

**The 20th Mid-Term  
Management Plan  
and Medium to  
Long-Term Outlook**

**March 3, 2021**

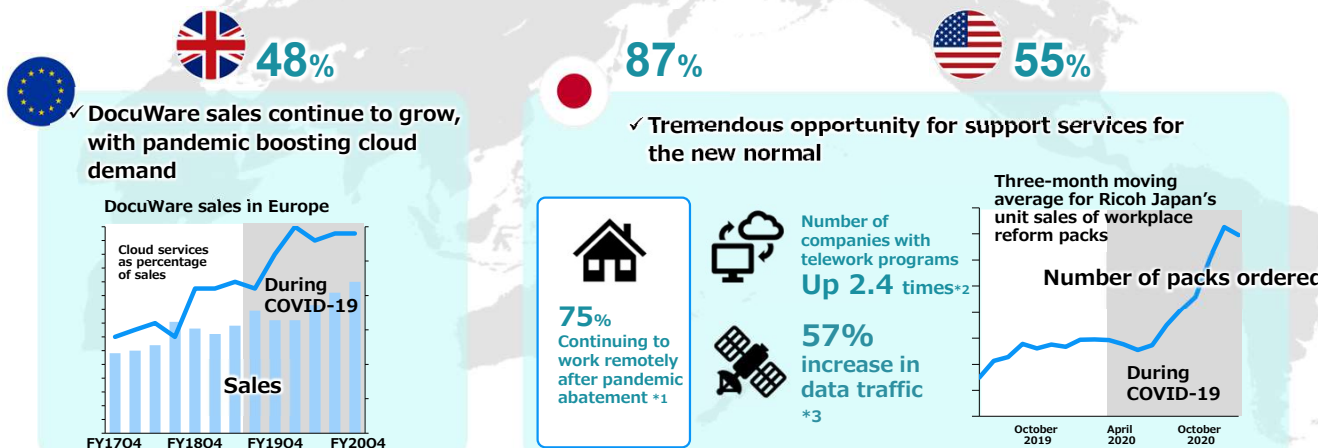
**Jake Yamashita**  
President and CEO  
Ricoh Company, Ltd.

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- Thank you for making time to attend today's session.
- As promised when we announced our third-quarter results last month, we will outline the 20th Mid-Term Management Plan, a two year initiative that starts in April 2021. We will also explain our prospects through fiscal 2025.
- Akira Oyama, who will become President of the Digital Services Business Unit in April, will take you through the roadmap to boost our Office Services businesses. Katsunori Nakata, who will become President of the Digital Products Business Unit, will discuss the outlook for the Office Printing business.

## Workers have accepted they can work anytime, anywhere —the new normal

Rates of change in traffic to regular workplaces compared with before pandemic



Note: Data for rates of change in traffic based on Google Community Mobility Report, reported each Tuesday each  
 \*1: Japan Productivity Center's 4th Worker Attitude Survey \*2: Tokyo Metropolitan Government's Telework Adoption Rate Survey (comparing March 2021 with year earlier)  
 \*3: NTT Communications' Internet Traffic Data (weekday daytime data for week of February 8, 2021, compared with previous year)

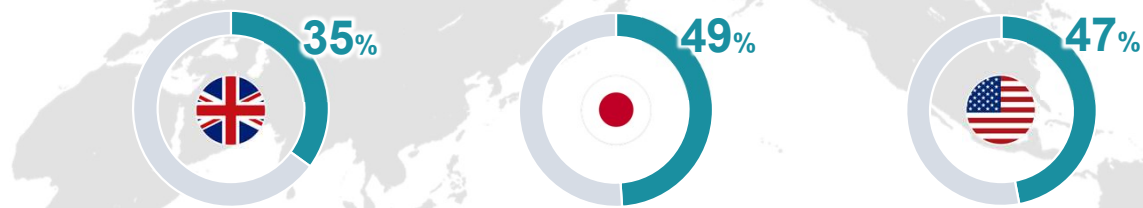
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- I will recap fiscal 2020 and how COVID-19 has transformed work.
- People seem to have accepted that they can work anytime, anywhere. While long technically possible, working remotely failed to progress, as COVID-19 forced us to realize. We have come to realize that while there are some inconveniences with such work it can also be quite good. So, I don't think we can go back to the way things were, nor should we.
- The numbers in the middle of this chart are the most recent office traffic rates from Google. From left to right, we see 48% in the United Kingdom, 87% in Japan, and 55% in the United States. The box in the center shows an interesting piece of data. It is that 75% of survey respondents in Japan wanted to keep teleworking even after the pandemic.
- The graph on the left shows data on the ever-increasing number of people using cloud services. Demand for our DocuWare demands continues to increase.
- On the right, you see that Japan's unit sales of workplace reform packs are rising.
- I sense that Ricoh's ongoing Office Services efforts are fast becoming useful to customers owing to COVID-19.

## AI/Robots streamline operations, and workers choose best ways to work

Percentage of current jobs that AI/robots will likely replace by 2030



### Prospective transformations in work

- ✓ AI and robotics automating business and transactions
- ✓ Connections between offices, frontlines, and society becoming seamless (6G communications and Internet of Things—IoT)
- ✓ Toward real, personal, and virtual offices
- ✓ People regularly holding second jobs

Reference: Nomura Research Institute paper stating that AI, robots, and other technologies will become able to replace 49% of Japan's existing workforce.

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- How will work change?
- People often say that AI and robots will replace more and more jobs. I believe that we are entering an era in which workers choose how best to work.
- Below is a brief summary of how work might change.
- By 2030, AI and robots will make offices, frontlines, and society seamless. I look to a more seamless world through 6G and the Internet of Things. People will regularly hold second jobs.
- So, now is an opportunity for Ricoh to become a digital services company.



# Medium and Long-Term Outlook

## Ricoh continues to support the changing work needs of customers

1977

### Advocating office automation

Having machines handle mechanical tasks so people can perform more **creative** work

2020

Work's value shifting from efficiency to **creativity** that only people can offer

2036

Ricoh turns 100.  
On to the next 100 years

Vision for 2036

### Fulfillment through Work

"Fulfillment" is gained from achievement and self-development. We help people feel this through work.

Established "3L" — a facility to research Fulfillment through Work (Nov. 2020)



- I will now overview our medium-to-long-term outlook.
- Given rapid changes in how customers work, I will briefly review two things that Ricoh continues to treasure .
- The first is to remain close to our customers working.
- Ricoh will celebrate its centennial in 2036. I have thought through how we should operate by then, how we can contribute to the world, and what customers will expect of us.
- The answer is Fulfillment through Work.
- Ricoh began advocating office automation in 1977. We have since helped offices improve efficiency and productivity.
- The value of work has now shifted from efficiency to creativity, which only people can handle. We want Ricoh to contribute to worker happiness.
- We accordingly established the 3L (see the photo in the lower right) at our Omori headquarters in November 2020 to research fulfillment through work. 3L is derived from the "The Spirit of Three Loves".

## Resolving social issues based on the Spirit of Three Loves

**the Spirit of Three Loves**  
Ricoh's founding principles

**Love your neighbor**  
**Love your country**  
**Love your work**

Founder  
**Kiyoshi Ichimura**

**SDGs and seven materialities**

**Resolving social issues through business**  
**Prosperity**  
(Sustainable economy)

**People**  
(Sustainable society)

**Planet**  
(Sustainable environment)

**Robust management infrastructure**

**Key activities and external recognition**

April 2017	First Japanese company to join RE100, an international initiative
2018	Establishes Risk Management, Investment, and ESG committees
2018	Half of Board of Directors members are external directors and majority are non-executive directors
August 2019	First Japanese company to participate in Business for Inclusive Growth initiative
November 2020	Selected as constituent stock of DJSI World Index
November 2020	Wins top award in Nikkei SDGs Management Grand Prix
January 2021	Included in Carbon Disclosure Project climate change A List
February 2021	Receives Chairman's Prize in Japan Telework Promotion Award

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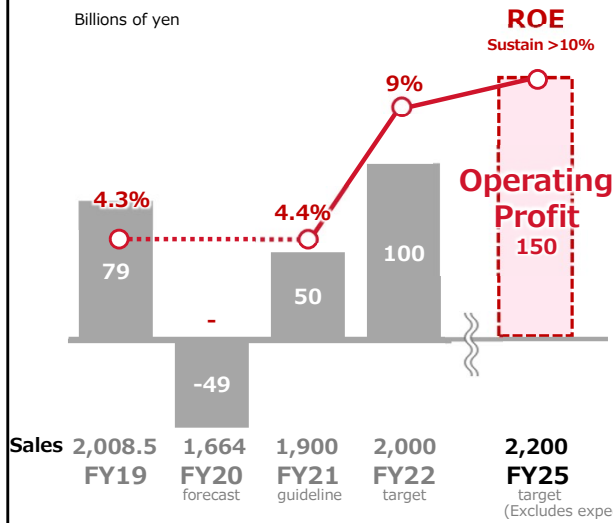
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- We also continue to cherish the Spirit of Three Loves.
- Its founding principles of Love your neighbor, Love your country, and Love your work are in keeping with the notion of a society that leaves no-one behind, and that is a principle of the Sustainable Development Goals of the United Nations.
- The seven materialities based on the Spirit of Three Loves are exactly what we should tackle across all our businesses.
- I always encourage our employees to avoid complacency and do well enough to subject our endeavors to external assessments.
- Thanks to the efforts of our employees, we have been honored with widespread recognition as a result of the efforts of our employees, for we are very proud.

