

# Leaping ahead amid a tumultuous global situation

**Overviewing fiscal 2019 >**

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**Business Overview**  
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**Business performance**

In fiscal 2019, ended March 31, 2020, the outlook became increasingly uncertain due to intensifying trade friction and rising geopolitical tensions. A spread of COVID-19 infections prompted governments in numerous countries to impose lockdowns or call for social distancing. This caused the economic climate to deteriorate rapidly toward the end of the fiscal year, particularly overseas.

Fiscal 2019 was Ricoh's 19th Mid-Term Management Plan's final year and the Ricoh Ignite growth strategy's second year. We strived to reinforce core business profitability and expand business growth, executing growth strategies in preparation for the Ricoh Lift Off strategy from the 20th Mid-Term Management Plan starting in fiscal 2021 while endeavoring to improve returns on capital and reform corporate governance.

Consolidated sales for fiscal 2019 accordingly declined 0.2%, to ¥2,008.5 billion, reflecting the impact of what was by the fourth quarter, a global pandemic. Although sales rose in the Office Services and Industrial Printing segments, they were down in

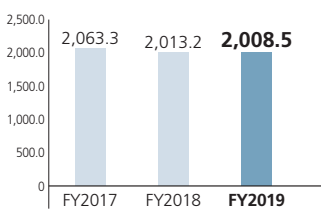
the Office Printing, Commercial Printing, and Thermal Media segments. Sales rose in Japan, owing primarily to Office Services gains. Notwithstanding Europe's growth in that segment, overseas sales were down from the previous year due to a downturn in Office Printing caused by the pandemic across the Americas, Europe, and other regions.

As a result of these factors, Ricoh posted ¥79.0 billion in operating profit, down 9.0% from the previous year. Despite a decline in selling, general and administrative expenses through progress in structural reforms and expenditure constraints, there was a drop in gross profit from a decline in sales amid the pandemic.

Profit attributable to owners of the parent was ¥39.5 billion, down 20.2% from the previous year. Key factors were lower operating profit and a higher corporate income tax expenses associated with the conclusion of an agreement to transfer shares in Ricoh Leasing.

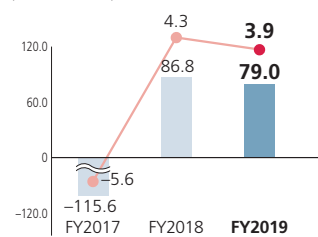
**Sales**

(JPY billion)



**Operating profit/Operating margin**

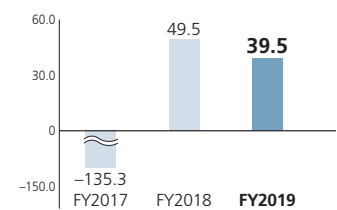
(JPY billion/%)



■ Operating profit  
 ● Operating margin

**Profit attributable to owners of the parent**

(JPY billion)



**Refer to our website**

**Annual securities report for the year ended March 31, 2020**  
[www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial\\_data/securities\\_report/pdf/AnnualSecuritiesReport\\_120th.pdf](http://www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial_data/securities_report/pdf/AnnualSecuritiesReport_120th.pdf)  
**Flash report for the year ended March 31, 2020**  
[www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial\\_data/financial\\_result/data/32/q4\\_report.pdf](http://www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial_data/financial_result/data/32/q4_report.pdf)

## Financial position

Total assets were up ¥142.5 billion, to ¥2,867.6 billion at year-end compared to the previous year. This was because Ricoh began recognizing right-of-use assets by applying International Financial Reporting Standard (IFRS) 16 (Leases), while other financial assets were up.

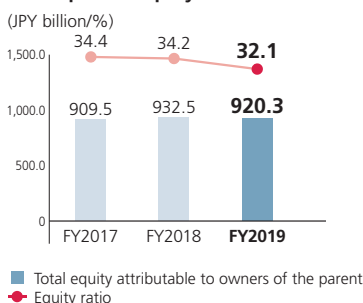
Total liabilities were up ¥152.9 billion, to ¥1,859.1 billion. This was due mainly to a surge in lease liabilities due to the application of IFRS 16 (Leases) and a rise in related subsidiaries' liabilities in line with the finance business expansion.

Total Ricoh shareholders' equity at the end of the term was down ¥10.4 billion from the previous year, at ¥1,008.5 billion. Total equity attributable to

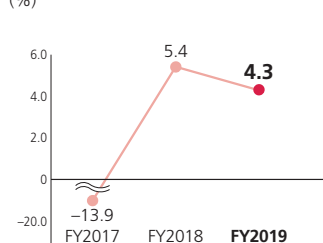
owners of the parent was ¥920.3 billion, down ¥12.2 billion from the previous year. The equity ratio remained stable, at 32.1%. The return on equity was down 1.1 percentage point, to 4.3%. This was due to a drop in profit attributable to owners of the parent company.

Based on the conclusion of an agreement to transfer some Ricoh Leasing shares to Mizuho Leasing Company, Limited in March 2020, Ricoh Leasing-related assets and direct-related liabilities were recorded as assets held for sale and as liabilities related directly to assets held for sale.

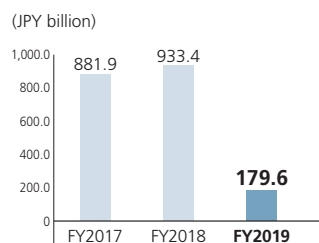
### Total equity attributable to owners of the parent/Equity ratio



### ROE (%)



### Consolidated interest-bearing debt

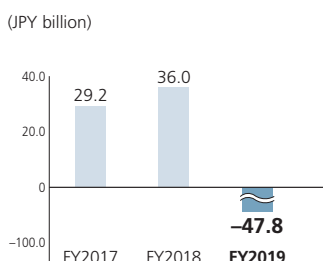


## Cash flows

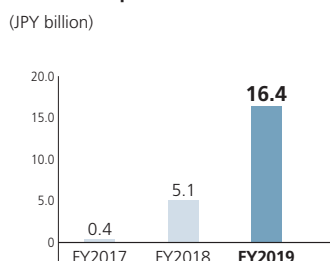
In fiscal 2019, Ricoh posted a negative free cash flow of ¥47.8 billion, compared with a positive free cash flow of ¥36.0 billion the previous year. This was despite efforts to reinforce profitability through structural reform activities and gains from business

reviews. This reflected a range of expenses, including strategic investments in expanding digital services and one-time income from the sale of shares held in the previous fiscal year.

