal of your 19<sup>th</sup> Mid-Term Management Plan is to generate ¥100 billion in shareholder returns. Will you return all of that amount to shareholders or retain part of it?

A: We basically look to return the whole ¥100 billion to shareholders. We wish to do that as swiftly as possible in view of the fund procurement environment and other factors.

Q: Will that ¥100 billion include dividends for fiscal 2019?

A: The ¥100 billion in shareholder returns announced today is separate to dividends for the end of fiscal 2019. It represents an additional return to shareholders. (Note: This is the amount to be implemented under the 19<sup>th</sup> Mid-Term Management Plan, and the scale of returns under the 20<sup>th</sup> Mid-Term Management Plan has yet to be decided)

Q: Page 19 of your presentation shows total returns under your mid-term management plans. The shareholder returns under the 19<sup>th</sup> and 20<sup>th</sup> mid-term management plans seem to be identical.

A: We presented the chart for illustration purposes. The amounts under the 19<sup>th</sup> and 20<sup>th</sup> mid-term management plans are not meant to be the same. We will explore the scale of shareholder returns that we will present later under the 20<sup>th</sup> mid-term management plan in keeping the levels of the 19<sup>th</sup> Mid-Term Management Plan in mind.

Q: You announced that you look to generate ¥100 billion in shareholder returns. Has something changed since Mr. Yamashita delivered his presentation "Towards Next MTP" on November 1, 2019?

A: The only difference is that our implementation timing and assessment of the business climate have changed owing to the impact of the COVID-19 pandemic. We look to reaching and implementing a decision as soon as possible.

Q: You stated that you will return ¥100 billion to shareholders from cash generated under the 19<sup>th</sup> Mid-Term Management Plan. The chart on page 17 showing cash flow allocations for the 20<sup>th</sup> Mid-Term Management Plan mentions ¥100 billion in shareholder returns under the 19<sup>th</sup> Mid-Term Management Plan. What does that mean?

A: Payments for shareholder returns under the 19<sup>th</sup> Mid-Term Management Plan would be during the 20<sup>th</sup> Mid-Term Management Plan and are presented as part of cash flows under the latter plan. (Note: The ¥100 billion in shareholder returns is ultimately positioned as part of the 19<sup>th</sup> Mid-Term Management Plan and not the 20<sup>th</sup>.)

Q: You expect your consolidated free cash flow to improve after removing Ricoh Leasing from consolidation and making it an equity method affiliate. Does that mean that there could be further shareholder returns beyond what you have just announced?

A: We will determine shareholder returns as appropriate after considering our cash flows and our optimal capital structure and strategic investments. We will consider what to do in the process of steadily enhancing our profitability and delivering results under the 20<sup>th</sup> Mid-Term Management Plan.

Q: What specific total return ratio are you targeting under the 20<sup>th</sup> Mid-Term Management Plan? In your presentation on IR Day on April 11 in 2019 you mentioned also referring to DOE.

A: Under the 20<sup>th</sup> Mid-Term Management Plan, we will show a total return ratio of XX%.

### **Impact of COVID-19 Pandemic**

Q: You have targeted ¥100 billion in operating profit for fiscal 2019. Will it be hard to reach that goal? Also, what is your operating profit forecast for the fourth quarter?

A: When we announced our third-quarter results for fiscal 2019 we stated that we looked to generate ¥100 billion in operating profit for the year. Currently, while we have had orders for March in Europe and the United States, deliveries have been impossible. So, in the light of this and other factors we will assess the performance impacts and disclose our operating profit when we announce our full-year results.

Q: You stated on page 1 of your presentation that you have prepared a Plan B emergency measure. Can you explain specifically what that means?

A: We mentioned constraining investments and shrinking expenditure, and it means that we have prepared to assess our situation on a zero basis, including from such perspectives. We cannot explain in detail.

Q: Remote work demand has increased with the spread of COVID-19 infections. How much of that demand do you expect to capture?