## Be a digital services company that supports creativity of workers and connects their workplaces

### Financial Indicators

Billions of yen



### World-class sustainability and ESG ratings

#### Business | Recognized as a digital services company

- Office Services business to lead in revenues and profits
- Five business units run business operation optimal for customers
- Headquarters focuses on group management

#### Finance | ROIC management and externally valued capital policy

- Corporate value maximized by keeping ROE above 10%
- Minimum ¥150 billion in operating profit
- ROIC-driven business portfolio management
- Solid growth investments and shareholder returns

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- I will now outline our medium to long-term targets for fiscal 2025.
- What kind of company do we want to be in five years in the leadup to 2036? We want to be a digital services company that supports worker creativity and connects workplaces.
- For a start, we will be a global sustainability and ESG leader.
- The Office Services business will continue to grow and drive performance.
- We will maximize shareholder value by keeping ROE above 10%. We accordingly target at least 150 billion yen in operating profit.

## Driving Sustainability for Our Future

	Materialities	KPI	2022 targets	2025 targets
Resolving social issues through business	<b>Creativity from Work</b> Economy	Customer's evaluation top score rate Fulfilling value proposition for customers <b>Digital specialist development</b>	30% or more 20%* IPA ITSS L3** 1.5 times	<b>30% or more</b> <b>TBD</b> *** <b>DX promotion indicator level 5</b>
	<b>QOL Enhancement</b> Society	Contributors to help improve QOL	10 million	<b>15-20 million</b>
	<b>Zero-Carbon Society</b> Environment	GHG scope1, 2 reduction rate (vs FY15) GHG scope 3 reduction rate (vs FY15) <b>Renewable energy utilization rate</b>	30% 20% <b>30%</b>	<b>40% or more</b> <b>25%</b> <b>35% or more</b>
	<b>Circular Economy</b> Environment	Virgin material usage rate	85% or less	<b>80% or less</b>
Robust management infrastructure	<b>Stakeholder Engagement</b>	Production sites with RBA certified Suppliers signing on RICOH code of conduct International security standard Evaluation score from partners Primary ESG external evaluation <b>Digital Transformation stock (by METI)</b>	6 sites 100% signed Bolstered security based on ISO/IEC NIST Target set by partners Attain top levels <b>Certified</b>	<b>To be set up every MTP with reviewing ESG challenges</b>
	<b>Open Innovation</b>	<b>Increase rate of patent ETR score (vs FY20) ****</b>	<b>20%</b>	
	<b>Diversity and Inclusion</b>	Ricoh Family Group engagement score Female-held managerial position rate	50 percentile 16.5%	

\*Scrum-package customers ratio \*\*IPA: Information-technology Promotion Agency ITSS : IT Skill Standard (level 0-6) \*\*\* METI "DX promotion indicator" Ricoh is targeting level 5  
 \*\*\*\* ETR: External Technology Relevance, score representing how many patents applied for by external companies

- Here, we have summarized our ESG targets. They are future financial targets because they will drive business in the years ahead.
- In the runup to our new mid-term management plan, we revised some targets in light of the opinions of investors and analysts. The red areas in this table show additions or changes.

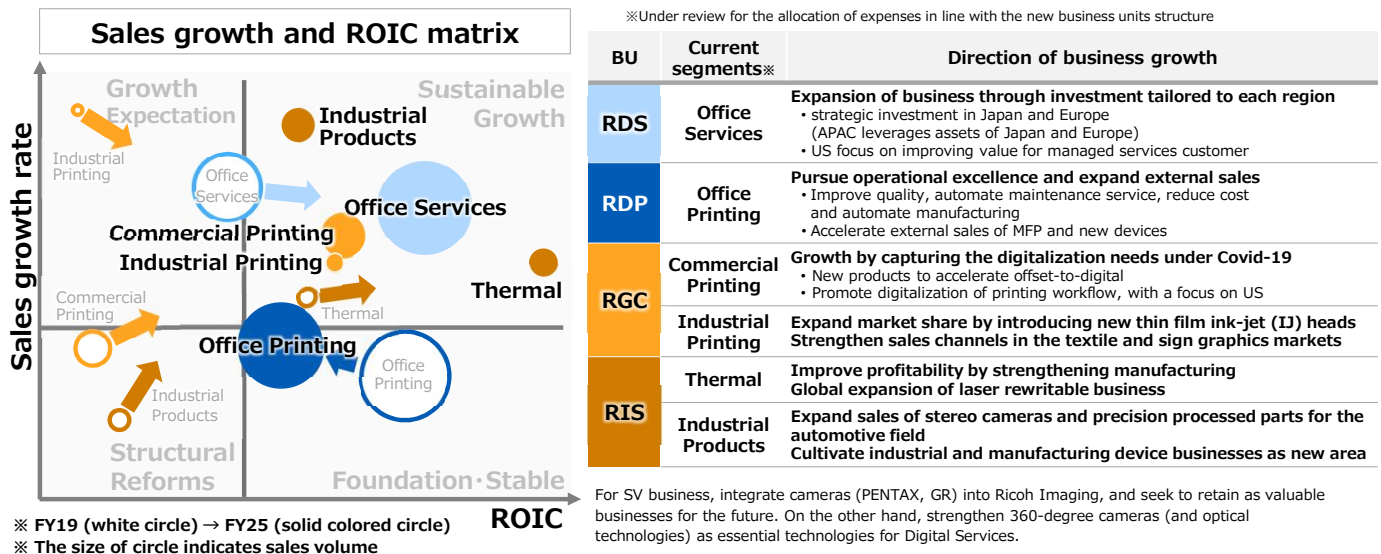


**Headquarters focuses on in group management, while Business Units ensure customer-centric management**

Goals	Business Units	Value Proposition	Current segments and function
<b>Generate business growth through five business units</b> Customer centric business operations	<b>Ricoh Digital Services</b> <span style="color: #00AEEF;">RDS</span>	Resolve challenges of people <b>at offices &amp; remote</b> Resolve challenges of people <b>at frontlines</b>	Office Services
	<b>Ricoh Digital Products</b> <span style="color: #00AEEF;">RDP</span>	<b>Edge devices</b> connecting people <b>Manufacture products</b> supporting digital services	Office Printing
	<b>Ricoh Graphic Communications</b> <span style="color: #FF9900;">RGC</span>	Resolve challenges of people <b>at frontline printing sites</b>	Commercial Printing Industrial Printing
	<b>Ricoh Industrial Solutions</b> <span style="color: #FF9900;">RIS</span>	Resolve challenges of people <b>at frontline manufacturing, logistics, and industrial sites</b>	Thermal Industrial Products
	<b>Ricoh Futures</b> <span style="color: #00AEEF;">RFS</span>	<b>Create new businesses to resolve social issues</b>	Smart Vision, Healthcare, batteries based on inkjet technology, new materials, social infrastructure, additive manufacturing, and energy harvesting
<b>Group headquarters underpinning growth</b> • Small but robust headquarters focusing on governance and business resource allocation (halve GHQ headcount from 3,200 in five years)	<b>GHQ</b>	Contribute to business by <b>resources allocation and governance</b>	Management planning, Human Resources, Finance, and ESG
	<b>Platforms</b>	Refine <b>corporate culture, human resources, systems, infrastructure, and technologies</b> in keeping with being digital services company	Establish Digital Strategy Department and Advanced Technology Center
	<b>Professional Services</b>	Implement sophisticated in-house DX <b>Market that knowledge to sell externally</b>	Contribute to business units by digital transformation

- As explained when we announced our second-quarter financial results in November 2020, we will introduce a new business unit structure in April 2021.
- We will reorganize businesses by customer and create five new business units and a Group headquarters to support growth. Each business must rework processes according to its needs without relying on core printing businesses.
- We want to achieve two things. The first is to accelerate business growth by delegating authority to business unit leaders so they can make rapid decisions. Second, we will streamline capital efficiency in each business unit by optimally allocating resources.
- I explained the five business units in November last year, and have no more to say in that regard.
- Group headquarters below include the global headquarters and platforms for implementing digital infrastructure development and advanced technologies, as well as professional services, with support functions for each business unit.
- For professional services in particular, we will deploy digital transformation practices to support business unit growth and to share those practices with customers.
- The Group headquarters will start with 3,200 people, but we aim to halve that number in five years by collaborating more with outside organizations.

Manage the business portfolio on two axes of growth and capital efficiency.  
Optimize allocation of management resources.