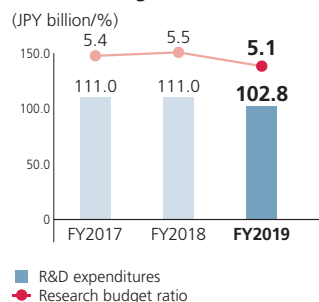
### Free cash flow



### Business acquisitions



### R&D expenditures/Research budget ratio



**1 Business acquisitions**  
Amount recorded under cash flows from investing activities in the consolidated statements of cash flows

## Reviewing 19th Mid-Term Management Plan

### Overview of 19th Mid-Term Management Plan

Following the global financial crisis of 2008, Ricoh failed to sufficiently address business climate changes, and its performances long languished. The resulting concerns prompted management to formulate the 19th Mid-Term Management Plan to transform the Ricoh Group over three years through fiscal 2019.

Under this initiative, we rolled out the “RICOH Resurgent” strategy in 2017 to do away with our long-held strategy of prioritizing market share and machine-in-field expansion. Instead, we embarked on reforming our cost structure and boosting our office products and services’ profitability. At the same time, we leveraged Group strengths to focus on growth businesses that could drive market expansion, invest in the future, and improve our management systems.

In February 2018, we announced RICOH Ignite as our growth strategy. We made Sustainable Development Goals (SDGs) central to management under this initiative, formulating business strategies linked to five materiality efforts. These are to create knowledge, enhance productivity, improve the quality of life, decarbonize economies, and materialize circular economies. We established key performance indicators to help materialize SDGs for each business and launched an administrative framework managing it all. We have undertaken business initiatives to contribute to progress in these five materiality efforts and help attain SDGs while enhancing corporate value.

### Deploying growth strategies

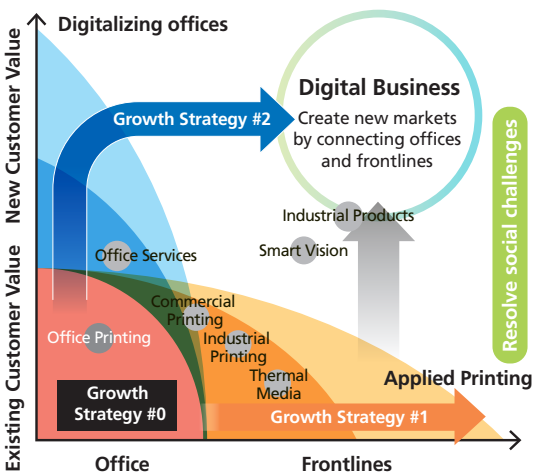
We formulated growth strategies #0, #1, and #2 to leverage our strengths under RICOH Ignite. Growth Strategy #0 entails expanding customer value in the core Office Printing business and streamlining operations to become more profitable. We have also been combining the optical, image processing, mechanical, electrical, chemical, control, and other technologies that we have accumulated over the years to broaden the value that printing can provide. We created Growth Strategy #1 and #2 to draw on advanced combinations of these technologies with

our printing technology and our base of 1.4 million corporate customers worldwide and cultivate fields that can become new earnings sources.

We pursued operational excellence under Growth Strategy #0 and became more profitable by undertaking extensive structural reforms, cutting costs, and price management. We launched advanced MFPs as platforms for delivering new added value at the same time as evolving the value we provide to customers.

Under Growth Strategy #1, while we enhanced profitability in the Commercial Printing, Industrial

#### Three growth strategies leveraging strengths



#### Results of the growth strategies

<b>Growth Strategy #0</b>	<b>Office Printing</b>	Extensively restructured and cut costs and managed pricing to regain profitability
<b>Growth Strategy #1</b>	<b>Commercial Printing Industrial Printing Thermal Media</b>	Strengthening profitability of commercial printing and industrial printing businesses to become growth drivers
<b>Growth Strategy #2</b>	<b>Office Services Industrial Products Smart Vision Finance, etc.</b>	Capturing changes in customer needs and building a growth track by providing added value to our strong customer base

Printing, and Thermal Media businesses we did not undertake sufficient strategic investments to materialize the growth we sought. Growth fell particularly short of expectations in the Industrial Printing business.

Under Growth Strategy #2, we identified earnings prospects in the Office Services business and made it profitable. We translated market opportunities into

growth and undertook strategic investments as needed in keeping with market needs in each country and our capabilities and strengths. We also expanded the scale of our business while enhancing profitability. We thus boosted the profitability of our Industrial Products and Smart Vision businesses.

## Progress under 19th Mid-Term Management Plan

Through the RICOH Resurgent and RICOH Ignite initiatives under the 19th Mid-Term Management Plan, the Ricoh Group strengthened its operational structure and progressed with further business structure reforms, thereby enhancing its ability to generate profits. The COVID-19 pandemic caused the business climate to deteriorate rapidly. However, consolidated operating profit in fiscal 2019, the last year of the 19th Mid-Term Management Plan, was ¥79 billion. This was, unfortunately, short of the ¥100 billion target. Return on equity was 4.3%, against a targeted 6.9%.