A: We think that we can capture a significant portion of that demand. In Japan, remote work implementation progress appears to be varying according to customer scales. Large corporate customers already have work from home programs in place to an extent. The switch to working from home has been sudden, however, so we have received many inquiries from customers about shortfalls in PC numbers and network line capacity, as well as about telecommuting operations. There have also been inquiries about building network environments and installing

MFPs for new satellite offices.

At the same time, many small and medium-sized enterprise customers don't yet have adequate work from home environments in place. Their requests are accordingly about such matters as building network environments and changing MFP settings to make it possible to check faxes at home. We have begun offering telecommuting work packages, and there has been a lot of customer interest. To illustrate, the response rate to our direct mailings is normally 1% or so, but the rate has rocketed to about 10%. While there have been shutdowns in some cities in the United States and Europe, our employees have been communicating with customers from home. Communities will find it very challenging to return to normal from COVID-19, and we will capitalize on business opportunities afforded by the resulting changes in work practices after the COVID-19 pandemic ends.

Q: Isn't there a risk that once things return to normal after the COVID-19 pandemic ends the print volumes in your Office Printing business will decline once remote working spreads and takes hold?

A: Any assessment of how things might change post-pandemic should factor a possible acceleration in print volumes declining. But we expect electronic data volumes to accordingly increase, thereby providing business opportunities. We are preparing to globally deploy the document management software of DocuWare, a German firm that we acquired in 2019. We aim to accelerate efforts to strategically integrate our Office Printing and Office Services businesses.

Q: COVID-19 infections have surged in the past two or three weeks. Shouldn't you change your business development assumptions accordingly?

A: We must keep tabs on how volumes change in our core Office Printing business. Given that the changes that we expected to occur in the course of the three years of our 20<sup>th</sup> Mid-Term Management Plan could be happening in just three months, we recognize to triple the speed of the strategies and measures that we have considered to date.

Q: I assume that your domestic finance business will not experience major problems, as you plan to remove Ricoh Leasing from consolidation. But don't you need to consider the risks to your overseas finance business of COVID-19 infections expanding?

A: There has been no major impact so far on our overseas finance business. For large corporate customers, we include managed document and other services with our provision of MFPs. We also offer payment leveling and other benefits, so we do not envisage major default risks.

**Other Matters**

Q: You stated that under the 19<sup>th</sup> Mid-Term Management Plan there have been no sacred cows in your business selectivity initiatives. Does that mean that you have completed them? What about your camera business?

A: We have basically completed the work on businesses targeted for selectivity in 2017, at the start of the 19<sup>th</sup> Mid-Term Management Plan. That said, we are constantly considering business reviews amid the tremendous changes we are seeing in the competitive climate and economic conditions. We are often asked about the camera business, and it is improving.

Q: What will be the approximate scale of strategic investments under the 20<sup>th</sup> Mid-Term Management Plan? If you undertake any acquisitions, what businesses would they target?

A: We look to bolster capabilities in Office Services business in which there are shortfalls, particularly in regions overseas. We would invest in Commercial Printing and Industrial Printing, as we believe that we can help resolve social issues from environmental perspectives. We will present our investment scale and other details when we announce our 20<sup>th</sup> Mid-Term Management Plan.

Q: You said that you will target a return on equity of 9% under the 20<sup>th</sup> Mid-Term management Plan. What steps will you take to reach that objective?

A: Our return on equity in fiscal 2018 was 5.4%. We sought to do a little better than that this term, using that as a launch pad for reaching 9% under the plan.

Q: The global office printing sector is undergoing a consolidation. How is Ricoh looking to address that?

A: If the office printing market were shrinking, we believe that the normal course of action would be for each company to compensate for its weaknesses and form alliances to maintain competitiveness. Since embarking on Ricoh Resurgent, we have taken steps to do away with "In-house manufacturing" notions. We have already started purchasing in product areas in which we lack capabilities, and will supply products in our areas of expertise. So, we can say that we will accelerate such endeavors.