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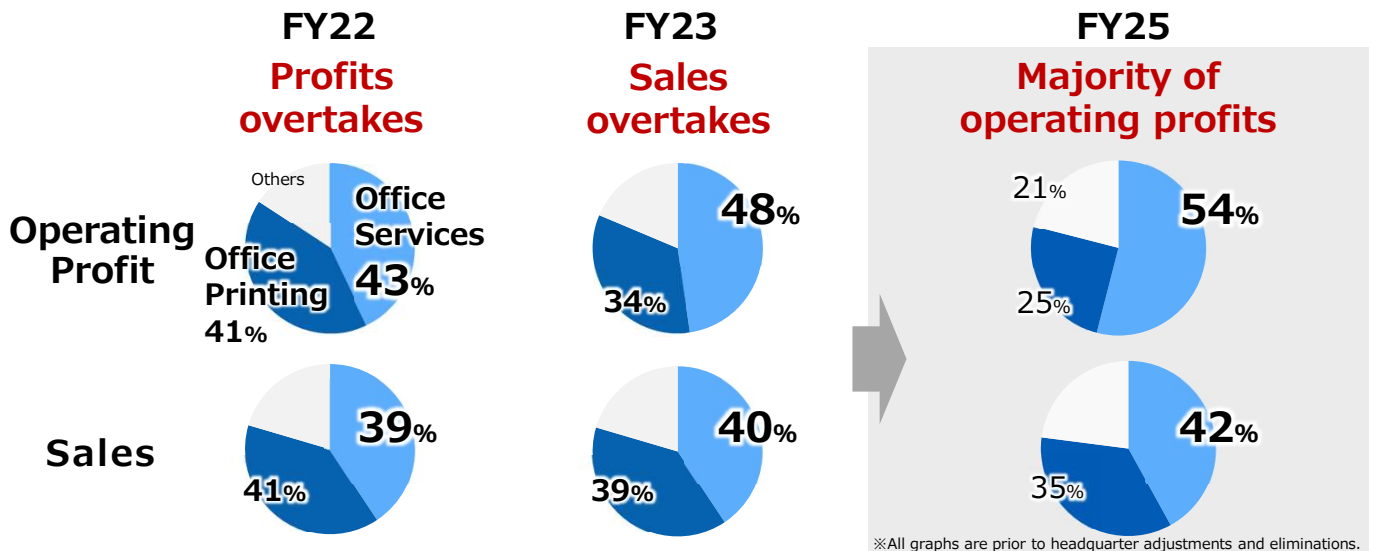
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- I will now go through business portfolio management.
- We intend to optimally allocate resources by controlling growth and capital efficiency.
- The diagram on the left has four quadrants. Results for fiscal 2019 are in the white circles. The colored circles show targets for fiscal 2025.
- The table on the right summarizes where we will head.
- In Office Services, we will strive to expand investment by distinguishing between different regions. We will invest heavily in Japan and Europe. For the time being, we will not make any strategic investments in the United States and will focus on improving value for current managed services customers.
- In Office Printing, we will continue pursuing operational excellence to come out on top. We will step up external sales, including for A3 MFPs.
- In Commercial Printing, we overcame initial quality hiccups with new products we launched last year and are poised to expand sales in earnest. The pandemic has boosted demand for digitalizing workflows. For example, textbooks once printed in large quantities for seminars are now printed in much smaller runs. Product label and package processes are switching from mass printing to small quantities of many different products. That's what we aim for.
- In Industrial Printing, we will continue to invest in strengthening our robust inkjet head business.
- We will continue to build our Thermal business and introduce products in new areas by making leveraging our laser technology.
- In Industrial Products, we will continue to explore new industrial and manufacturing equipment areas.
- The bottom of this page touches on the Smart Vision business. We will endeavor to integrate our PENTAX and GR camera lines into Ricoh Imaging and retain these valuable businesses. We will to push ahead with that effort with external parties. We will continue to strengthen our 360-degree camera business and optical technologies as digital services company essentials.



Office Services drives transformation into a digital services company



※All graphs are prior to headquarter adjustments and eliminations.

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- I will briefly discuss what will likely happen when the Office Services business surpasses the Office Printing business.
- As we have already reported, domestic Office Services sales overtook those of the Office Printing in fiscal 2019. In March 2020, we thereby declared that we would become a digital services company.
- Under the current plan, we look for Office Services earnings to overtake those of Office Printing in fiscal 2022, with Office Services sales taking the lead in fiscal 2023. In fiscal 2025, operating profit from Office Services should account for beyond half of our operating profit. We will progress steadily toward being a digital services company.



## Focus on strengthening the management base required for a digital services company

Initiatives so far

Areas to strengthen towards FY2025

Corporate culture and people



### Create a culture and system supporting self-motivated employees

- Attendance rate of about 30% due to work style reforms
- In-house accelerator program and side-business system (FY2019-)
- Increased work choices and improved employee engagement
- Introduction of Ricoh-style **job-based personnel system**
- **Enhance digital literacy** for 30,000 employees in Japan
- Proactively shift personnel company-wide, and **implement practical in-house DX** thru internal reskill training

Infrastructure and framework



### Utilize digital communication tools based on employees' developed IT literacy

- Drive Notes utilization with end-user computing (FY1999-)
- FY2017, Introduced Office365 globally
- FY2018, Introduced RPA, 800-themed business process reforms
- **Upgrade approx. 70% of enterprise systems**, incl. 180 systems to cloud
- **Pursue data-driven management** by defining and maintaining master data
- **Build RSI platform** as a global common infrastructure

Technologies and R&D

### Develop digital services leveraging technologies cultivated in the office business

- Research and development of optical and image processing technologies mainly for office imaging equipment (MFP/LP)
- Develop products that realize the fulfillment through work by **converting the five senses of people into data**
- Realize digitalization of manuf. ("**Functional Printing**") with inkjet technology

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- We become a digital services company, we will need to change our internal culture, human resources, infrastructure, R&D, and management infrastructure. We have worked on that for the past two or three years.
- We have changed our culture and systems since fiscal 2017 so self-motivated employees can play a greater role. Employee engagement has improved steadily from small beginnings. We are also preparing to roll out a Ricoh-style job-based personnel system next year.
- Digital professionals who engage with customers are also very important, and we are empowering them. We implemented Microsoft 365 globally for collaboration in 2017, and we are also using robotic process automation. Around 3,000 employees are familiar with this automation in their work and are striving to improve operations. That's encouraging.
- In April 2021, we will harness the digital knowledge of 30,000 employees in Japan and help them in engaging with customers.
- We are upgrading 70% of our enterprise system. That program should take three to four years. At the same time, we would like to implement data-driven management, and are making preparations in that regard.
- Finally, I will touch on R&D. We want to invest in converting five human senses into data and digitalizing manufacturing with inkjet technology.



# The 20<sup>th</sup> Mid-term Management Plan

## Transform to a digital services company that innovates workplace productivity

FY22: **ROE > 9%**

Driven by business growth and capital profitability improvements

### Financial Targets

Financial Indicators	FY22
Operating profit/margin	¥100 billion/5%
Sales	¥2,000 billion
ROIC	More than 6.5%
Office Services business operating profit*	8%

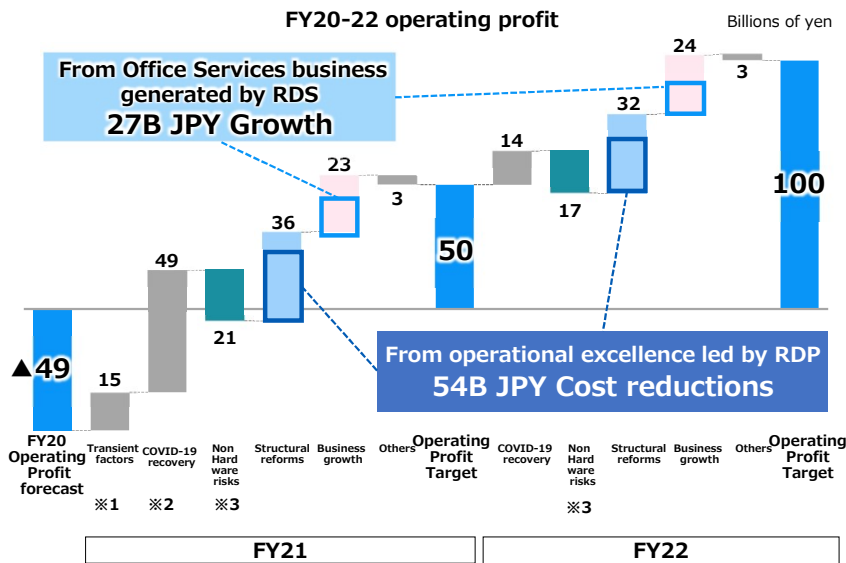
\*based on the current segment

### Future Financial Targets

Targets by stakeholder (from 17 ESG targets)		FY2022
Customers	Top score from customers	30%
Society	GHG Scope 1 and 2 (from FY15)	30%
	GHG Scope 3 (from FY15)	20%
	Electricity from renewable energy sources	30%
	New resource content in products	<85%
Employees	Employee Engagement Score	50 percentile in each region
Partners	Rating score from each partner	Set by partner
Shareholders	ROE	9%

- Thus far, we have explained our medium- and long-term outlook. We will now present our two-year targets under the 20th Mid-Term Management Plan.
- We seek to generate an ROE exceeding 9% ROE by growing our business and improving capital profitability. We have set financial and future financial targets.