From fiscal 2017, we embarked on structural reforms in which we transitioned away from expanding sales in our core Office Printing business to become more profit-centric. We focused on changing our structure and rationalizing fixed and other costs accordingly. We integrated and shut down operations to enhance asset efficiency and stepped up business selectivity by deconsolidating the leasing, semiconductor, logistics, and tourism businesses. We undertook painful reforms to break from previous management practices, notably by booking

### Key indicators

(JPY billion)

	Actual	Targets
<b>Structural reform savings</b>	<b>106.6</b>	<b>100</b>
<b>Total free cash flow after excluding finance business over three years</b>	<b>209.7</b>	<b>100</b>
<b>ROE (%)</b>	<b>4.3</b>	<b>6.9</b>

impairment charges and changing our policy of supporting Ricoh India. As a result of these endeavors, we generated structural reform savings of ¥106.6 billion under the 19th Mid-Term Management Plan, exceeding our initial target of ¥100 billion.

At the same time, we strengthened cash flow creation to invest sustainably in growth. We sought to generate ¥100 billion in free cash flow, excluding the finance business, during the three years of the 19th Mid-Term Management Plan. We significantly exceeded that goal, producing ¥209.7 billion on efforts to boost profitability and undertake business and asset selectivity.

## Efforts to bolster ESG

Under the 19th Mid-Term Management Plan, we stepped up social and environmental initiatives that have been a focus given the 2015 Paris Agreement and SDGs. We identified several material social issues for the Ricoh Group to address. On the environmental front, we set targets to help attain a decarbonized, circular economy over the medium and long terms.

We set about contributing to decarbonization because of the Paris Agreement by announcing that we would effectively eliminate greenhouse gases from our value chain by 2050. We became the first Japanese company to commit to RE100, recognizing that harnessing renewable energy is vital to reaching

our goals. We have presented a clear corporate stance to stakeholders while engaging extensively in initiatives. We have additionally helped revitalize society overall. A good example is our founding membership of the Japan Climate Initiative, spearheading a range of global warming efforts in Japan. We were among the first to support the Task Force on Climate-Related Financial Disclosures (TCFD), an international information disclosure framework for climate change policies that have become an essential focus for ESG investment in recent years. Such initiatives have raised our profile in Japan and abroad as a leader in the drive for a better environment.

We strive to make jobs more attractive by fostering diversity while reinforcing work-life management initiatives. We aim to build a diverse workforce with work environments that empower employees to have meaningful corporate roles. We have encouraged employees to use our childcare support and other programs. The rates among male and female employees using these programs and returning to work have remained almost 100%. We have initiated and expanded teleworking as part of efforts to provide flexible work practices. Our enhancements to such support programs have resulted in a steady rise in average service years for female employees, which have exceeded that of their male colleagues since 2015. We received a Special Encouragement Award in Nikkei DUAL's "Dual-earner Family-friendly Companies Grand Prix 2019."

We are striving to bolster sustainability across our global value chain in keeping with international demand. In August 2019, we became the first Japanese company to participate in the Business for Inclusive Growth (B4IG) initiative, which the French government, the OECD and companies around the world launched to tackle inequality issues in workplaces and in supply chains. We joined the Responsible Business Alliance, which promotes social responsibility in global supply chains. We have already started

improving work environments and bolstering conservation efforts in-house and among suppliers.

We endeavor to solidify corporate governance to deliver sustainable growth while generating value. To that end, we reviewed the director's terms of office and set up five committees. These include the Investment, ESG, and Risk Management committees. We also deployed a stock compensation program for directors.

One outcome of our efforts is that our Investment Committee advises on acquisition investment decisions. While investments in acquisitions did not reach the ¥200 billion targeted under our growth strategies, we pressed ahead and created the Investment Committee as part of governance reforms in order to focus on returns on invested capital and make solid investment decisions.

The ESG Committee convenes quarterly to review and strengthen environmental targets in keeping with international demands and management risks and opportunities based on the TCFD. It has established a framework to discuss management strategies together with ESG and make swift decisions.

Under the 19th Mid-Term Management Plan, we put in place management systems and strengthened our activities to enhance corporate value over the medium and long terms.

### Environmental initiatives

Major initiatives determined during 19th MTP		Actuals in fiscal 2019	
April 2017	Becomes the first Japanese company to join RE100, a collaborative, global initiative of influential businesses	<b>•Zero-carbon society</b> Reduction rate of GHG emissions for Scope 1 and 2	<b>23.4%</b> <small>(Compared with fiscal 2015)</small>
August 2018	Commits to recommendations of Task Force on Climate-Related Financial Disclosures (TCFD)		
October 2018	Signs Japan Climate Action Summit declaration	<b>•Renewable energy rate</b>	<b>12.9%</b>
July 2019	Discloses information based on TCFD framework		
March 2020	Certified by Science-Based Targets for setting emissions reduction goals that help limit global temperature rise to 1.5°C above pre-industrial levels	<b>•Circular economy</b> Resource conservation rate of products	<b>22.0%</b>

### Social initiatives

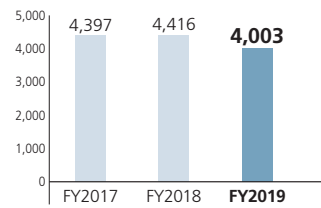
August 2019	The first Japanese company to participate in the Business for Inclusive Growth initiative
November 2019	Joins Responsible Business Alliance

### Governance initiatives

Basic stance	Achievements in fiscal 2019
Bolster enterprise and shareholder value by taking prudent risks and stepping up risk management	<ul style="list-style-type: none"> <li>•1-year term of service for Board of Directors members</li> <li>•Established appraisal system for internal Board of Directors members</li> <li>•Implemented share-based reward system</li> <li>•Established Risk Management Committee/Investment Committee/ESG Committee</li> </ul>
Strengthen supervisory and auditing functions	<ul style="list-style-type: none"> <li>•Halved both external and non-operational Board of Directors members</li> <li>•Strengthened independence of audit process</li> <li>•Regular audits of balance sheets of overseas subsidiaries by headquarters</li> <li>•Strengthened internal audit and reviewed process of selection for auditors of overseas subsidiaries</li> </ul>
Solid disclosure and dialogue	<ul style="list-style-type: none"> <li>•Established governance study committee</li> <li>•Strengthened investor relations/shareholder relations function (Hosted Investor Relations Day)</li> </ul>