## Generate profit by structural reforms and business growth in addition to recovery from the COVID-19



**Condition/Remarks**

1. Transient factors in FY20: Impairment losses, structural reforms expenses, government subsidies, etc.
2. Assumed to recover 9% of hardware and 8% of non-hardware of COVID-19 impact (including cost increases associated with the recovery).  
- In FY19→20 COVID-19 impact (HW:-13%; Non-HW:-18%)
3. Assumes CAGR impact of -4% to -5%

※Total impact amount over two years

<b>Office segment</b>	■ RDP/RDS	<b>+54B JPY</b>
	- Cost reduction in Office Printing	
■ RDS	<b>+27B JPY</b>	
	- Growth in Office Services	
■ RDP	<b>+6B JPY</b>	
	- Accelerate external sales of MFP and new devices	
<b>Frontline's major Cost reduction</b>	■ RGC	<b>+6B JPY</b>
	- Narrow down product lineups, reduce costs, and reorganize service structure	
■ RIS	<b>+5B JPY</b>	
	- Partner joint cost reduction and organizational restructuring	
<b>Frontline's major Business growth</b>	■ RGC	<b>+8B JPY</b>
	- Workflow solutions for printing sites	
	- Accelerate Offset-to-Digital	
	■ RIS	<b>+6B JPY</b>
- Expand LD-TR and industrial stereo cameras		
- Expand production facility solutions		
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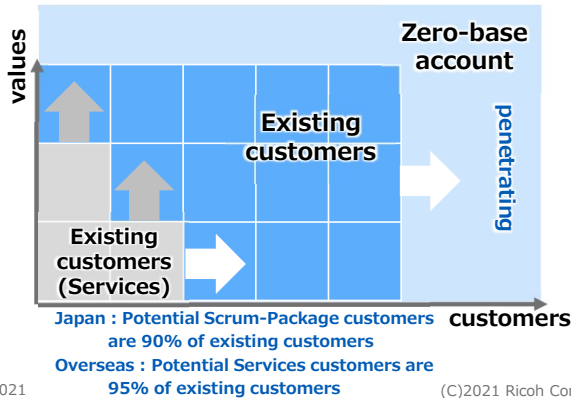
- This chart shows as clearly as possible how we will reach 100 billion yen in operating profit.
- The left of the chart is a 49 billion yen operating loss forecast for the current fiscal year, reflecting as transient factors, a COVID-19 recovery, and non-hardware risks. We look for four business units to generate 23 billion yen for business growth and 36 billion yen to strengthen the corporate structure.
- The center of the chart similarly shows factors for 50 billion in operating for fiscal 2021 and through 100 billion yen by fiscal 2022, separating pandemic recovery and non-hardware risks.
- For each business, we present breakdowns on the right. Cost reductions in the Office Printing business should be 54 billion, which Mr. Nakata will explain later. Growth in the Office Services Business should be 27 billion yen, which Mr. Oyama will explain now.

## Grow annuity business by expanding customer base and increasing values

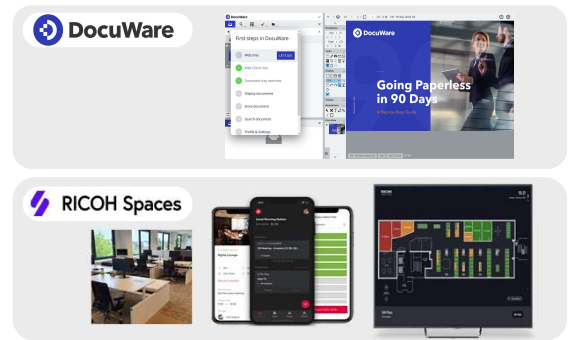
### Increasing values : +11B JPY Operating Profit

Reinforcing system-integration capability by aggressive investment in Japan/Europe, and enhancing software product lineup for growing annuity business

- Cross-selling of package services, integration services
- Ricoh unique software deployment



### ■ Software business contributions



### Expanding customer base : +16B JPY Operating Profit

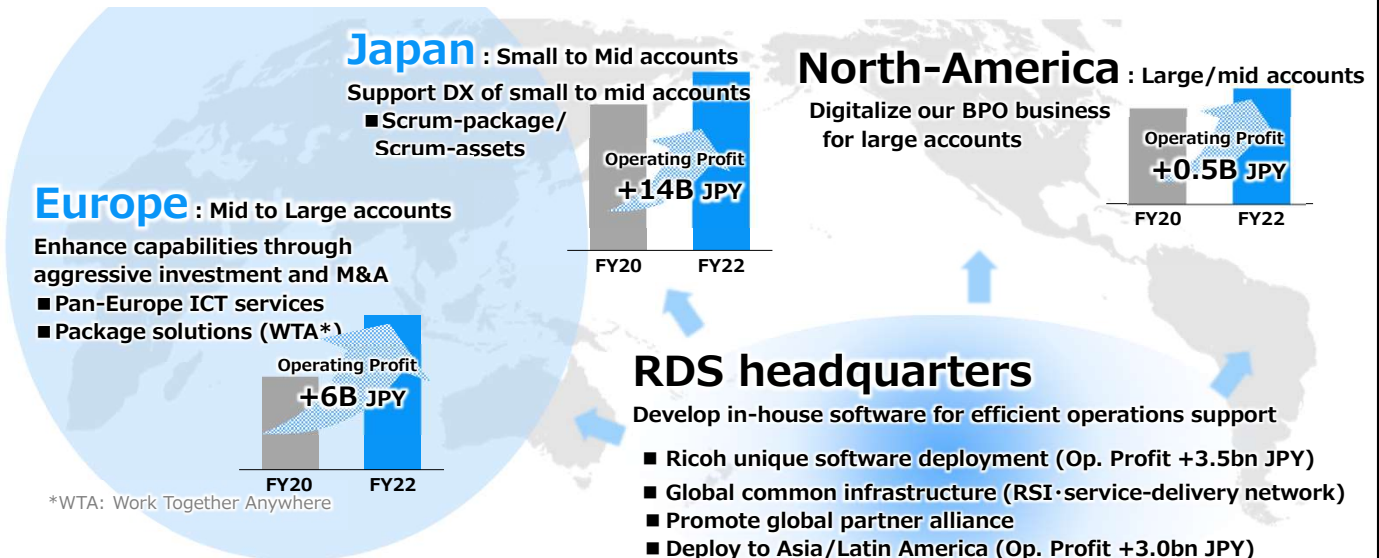
- Package-services meeting local requirement
- Focusing pan-Europe customers with connecting local capability
- Expansion of leading business models to Asia and Latin America

Speaker: Akira Oyama, General Manager of Workplace Solutions Business

- I will now go through the 27 billion yen in of the profit growth in the Office Services business.
- That amount derived from 11 billion yen in blue in the upper left and 16 billion yen in the lower right.
- We will expand earnings by 11 billion yen by up-selling and cross-selling to customers and expanding annuity revenue by providing new services. The arrow extending upward from the lower left shows this.
- Next, we aim to increase earnings by 16 billion yen by serving many existing customers or by increasing the number of new ones. It is the arrow extending from the lower left of the figure to the right.
- In Japan, we only offer Scrum Packages to about 10% of our customers. There is still room to serve 90% of them. Similarly, there is room to offer these packages to 95% of existing our customers overseas.
- The upper right corner shows software business contributions, including from such in-house offerings as DocuWare. With our own software, we can build up a highly profitable annuity business. In some cases, DocuWare and other tools open doors to new customers.



Driving growth by investing in Japan/Europe markets and expanding customer base.  
Growing annuity business and improving profitability by global common infrastructure.



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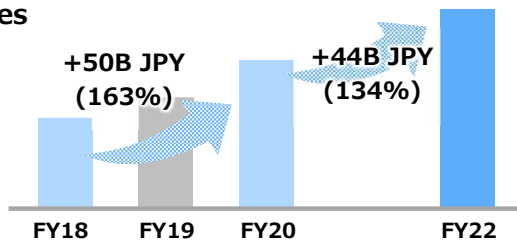
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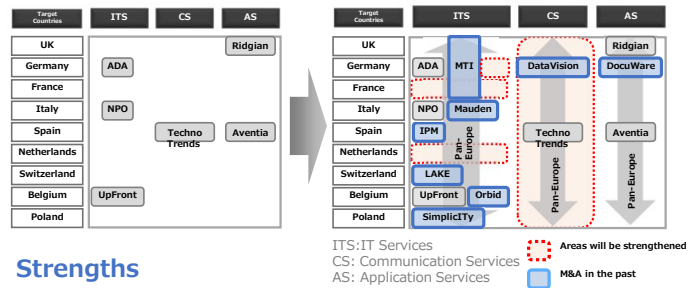
- Here we explain about our 27 billion yen in profit growth by region.
- Japan and Europe will drive profits in fiscal 2021 and fiscal 2022.
- We target 6 billion yen in profit growth in Europe and 14 billion yen in Japan. We will provide more detail later.
- You may feel that 0.5 billion yen in North America is too little. The Business Process Outsourcing business operations at customer sites account for a large part of our services business, for which we dispatch personnel to handle document workflows and other tasks.
- The pandemic greatly affected our business. We are digitizing service delivery processes to serve customers during and after the pandemic environment, which should improve services profitability.
- Over the next two years, we will replace our services portfolio in the United States while investing to maintain and improve earnings.
- The remaining 6.5 billion yen in profit growth would be from Asia, Oceania, China, and Latin America, as well from the Software Business of Ricoh's Digital Services, or RDS.
- RDS, in addition to being involved in software businesses, will contribute to overall revenue growth by providing a common service platform, improving cost efficiency, and promoting advanced services across regions.