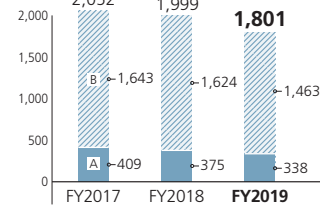
**Energy consumption > 1**

(TJ)



**CO<sub>2</sub> emissions during product use (Scope 1, 2 and 3)**

(kt)

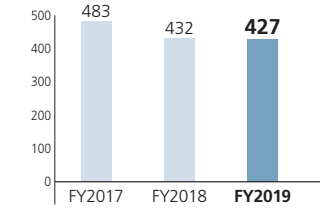


A ■ Scope 1 and 2  
B ■ Scope 3

\* Procurement, usage, and logistics categories

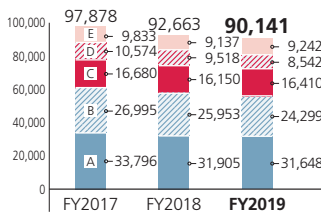
**CO<sub>2</sub> reduction contribution > 3**

(CO<sub>2</sub> (kt))



**Total number of employees**

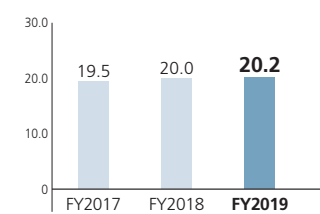
(People)



A ■ Japan  
B ■ The Americas  
C ■ Europe  
D ■ China  
E ■ Asia Pacific

**Average years of service**

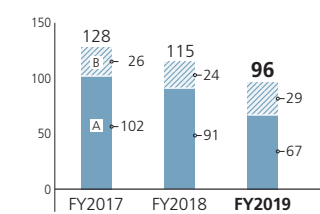
(Years)



\* Ricoh Co., Ltd.

**Number of industrial accidents (Ricoh Group (Japan))**

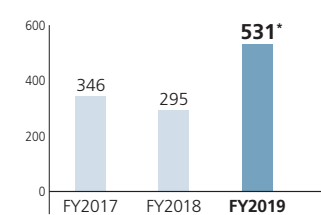
(Number of accidents)



A ■ Non-manufacturing  
B ■ Manufacturing

**Total contributions to society > 2**

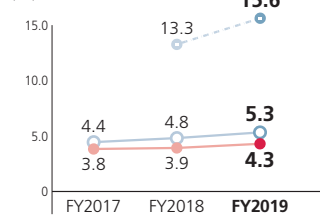
(JPY million)



Note: From fiscal 2019, we added activities outside working hours to employees' total participation time (converted to monetary amount).

**Ratio of females in managerial positions**

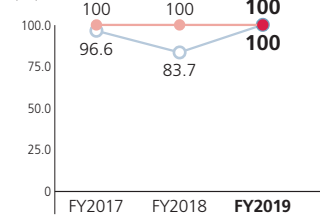
(%)



● Ricoh Co., Ltd.  
○ Ricoh Group (Japan)  
○ Ricoh Group (Global)

**Childcare leave program usage rate at Ricoh**

(%)



● Female  
○ Male  
\* Ricoh Co., Ltd.

Refer to our website

**1 Environmental performance data: Energy Conservation** [www.ricoh.com/environment/data/pfm\\_energy.html#energy](http://www.ricoh.com/environment/data/pfm_energy.html#energy)

**2 Social contribution activities and achievements** [www.ricoh.com/csr/community/performance.html](http://www.ricoh.com/csr/community/performance.html)

**3 Sustainable environmental management indicators—Evaluation of Contribution—**  
[www.ricoh.com/sustainability/environment/management/reduction.html](http://www.ricoh.com/sustainability/environment/management/reduction.html)

## Medium-term growth approach

### Environmental stance and initiatives

Since its foundation in 1936, the Ricoh Group has grown with its customers by supplying innovative products and services around the world. We formulated the Ricoh Way based on our Founding Principles of *Love your neighbor, Love your country, Love your work*, as our corporate philosophy and guide to our decisions and activities. Our mission commits us to provide excellence to improve the quality of living and to drive sustainability.

To date, the Group has built one of the best foundations in the industry, focusing on copiers and MFPs and deploying sales and services, generating significant growth by deepening its ties with customers the world over. Since the beginning of 2020, however, the global economic downturn risks have increased due to the COVID-19 pandemic. The economic climate has also continued to change amid Sino-American trade friction, slowdowns in emerging economies, and foreign exchange fluctuations.

At the same time, evolutions in artificial intelligence, fifth generation (5G) mobile telecommunications technology, and other advances, as well as the expansions of the sharing and gig economies, are changing

customer value perceptions and work practices. They are also transforming demand trends. We recognize that it will be challenging to continue expanding earnings based on past approaches. We also believe that there will be opportunities for new business expansion.

Over the medium and long terms, we see two major social trends worldwide that will likely accelerate faster than we previously expected due to the impact of the COVID-19 pandemic. The first trend is that companies are facing growing pressure to help resolve social issues. No matter how profitable they may be, businesses that fail to help materialize SDGs cannot hope to build their marketplace reputations or generate sustainable growth. Second, the lifestyles and values of individuals have diversified considerably. The Internet of Things (IoT) and other advances have removed constraints on where people work, driving the acceleration of personalized work practices.

Such changes in the operating climate have made it a pressing challenge to reform existing systems and business processes and align them with future business environments. Ricoh recognizes the need to transform itself for tomorrow.


Challenges	Ricoh Group initiatives
Deteriorating results in a global recession	Implement measures to stabilize performance in the near term amid the impact of the COVID-19 pandemic
Business climate changing dramatically over the medium and long terms	Enhance corporate value over the medium and long terms given changing conditions as mindsets and work practices evolve
Growing demand to make the entire supply chain compatible with environmental, social, and governance requirements and SDGs	Accelerate efforts to meet stakeholder expectations regarding environmental, social, and governance requirements and SDGs

### Our next mid-term management plan approach

#### Refer to these pages

 ESG/SDGs  
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The COVID-19 pandemic has affected the Ricoh Group's activities in various ways since February 2020. We have positioned fiscal 2020 as a period of emergency response and gearing up. During that term, we will urgently implement measures that had otherwise been planned for the next three years. We will position ourselves for growth under our next mid-term management plan, RICOH Lift Off, for two years from fiscal 2021.

Before formulating RICOH Lift Off, we reassessed the Ricoh Group's materiality goals to enhance sustainable corporate value. We identified seven materialities  to resolve social issues through business and reinforce our management infrastructure.

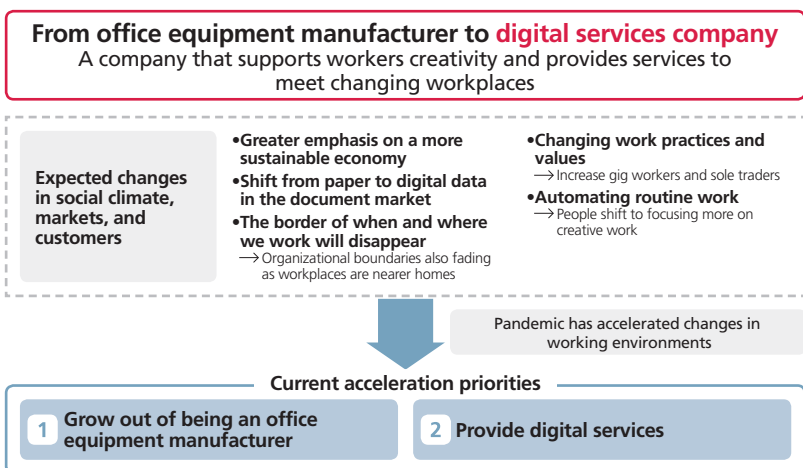
We identified four materiality issues to resolve social issues through business (creativity from work, quality of life enhancement, zero-carbon society, and circular economy), and are pursuing sustainable growth. We will collaborate with stakeholders and partners to strengthen our operational structure and continue to innovate for the three priorities to reinforce the management infrastructure (stakeholder engagement, open innovation, and diversity and inclusion).

We will transform our operational structure to become a digital services company to resolve social issues through business. The COVID-19 pandemic has forced people to change their work practices.



This situation spotlighted the need for digitalization, not just in offices and on the frontlines, but also for those working at home and among business partners and customers. We will help resolve social issues by building IT infrastructures in workplaces, digitalizing workflows, and connecting offices and frontlines to deliver services that materialize new working practices.

We can leverage the infrastructure resources we accumulated as an office automation equipment manufacturer to strengthen our ability to deliver digital services in keeping with changes in the business climate. Given technological progress with the likes of 5G mobile telecommunications, artificial intelligence and the Internet of Things, and changing customer mindsets and work practices, we believe that now is the right time to evolve from an office equipment manufacturer into a digital services company. Under the 20th Mid-Term Management



Plan, we will make this transformation central to enhancing corporate value. We will strengthen and grow the value of each business. > 2

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**2 Special Feature 2**  
Emergency Response and Gearing Up:  
Transformation to a Digital Services Company  
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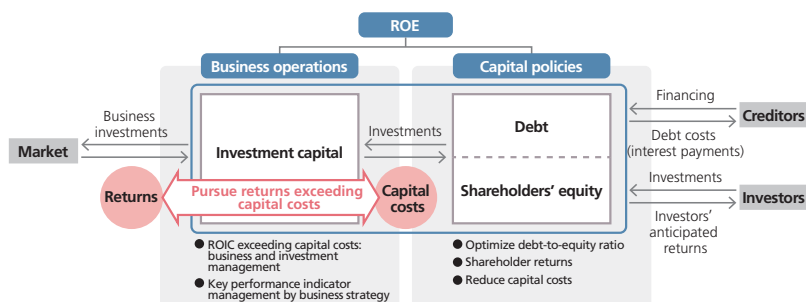
### Enhancing capital returns

We are undertaking management reforms to enhance capital efficiency further. We look to materialize growth and improve capital returns by using the return on invested capital (ROIC) as a basis for operational management and suitable capital policies.

Under our next mid-term management plan, we will continuously enhance corporate value, targeting a return on equity (ROE) of around 9% in order to place a greater focus on efficiently generating profits from investments in business activities.

We will manage operations accordingly to boost ROIC to at least 7%. From fiscal 2020, we rolled out a framework to calculate ROICs quarterly and use them in assessing performance, notably for managing tree-based ROIC key performance indicators and measures.

### Returns on capital-centric business operations and capital policies



Our capital policy stance emphasizes generating cash flow, allocating funds from operating activities to areas such as R&D, capital expenditure, strategic investments, and shareholder returns.

We look to moving on from the 19th Mid-Term Management Plan, which focused on payout ratios, toward one which focuses on total return ratios as a benchmark of returns that meet shareholders' expectations. As well as delivering stable shareholder returns, we will consider dynamic capital policies as appropriate for surplus funds generated by efforts to enhance capital profitability.

It is in keeping with that stance that management announced a policy in March 2020 of producing additional shareholder returns. Given the dramatic changes in the business climate due to the pandemic, we look to determine the specific means and timing for delivering those added returns in light of the financial market and economic conditions.

To date	From 20th Mid-Term Management Plan
Earnings-centric business management	Business management reflecting balance sheets and capital returns
Inadequate links between companywide results and business management	Link business management to companywide ROIC gains
Unclear capital returns of businesses	Evaluate businesses based on capital returns



## ESG/SDGs

We pursue a sustainable society which involves the Three Ps Balance, a balance between Prosperity (economic activities), People (society), and the Planet (the environment). In keeping with that approach and our commitment to helping reach the SDGs, we have identified seven new materialities for fiscal 2020. We have set 14 materiality-related ESG targets, broken down for each business and function, and will deploy specific measures, further reinforce ESG and SDG initiatives, and disclose results.