## Reinforcing capabilities through aggressive investment and M&A

### Sales



### Capability reinforcement through M&A



### Opportunities

- Workstyle diversifying due to COVID19
- EU-led digitalization/international DX in Europe

### Annuity business with pan-Europe ICT businesses

- Continuous M&A with local capability enhancement
- Multi-skilled sales reps/field technicians
  - Shift to Office Services sales • **sales force enhancement**
  - Package services
- Connect capabilities acquired through M&As and **expand business with European large accounts**

### Strengths

#### Capability enhancement by M&As and in-organic growth

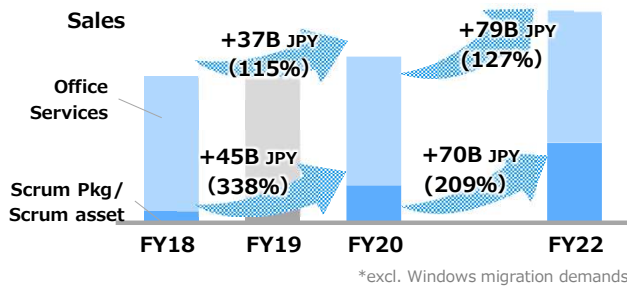
- Acquired **ICT capabilities** by M&As  
(4 M&As in FY20 : Orbid, DataVision, SimpliciTY, MTI)

#### Customer base and sales force nurtured in Office Printing

- Mid-large account base (incl. pan-Europe business)
- 24 Operating Companies, **3,300** sales reps and **4,000** field technicians
- WTA packages\* FY20 4,200 sales (6.5B JPY)
- Competency in Microsoft/Dell and strategic partnership

- I will now discuss Europe.
- There, we aim to increase profits by 6 billion yen. We will accordingly lift services sales by 44 billion yen. From fiscal 2018 to fiscal 2020, we generated 50 billion yen in growth through internal expansion and acquisitions.
- As the figure in the above right shows, we bolstered our capabilities through acquisitions from fiscal 2018 through fiscal 2020. We will continue to purchase as needed and strengthen ties with acquired companies in the areas shown in pink boxes to complete our pan-European network and develop our business.
- In Europe, large corporate customers develop their businesses across the continent. Few players can provide pan-European services to medium-sized companies.

## Driving growth by supporting SMBs & local governments DX



	FY20	FY22
Scrum-package Customer Ratio	10%	20%
Number of Scrum-package Sales	65,000 (275%) <small>*vs FY18</small>	130,000 (200%) <small>*vs FY20</small>

### Opportunities

- SMBs, local government DX
- Diversifying workstyles

### Expand annuity business by customer base expansion

- "Scrum on scrum"  
(increase sales per customer, annuity business)
- GIGA school, government-led digitalization
- Drive sales of EDW applications for annuity business

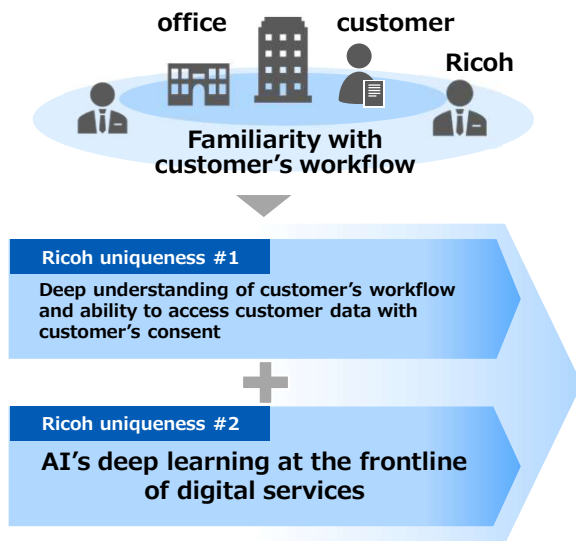
### Strengths

- SMBs with **700K business sites** that system integrators cannot cover
- **12,600** sales reps and **6,300** field technicians
- J.D.Power IT Solution Provider, ID Device Support Customer Satisfaction survey **Rank #1 for 6 consecutive years**
- WinPC B2B market share **Rank #1 for 2 consecutive years**
- Microsoft 365 SMB customers (source: Microsoft Japan) **Rank #1**

- Next, let's look at the Japanese market.
- Here, we will grow services sales by 79 billion yen to boost earnings by 14 billion yen. Ricoh Japan will accelerate growth by meeting the digitalization needs of small and medium-sized customers and local governments.
- Package services are growth drivers. They are in dark blue in the upper left graph. Here, we target 209% growth between fiscal 2020 and fiscal 2022. We are building up annuity businesses and expanding Scrum Packages, and have accumulated know-how in that area.
- As shown in the top left graph, Scrum Package sales rocketed 338% from fiscal 2018 to fiscal 2020. Unit sales growth was 275%, as shown in the top right table.
- We have Scrum Packages to 10% of our existing customers through fiscal 2020. There is tremendous room for growth.
- We can build that business further by increasing customer reach to 20% by fiscal 2022 and by rolling out related packages to existing customers.

## Co-creation of data business with a customer

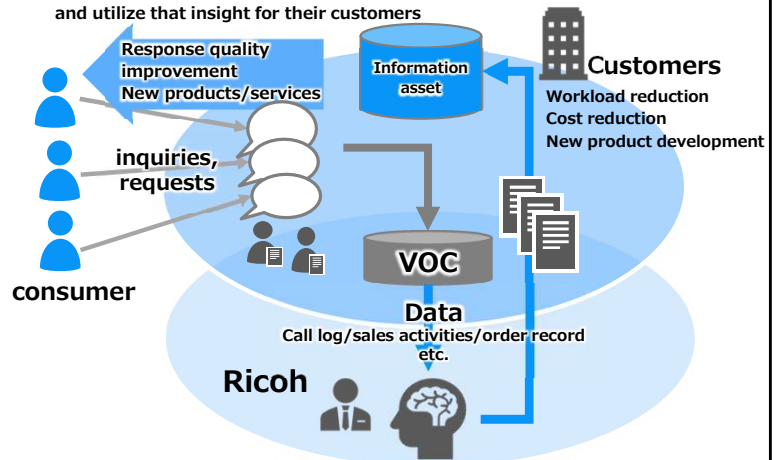
(New value creation with customer's data)



### ■ Proof of Concept at customer site

(to be started in April)

Transform data at customer site into valuable information asset through AI and utilize that insight for their customers



- In the previous chart, I explained the development of package services in Japan. These are workflow solutions for customer industries and businesses.
- In Japan, we are undertaking proof-of-concept experiments with customers on value creation, using data to provide value beyond workflows. The idea is to leverage AI to transform customer information into assets and use those assets to enhance the corporate value of customers.
- The figure on the right highlights an experiment with a major customer that serves consumers. For this system, AI trained in Ricoh's internal practices analyzes inquiries and requests from consumers and categorizes and analyzes them by issue while leveraging customer data. The information helps improve quality and develop new products and services.
- This value proposition works only if you trust us to analyze the data and understand your workflow. There is no need for customers to worry about where their data goes once they allow access to it or how it will be used.
- This business that turns customers' information into valuable data for them because of our strong ties with them. We will launch this business in April.

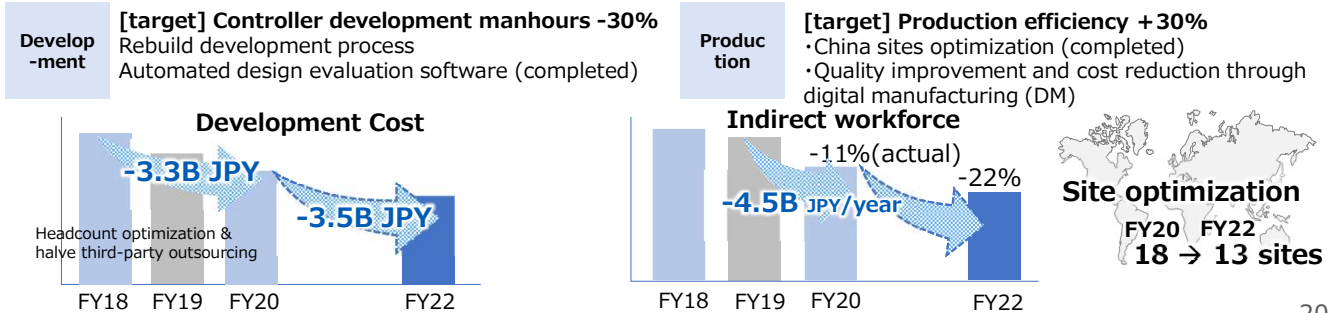
Cost reduction through FY22 **-54B JPY**

Manufacturing reforms

Variable cost reduction

Effective Service Operation

Reduced cost (vs FY20)		Primary actions	Primary KPIs
<b>manufacturing reforms</b> <b>-18B JPY</b>	Development	<ul style="list-style-type: none"> <li>Development efficiency improvement through digitalization</li> <li>New development process by merging development and production organizations</li> </ul>	<p><b>-3.5B JPY</b></p> <p>Development manhours per model (vs FY20) <b>-20%</b></p>
	Production	<ul style="list-style-type: none"> <li>Indirect workforce optimization through digital manufacturing and remote operation</li> <li>Production site optimization</li> </ul>	<p><b>-14.5B JPY</b></p> <p>Indirect workforce <b>-22%</b></p> <p>Site optimization <b>18→13 sites</b></p>



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Speaker: Katsunori Nakata, General Manager of Office Printing Business Group

- I will explain our Office Printing Business.
- We expect somewhat of a post-pandemic turnaround from fiscal 2021, although a printing business decline will likely continue. That would lower the highly profitable after-sales businesses, so we will cut costs by 54 billion yen to strengthen our structure under the 20th Mid-Term Management Plan. The savings would come from reinforcing manufacturing, reducing variable costs, and lowering expenses through services reforms.
- Firstly, we will strengthen manufacturing by reducing 18 billion yen in costs in development and production units.
- In development, bottom left shows efforts through this year. From fiscal 2019, we have overhauled production and design processes and completed an automated evaluation program for controllers and other components that can be use remotely. We thereby streamlined our workforce and internalized development, saving 3.3 billion yen. We will continue to reap the benefits of digitalization, such as by improving development efficiency.
- We look to achieve plan goals by integrating production and development units from April to shorten product development processes.
- We plan to lower manufacturing costs by 14.5 billion yen. As part of efforts through this year, we completed the consolidation of manufacturing sites in China to streamline production. Digitalization cut back office headcount by 11%, saving 4.5 billion yen annually.
- We will extend digitalization to other factories so that they can manage production remotely, reducing back office headcount another 22% by consolidating tasks between factories.
- The principal plant in China that we launched this fiscal year started full operations with nobody traveling there from Japan during the pandemic, so I sense that we are getting used to remote management.
- We will bolster factory capabilities to match product characteristics. We will step up production so we can become the world's top manufacturer while outsourcing when it makes sense. We will reduce the number of printing plants from 18, to 13.
- Efficiency measures will save 18 billion yen over the next two years.