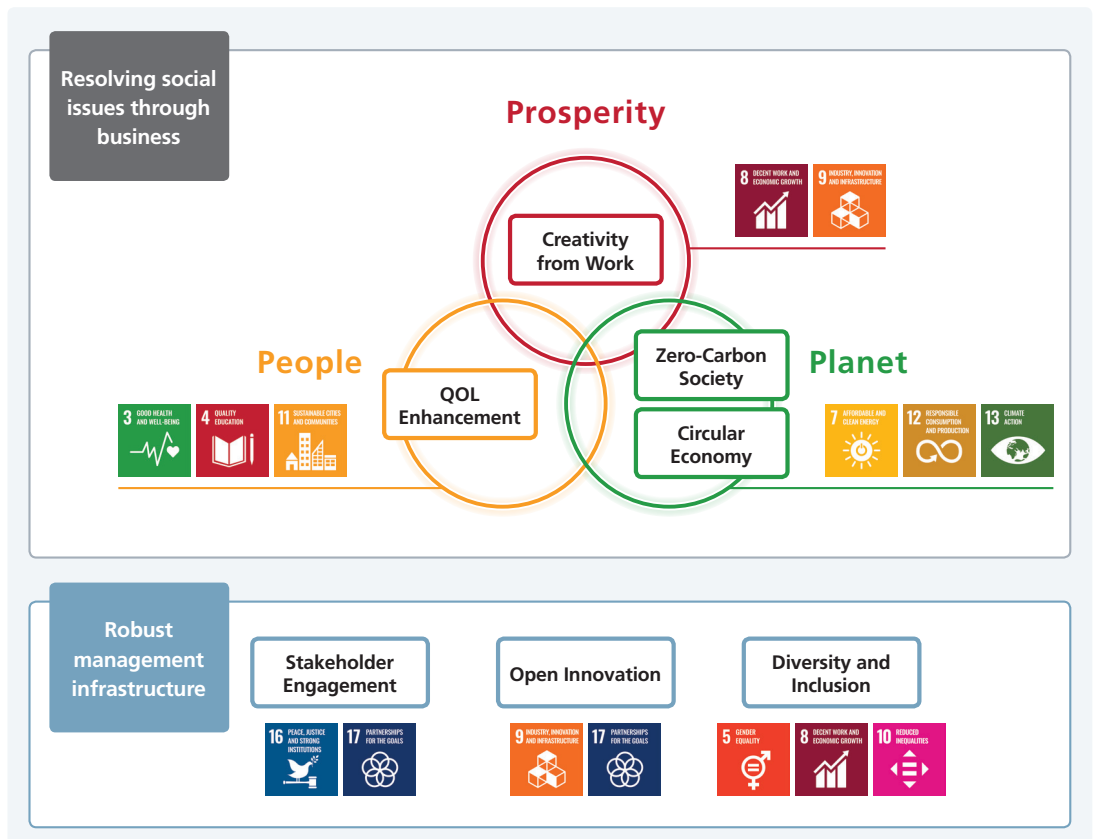
To achieve a zero-carbon society, one of the materialities, we revised our greenhouse gas emissions reduction targets by 30% by 2022 compared to 2015. This challenging objective is eight years earlier than we initially planned. It satisfies the Science-Based Targets Initiative's criteria for setting goals that limit the global temperature rise to 1.5°C above pre-industrial levels.

We seek creativity from work by supporting digitalization for small and medium-sized enterprises, where worker shortages and other productivity improvement challenges have become a social issue in Japan. We will leverage our results from customer surveys to push ahead with activities based on assessment scores.





We will help materialize a circular economy by targeting a resource conservation rate of 30%. This effort is in light of growing demands in recent years to tackle plastic waste, and we will incorporate more recycled plastics in our products.

We have set targets in Japan and internationally on the diversity and inclusion front to increase female managers' percentage and employee engagement scores. We are developing activities with specific targets based on stakeholder expectations and business strategies that are continuously enhancing corporate value.




Our financial and ESG objectives are inseparable and integral to our management and business strategies. We employ the internationally renowned Dow Jones Sustainability Indices (DJSI) to benchmark ESG and SDG initiatives and achievements. From fiscal 2020, we revised our formula for calculating director bonuses by adding a DJSI rating. We also linked executive officer remuneration to reaching ESG targets, clarifying directors' and executive officers' responsibilities regarding ESG and SDG endeavors. We will educate all employees to fully understand and explain the connections between their jobs and ESG and SDGs and strive to bolster groupwide initiatives in these areas.