Cost reduction through FY22 **-54B JPY**

Manufacturing reforms

Variable cost reduction

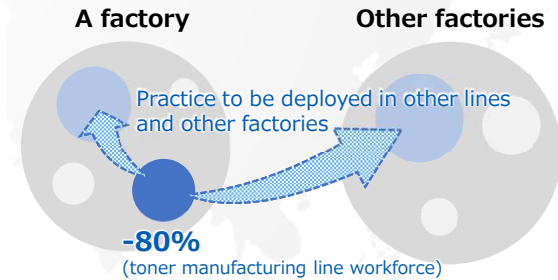
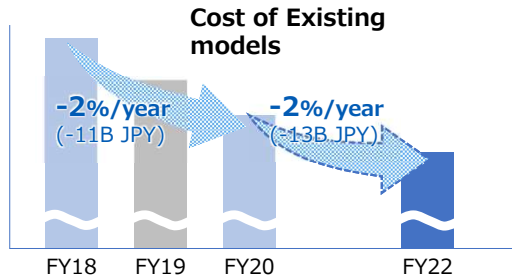
Optimize Service Operation

Cost reduction (vs FY20)	Primary actions	Primary KPIs
Variable cost reduction <b>-13B JPY</b>	<ul style="list-style-type: none"> <li>Continuous cost reduction through common use parts</li> <li>Direct labor cost reduction through AI-based production automation</li> <li>New model cost reduction through joint cost improvement with suppliers</li> </ul>	<b>Existing models</b> -2%/year  <b>New models</b> -15%

**Existing model**

•Ongoing cost reduction of hardware materials and products

•80% workforce reduction at toner manufacturing line through AI utilization (completed)



- The second area of savings is cutting variable costs. We target 13 billion yen in reductions. We have listed the three main initiatives here.
- The first is to continuously reduce costs on current models, including by sharing parts among them. As you can see on the bottom left, we have lowered hardware and materials costs by more than 2% annually. We will decrease spending costs for another two years, saving 13 billion yen.
- The second area of savings is on direct labor costs through AI-based production automation. This year, we incorporated AI in our automated polymerized toner line to further automate controls through quality prediction and data feedback, cutting headcount by 80%.
- We will roll out this technology to other lines to automate production, further lowering direct labor costs.
- The third savings area is on new machines through joint cost improvements with suppliers. With designs incorporating cost improvement measures, we should cut costs by about 15% on new models we bring to market.
- These efforts should collectively cut variable costs by 13 billion yen.

Cost reduction through FY22 **-54B JPY**

Manufacturing reforms

Variable cost reduction

Optimize service operations

Cost reduction (vs FY20)	Primary actions	Primary KPIs
<b>Optimize service operations</b> <b>-23B JPY</b>	<ul style="list-style-type: none"> <li>Improve maintenance efficiency by MIF penetration of Smart Support compatible models</li> <li>Customer Engineers multi-skill training</li> </ul>	<b>SS※ compatible MIF above 60%</b> <b>Reduce dedicated CE 15%</b>

[Status of initiatives]

※ SS=Smart Support

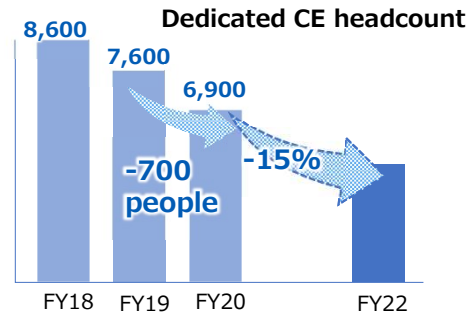
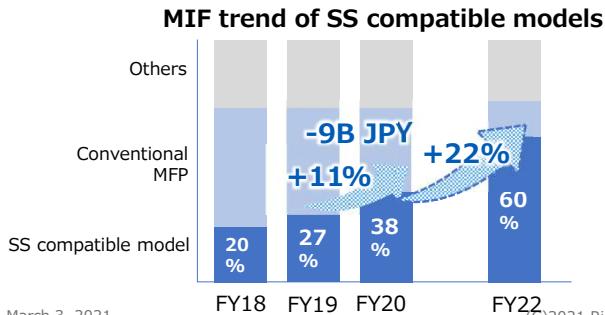
**Optimize Service**

[Target] Halve downtime (vs FY16)

- Shorten service time (Achieved 50.4%)
- Reduce downtime (Achieved 66% reduction)

**Dedicated Customer Engineers**

- Shift to Office Services by multi-skilling






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- The third area of cost reductions is service operations reforms. Here, we aim to save 23 billion yen.
- This will be important to increase market share for quality, robust products and provide equipment that is intelligent enough to repair itself and lower downtimes.
- In other words, it is important to shorten service times. The bottom left shows our progress in that regard. We were significantly ahead of schedule in achieving our goal of reducing downtimes and service times.
- For these services to be effective, the number of machines in field for Smart Support-compatible models will have to increase through fiscal 2022. In fiscal 2020, the proportion was 38%, up 11 percentage points from the previous year. We thereby saved 9 billion yen, including from the impact lower print volumes in the market.
- We look to reap the benefits of doubling cost reductions by expanding the proportion compatible models in the field to more than 60% by fiscal 2022.
- We will undertake multi-skill training for customer engineers and reduce the number of dedicated customer engineers, shifting them to Office Services.
- The overall savings from these measures should be 23 billion yen.

## New interface devices connecting people and cloud to support diversifying workstyles

Business domain	Value propositions	FY25 target	
New interface devices	<b>Offices</b> (actual+remote) Effective communication ■ IWB/PJ* & Apps ■ New meeting devices & services	 New meeting devices and services	sales 50B JPY
	<b>Home</b> Comfortable and safe work environment ■ Personal printer/scanner for working at home ■ Gateway terminal for secure connection	 Personal printers	
	<b>Frontlines</b> Cloud service interface for everyone ■ Self-service terminal as point of contact for people as non-contact or non-face-to-face communication increases	 Self-service terminals	

\* IWB=Interactive Whiteboard  
PJ=Projector

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- I spoke about building a strong business structure. We will improve business while pursuing growth.
- One new work approach will be to introduce interface devices and software that only Ricoh can offer as it was one of the first companies to deploy telework.
- In a mix of face-to-face and remote locations, we will provide high quality communication, including remote handwritten communication, while bringing conference rooms and remote locations together.
- For homes, we will bring out simple and compact devices that function securely in office workflows.
- For frontlines, we will provide self-service terminals for non-contact communications.
- So, we will provide edge devices and services that interface people and the cloud in various locations, creating a 50 billion yen business by fiscal 2025.





## Providing technologies to external partners and promoting partnerships in non-focal areas

~ Efficient development investment and drive partnership collaboration amidst a shrinking market ~

Business domain	Value propositions	FY25 target
<b>OEM business</b>	<ul style="list-style-type: none"> <li>■ <b>Aggressive OEM provision of peripheral devices</b></li> <li>■ <b>Alliance with competitors</b> in A3 color MFP area</li> <li>■ Partnering in reuse/recycle or special printing</li> </ul>	<b>sales 100B JPY</b>

### Stapleless stapler



Double-digits usage increase (vs previous model, Japan)

**Recyclability and safety** for paper documents

### Compact Folding Unit



Compact but versatile paper folding functions

**Effective paper handling** for office documents

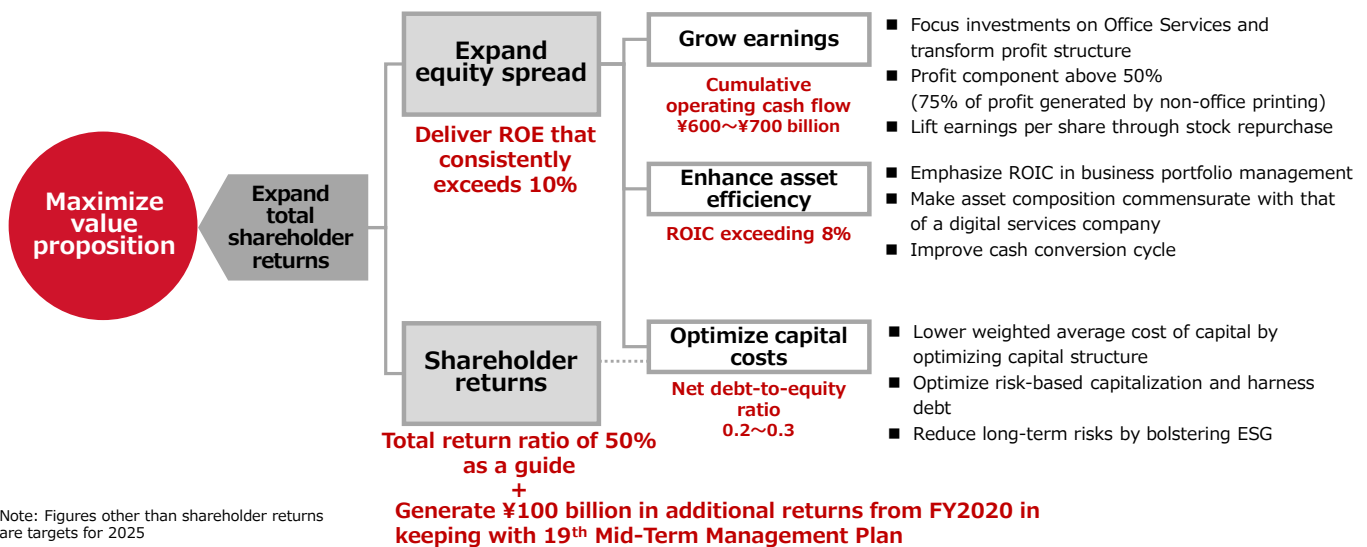


- While developing new edge devices, we will collaborate more with other companies.
- Shrinking markets and the need to invest efficiently in development mean that the time has come to explore all possibilities, including collaboration. Instead of becoming insular with proprietary technologies, we will offer OEM products, even A3 color MFPs, where we have a competitive advantage.
- In areas in which we are not focusing, we will seek outside help and undertake targeted collaborative strategies as with production.
- Beyond technologies and products, we will provide infrastructure and know-how for reusing and recycling to meet collaborative needs.
- We have already completed contracts with several OEM customers in peripheral equipment, in which we have cultivated such industry-leading technologies as needleless binding and small paper folding. We look for this business to become worth 100 billion yen by fiscal 2025.



# **Capital Policies to Support Medium and Long-Term Growth Through FY2025**

## Steadily deploy measures to enhance corporate and shareholder value



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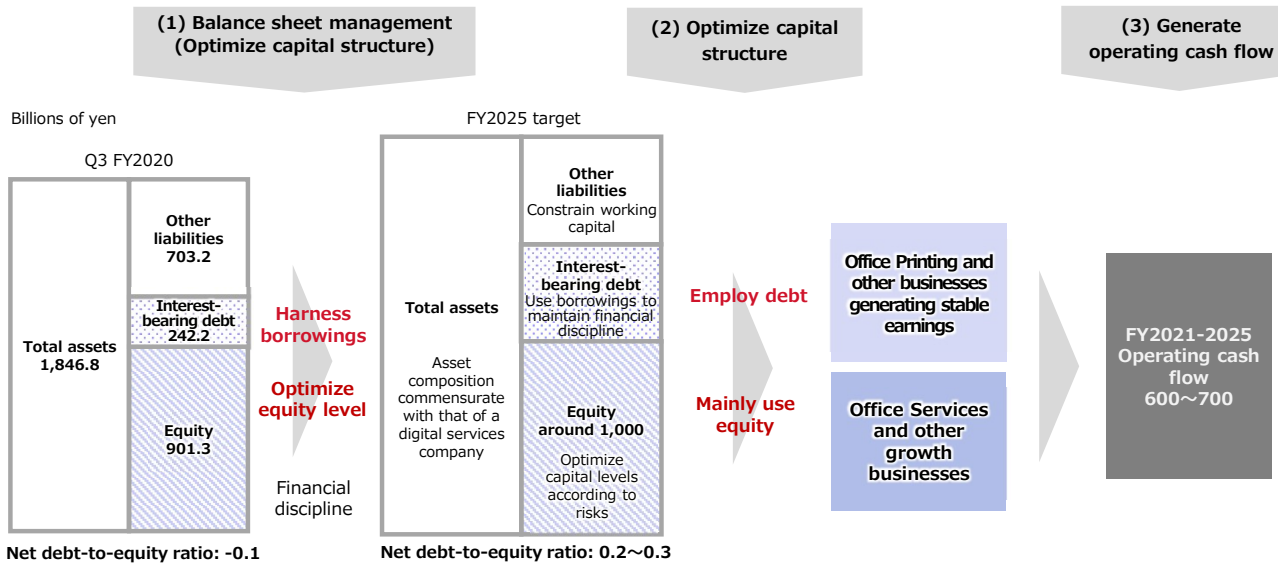
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Speaker: Yoshinori Yamashita

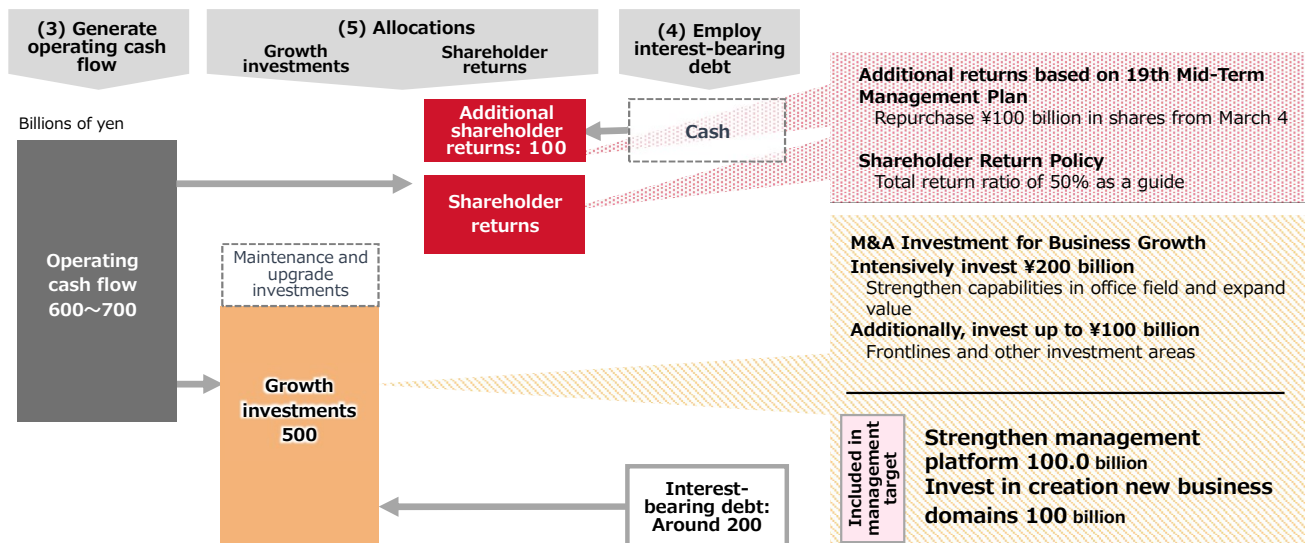
- I will explain our capital policies for fiscal 2025 to link the initiatives we have discussed so far to corporate value.
- Ricoh aims to maximize corporate and shareholder value while meeting stakeholder expectations. This slide shows the pathway. We will naturally ensure that we generate returns exceeding the cost of capital.
- The right of this page shows specifics. We will generate 600 billion yen to 700 billion yen in operating cash flow by implementing strategies and measures to boost earnings. We will target an ROIC exceeding 8% by rigorously managing our portfolio and operations to enhance asset efficiency while improving our cash conversion cycle.
- We will undertake capital policies and ESG initiatives to optimize capital costs.
- As we progress, we target a 9% ROE as soon as possible. We would thereafter attain achieve ROE that consistently exceeds 10% by fiscal 2025.
- I will explain how we generate returns to shareholders while balancing growth investments and financial stability.
- On the left you see our goal of sustainably improving total shareholder returns and maximizing shareholder value. We have not mentioned the results of total shareholder returns, we have included them as key benchmarks in annual evaluations of senior executives, including myself, conducted by the Nomination Committee. Results from ROE targets, including external ESG evaluations, are included in the formula for calculating bonuses for internal directors.

As a digital services company: (1) optimize capital structure, (2) properly allocate capital, and (3) generate operating cash flow



- I will explain how we will optimize the capital structure from the perspective of balance sheet management.
- On the left you see the balance sheets for the third quarter of fiscal 2020. The deconsolidation of Ricoh Leasing in April 2020 increased the equity ratio. We will strive to attain reach an appropriate capital structure in becoming a digital services company.
- We will optimize the equity capital levels according to asset risks and set a equity level of about 1 trillion yen. We will harness borrowing to fund investments and will balance debt and equity.
- As shown in the center, we will use debt for businesses that earn stable income, such as office printing, allocating capital primarily to growth businesses that have relatively high risks.
- After optimizing the cost of capital, we aim to generate 600 billion yen to 700 billion yen in cumulative operating cash flow through fiscal 2025. We also look for the net debt-to-equity ratio to increase from negative 0.1 to 0.2~0.3 by fiscal 2025.