Ricoh's Approach to Seven Material Issues and ESG Targets

Resolving social issues through business				
Materiality (Material issues)	2030 targets	Resolution of social issues and business strategies	ESG targets (April 2020 – March 2023)	
			KPIs	Targets
<p><b>Creativity from Work</b></p> 	Contribute to "Creativity from Work" of all customers to whom we deliver value	<p><b>Social issues</b> For sustainable development, companies need to reform employees' work styles, boost productivity by using IT and increase employees' work satisfaction.</p> <p><b>Business strategies</b> We will help customers achieve "Creativity from Work" by providing them with digital technologies and services.</p> <p><b>Major business area</b> ●Office printing/office services</p>	Evaluation scores in customer surveys	Top score rate*1 30%
			Enhancement level of the value delivered to customers	
<p><b>QOL Enhancement</b></p> 	Contribute to the enhancement of social infrastructure for 30 million people	<p><b>Social issues</b> It is necessary to eliminate disparities in medical, educational and regional services between developed and developing countries and between urban and rural areas.</p> <p><b>Business strategies</b> We will help improve medical, educational and regional services by utilizing the digital technologies and know-how that we have accumulated for office solutions.</p> <p><b>Major business areas</b> ●Healthcare ●Smart social infrastructure</p>	No. of people to whom we have contributed by improving social infrastructure	10 million people
<p><b>Zero-Carbon Society</b></p> 	Reduce GHG emissions by 63% for scope 1 and 2, and 20% for scope 3	<p><b>Social issues</b> As the impact of climate change is becoming more severe, it is necessary to enhance and speed up countermeasures.</p> <p><b>Business strategies</b> Upholding the Science Based Target (SBT) of 1.5°C, we will work to reduce GHG emissions substantially and supply products and solutions that contribute to the decarbonization of society as a whole.</p> <p><b>Major business areas</b> ●Office printing/office services ●Environment and energy</p>	GHG emissions reduction rate for scope 1 and 2	30% (Relative to 2015)
			GHG emissions reduction rate for scope 3	10% (Relative to 2015)
<p><b>Circular Economy</b></p> 	Ensure efficient use of resources throughout the entire value chain and achieve 50% of product resource conservation	<p><b>Social issues</b> For sustainable use of natural resources, it is necessary to foster the recycling of resources and reduce the use of new resources.</p> <p><b>Business strategies</b> We will further enhance our 3Rs measures and reduce the use and foster the substitution of plastic materials and provide on-demand printing service, thereby helping customers make efficient use of resources.</p> <p><b>Major business areas</b> ●Office printing/office services ●Commercial printing/industrial printing ●Thermal media</p>	Resource conservation rate of products	30%

Robust management infrastructure

Materiality (Material issues)	Requests from society and management strategies	ESG targets (April 2020 – March 2023)	
		KPIs	Targets
<p><b>Stakeholder Engagement</b></p> 	<p><b>Requests from society</b> For the sustainable development of society, companies are required to enhance the sustainability of their entire global value chains.</p> <p><b>Management strategies</b> We will strengthen collaboration with our business partners and build Win-Win-Win relationship between our company, business partners and society.</p>	Acquisition of RBA <sup>2</sup> certification at our production bases	Acquire certification at all the six major production bases
		Percentage of suppliers who have signed the Ricoh Group Supplier Code of Conduct	Have all the important suppliers sign the Code of Conduct
		International security standards	Enhance security based on the standards set by ISO/IEC <sup>3</sup> and NIST <sup>4</sup>
		Evaluation scores given by each partner (suppliers, distributors/dealers, development partners)	
		Receive highest-level evaluation in major ESG indexes	DJSI, CDP and others
<p><b>Open Innovation</b></p> 	<p><b>Requests from society</b> For sustainable development, innovation needs to be promoted across a range of industrial sectors.</p> <p><b>Management strategies</b> We will attribute importance to open innovation with universities, research institutes, other companies and business partners, and foster collaboration with these partners to resolve social issues through efficient research and technological development as well as to create new value.</p>	Creative new value through open innovation	
<p><b>Diversity and Inclusion</b></p> 	<p><b>Requests from society</b> For sustainable development and innovation, it is necessary to promote decent work, which gives satisfaction and is humane, and respect diversity in society.</p> <p><b>Management strategies</b> We will respect the diversity of employees, upholding the empowerment of self-motivated employees in our management policy and strive to create workplaces where employees can work with vigor.</p>	RFG <sup>5</sup> engagement score	At least 50 percentile in each region
		Percentage of female managers	At least 15% (At least 7% in Japan)

\*1 Top score rate: Highest score selecting rate  
\*2 RBA: Responsible Business Alliance

\*3 ISO/IEC: International Organization of Standardization/International Electrotechnical Commission  
\*4 NIST: National Institute of Standards and Technology  
\*5 RFG: Ricoh Family Group

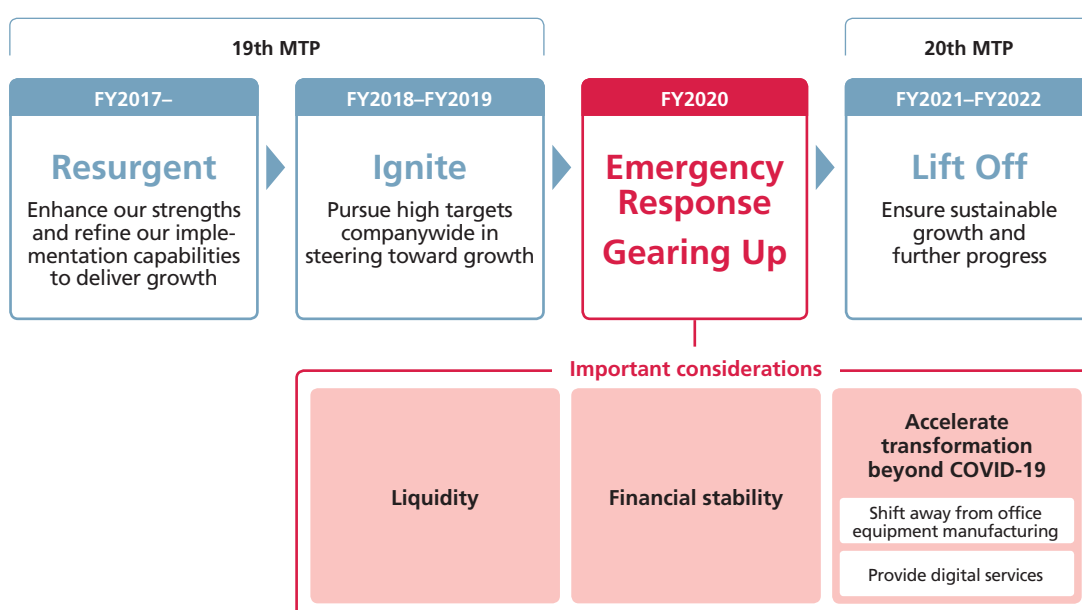
## Outlook and initiatives for fiscal 2020

### Positioning in fiscal 2020

While the COVID-19 pandemic has transformed the world during fiscal 2020, we hope there will be no other changes on that scale for the remainder of the year. However, we expect an acceleration of trends, including a surge in teleworking and lower print volumes, that we had forecast emerging during the next mid-term management plan period.