Drive business growth and deliver appropriate shareholder returns through efforts to (3) generate operating cash flow, (4) employ interest-bearing debt, and (5) optimize allocations



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\* Frontlines such as printing, manufacturing, logistics industries, which will be covered by RICOH Graphic Communications and RICOH Industrial Solutions

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- I will speak about how we will allocate cash.
- We intend to pay dividends and repurchase shares within a range of 50% of profits based on the total return ratio.
- Regarding the additional return of 100 billion yen under the 19th Medium-Term Management Plan, mentioned previously, we will draw on surplus cash separately from the return policy that I will talk about later.
- Today, we discussed our acquisition limit, which I will explain later. We aim to invest 500 billion yen in growth over the next five years, and I will explain the breakdown later.

## Retire shares, including those currently held as treasury stock, after ¥100 billion share repurchase

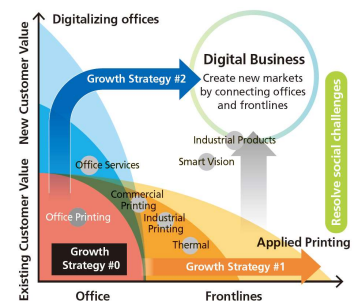
### Share repurchase

- |                      |   |
|----------------------|---|
| (1) Share Category   | Common Stock  |
| (2) Number of shares | Up to 145,000,000<br>Representing 20.02% of issued & outstanding shares (excl. Treasury Shares) |
| (3) Purchase ceiling | ¥100 billion  |
| (4) Period           | March 4, 2021, through March 3, 2022  |

### Share retirement

- |                      |                                       |
|----------------------|---------------------------------------|
| (1) Number of shares | 20,000,000 and all shares repurchased |
| (2) Retirement date  | April 30, 2022                        |

### The 19th MTP Growth Strategy



- I will talk about the promised 100 billion yen in shareholder returns under the 19th Mid-Term Management Plan. The Board of Directors passed a resolution today.
- Let me recap the 19th Mid-Term Management Plan for a moment.
- As you can see in the figure on the right, Growth Strategy #0 covers the Office Printing business. In automating production sites and reorganizing units, we are building a lean structure that can generate solid profits even as document volumes decline.
- Growth Strategy #1 is for Commercial and Industrial Printing. Although we have undertaken large acquisitions and other initiatives, our business has not expanded as expected. Still, we have solidified our underpinnings by launching new commercial printing equipment models while securing highly competitive inkjet technologies.
- The blue line is covers Growth Strategy #2. The Office Services business has provided steady earnings growth. This business drove solid growth even during the pandemic.
- Rapid changes in the business environment owing to the pandemic meant that we had to wait some time before we could announce the 100 billion yen repurchase during the 19th Mid-Term Management Plan. Now that we have a clear roadmap for strengthening our profit structure and regaining business growth to an extent, we have decided to undertake the repurchase.
- This move represents more than 20% of the total number of our issued and outstanding shares. We will fully retire the shares acquired, including current treasury stock.

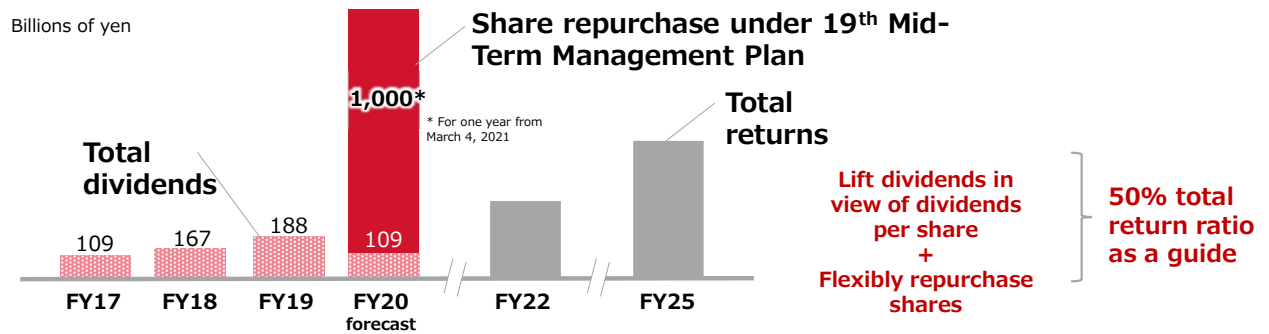
## 500B JPY growth investment (incl. 300B JPY for M&A) will be conducted with employing debt and cash generated

	Focus area	Amount
<b>① M&amp;A investment for growth*</b>  <small>*Only firm M&amp;A initiatives are included in management targets</small>	<b>M&amp;A in Office Services arena</b> <ul style="list-style-type: none"> <li>■ Enhancement of workforce and IT services coverage in Japan, Europe</li> <li>■ Value propositions expansion and profitability improvement by acquiring software company</li> </ul>	<b>Approx. 200B JPY</b> (prioritized)
	<b>M&amp;A in frontlines* arena</b> <small>*Frontlines such as printing, manufacturing, logistics industries, which will be covered by RICOH Graphic Communications and RICOH Industrial Solutions</small>	<b>Approx. 100B JPY</b> (additional)
<b>② Strengthen business foundation</b>	<ul style="list-style-type: none"> <li>■ Nurture and acquire digital experts</li> <li>■ Renewing enterprise system</li> <li>■ Our Digital Revolutions</li> </ul>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Included in management target</div> <b>Approx. 100B JPY</b>
<b>③ Investment for new business domains</b>	<ul style="list-style-type: none"> <li>■ Cutting-edge technologies to transform five-senses into data and to focus functional printing</li> <li>■ Create new businesses to resolve social challenges</li> </ul>	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Included in management target</div> <b>Approx. 100B JPY</b>

- As explained on page 28, we will invest 500 billion yen in growth over the next five years. I would like to mention several things here.
- Of that amount, around 300 billion yen over the next five years would be to invest in priority areas and solidify and expand through M&As.
- Our first priority will be use 200 billion yen for Office Services business. We will use an additional 100 billion yen for frontline areas, notably in the printing, manufacturing, logistics, and industrial fields.
- As I mentioned a little earlier, we plan to invest 100 billion yen in digital training for our people, core systems upgrades, and internal digital transformation spending to strengthen our business foundations.
- We look to invest 100 billion yen to incubate new businesses as described at the bottom, as well as for R&D to create digital services businesses.

## Target total return ratio of 50%, ensuring stable dividends while flexibly repurchasing shares

<b>Policy</b>	<u>Total return ratio of 50% as a guide with incremental increases</u>
<b>Dividends</b>	Factor in dividends per share in stabilizing and <u>continuously increasing dividends</u>
<b>Stock Repurchase</b>	Repurchase shares within scope of total return ratio, taking business climate and growth investment situation into account



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- For fiscal 2021 and beyond, we target a total return ratio of 50% and will ensure stable dividends and flexibly repurchase shares.
- We will endeavor to lift dividends per share somewhat each year from the fiscal 2021 level. We will also consider a total return ratio for share repurchases in addition to the 100 billion yen in share repurchases under the 19<sup>th</sup> Mid-Term Management Plan.
- We hope that you understand that these shareholder return policies reflect a more proactive approach.





# Conclusion

## Leveraging proprietary technologies to resolve social issues through business

In 1998, Ricoh advocated environmental management in keeping with its view that sustainability stems from simultaneously safeguarding the environment while generating profits. Ricoh will continue to pursue resolving social issues through business.



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- Thus far, we have mainly explained how we are resolving social issues by through work reforms. To conclude today's presentation, I will touch on efforts to resolve social issues through business. Here, we highlight three initiatives.
- The first on the left is PLAiR, a new plant-derived material. It employs proprietary technology to produce uniform bubbles of polylactic acid in a supercritical state. It is high processable and can help materialize a zero-carbon economy.
- In the center we show see our lithium-ion secondary cells manufacturing solution, which is a rechargeable battery based on inkjet technology. The battery can be in various shapes . We look for it to be used in wearable devices. We have started joint studies for in-vehicle applications.
- On the right is our tunnel monitoring service, which can also be applied with bridges and other infrastructure. The camera provides depth-of-field measurements that can help improve work safety. The goal is to liberate workers from the hazards of working at heights.
- In 1998, Masamitsu Sakurai, then Ricoh's president, proposed engaging in environmental management that would safeguard the environment while generating profits. It is in keeping with that approach that we will endeavor to resolve social issues through business.

# Fulfillment through Work

Work can be stressful at times.

But also incredibly fulfilling when you overcome a challenge. Fulfillment through Work.

The foundation of this is the “Spirit of Three Loves” that Ricoh has pursued tirelessly since the company was established in 1936.

We launched office automation in 1977. We wanted to revolutionize work by releasing workers from the tedium of endless repetitive tasks so that they could enjoy that feeling gained from achievement and self-development one gains from completing more engaging tasks.

By 2017, this had developed further to become our value proposition, “EMPOWERING DIGITAL WORKPLACES,” where we empower worker’s creativity and improve workplaces.

Ricoh provides services to enable individuals to work wherever and whenever they want.

We want to provide a future where all workers, workplaces, and workflows will be connected and thus contribute to a more sustainable society where people are empowered to innovate.

Ricoh is changing this moment in time by imagining the future, and by providing fulfillment through work, we will enhance the quality of life.

- Based on the Spirit of Three Loves, which Ricoh has cherished since its founding, we aim to help customers find fulfillment through work in an ever-changing world of work.
- That ends today’s presentation. Thank you very much for your time.

**RICOH**  
imagine. change.