We positioned fiscal 2020 as the year to tackle the crisis stemming from the pandemic and gearing up

for the future. We are securing sufficient liquidity to cover performance fluctuations and enhancing our financial stability to accelerate our post-pandemic evolution into a digital services company. During fiscal 2020, we will do our best to deploy those measures we intended to take three years to roll out so that we can position ourselves for growth under RICOH Lift Off. As a Group, we will tackle business climate challenges urgently to serve society.



### Securing liquidity

We have made our corporate survival a top priority, given our challenging outlook. We secured ¥320 billion in liquidity as of the end of June 2020, made up of cash generated through fiscal 2019, proceeds from Ricoh Leasing shares' transfer, and funds from sustainability-linked loans.

We are preparing to augment an existing commitment line of ¥150 billion with another ¥100 billion commitment line and undertake additional borrowing. Such moves should provide sufficient liquidity to withstand any significant changes in the business environment.

### Improving financial stability

April 2020 saw us complete a partial transfer of Ricoh Leasing shares that we announced in March 2020, de-consolidating that subsidiary. This change consequently reduced risk assets and interest-bearing debt on our balance sheet and enhanced our financial stability.

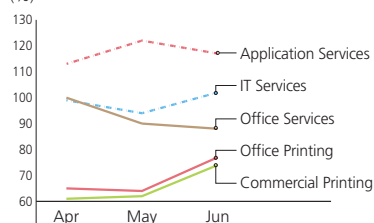
At the end of June 2020, we were virtually debt-free in net interest-bearing debt terms. We had around ¥217 billion in interest-bearing debt against ¥320 billion in cash. As of that time, our equity ratio was 49%, from 32% at the end of March 2020.

## Impact of COVID-19 pandemic

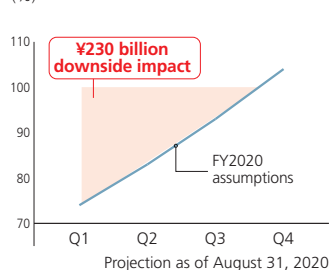
We expect the pandemic to be long-lasting. Given the vastly different impacts and recovery extents and periods across countries and regions, we have

estimated that in fiscal 2020 the pandemic will cut ¥230 billion from sales and ¥115 billion from operating profit.

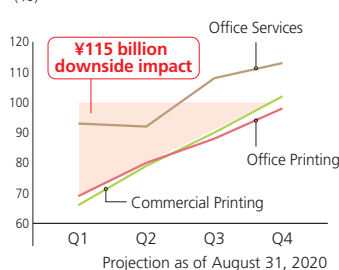
Monthly sales in first quarter of fiscal 2020 compared to previous year (%)



Quarterly changes in sales year on year (%)



Operating profit of key businesses (%)



## Accelerating transformation into a digital services company

Although we had planned to transform into a digital services company during the 20th Mid-Term Management Plan, we accelerated this transformation due to the pandemic's impact.

In fiscal 2020, we look to generate ¥70 billion in earnings by augmenting savings from the ¥250 billion in emergency cost-cutting actions and gains from the ¥450 billion in permanent measures.

The permanent actions will add ¥15 billion to top-line growth by providing customer solutions, particularly in Office Services. To date, we have expanded operations in Japan by focusing on industry and business solutions packages. In fiscal 2020, we will accelerate efforts to boost global sales of these offerings.

Categories	Actions	Full year
<b>Emergency actions</b>	<b>Selling, general and administrative (SG&amp;A) expense cuts</b> <ul style="list-style-type: none"> <li>Trim SG&amp;A expenses</li> <li>Cut costs through work practice reforms</li> <li>Offer furlough program for overseas sales staff</li> </ul>	<ul style="list-style-type: none"> <li>Optimize spending given activity declines</li> <li>Continue furloughs of overseas sales staff</li> <li>Review benefits and allowances</li> </ul> <b>¥25 billion</b>
<b>Permanent actions</b>	<b>SG&amp;A expense cuts and structural reforms</b> <ul style="list-style-type: none"> <li>Review development themes aimed at making Ricoh the world's best manufacturer, notably by digitalizing headquarters business processes</li> </ul>	<ul style="list-style-type: none"> <li>Step up selection and concentration</li> <li>Overhaul back offices by integrating enterprise systems</li> <li>Streamline headquarters</li> </ul> <b>¥30 billion</b>
	<b>Cost of goods sold reductions</b> <ul style="list-style-type: none"> <li>Reinforce digital manufacturing</li> <li>Enhance service operations productivity</li> </ul>	<ul style="list-style-type: none"> <li>Optimize production sites to become digital services enterprises</li> <li>Accelerate global deployment of failure prediction and remote maintenance</li> </ul>
	<b>Sales boost efforts</b>	<ul style="list-style-type: none"> <li>Tailor services businesses to local needs</li> <li>Keep rolling out products and services for new times</li> </ul> <b>¥15 billion</b>
		<b>¥70 billion</b>

## Fiscal 2020 results forecasts

For the year, we expect sales to decline around ¥220 billion from a year earlier, to ¥1,780 billion. We project ¥10 billion in operating profit, with emergency and permanent actions enabling us to offset the pandemic's significant downside impact.

(JPY billion, unless otherwise stated)

	FY2020 forecast	Change
Sales	1,780.0	-11.4%
Gross profit	600.8	-16.7%
Selling, general and administrative expenses	590.8	-8.1%
Operating profit	10.0	-87.3%
Profit attributable to owners of the parent	3.6	-90.9%
ROE	0.4%	-3.9 ppt
Exchange rate	USD/JPY 105.65 yen	-3.15 yen
	EUR/JPY 119.62 yen	-1.28 yen
R&D expenditures	92.5	-10.2
Capital expenditures (Property, plant and equipment)	48.0	-38.5
Depreciation (Property, plant and equipment)	46.0	-16.5

As of August 2020