

Reviewing the 20th MTP

The basic policies of the Ricoh Group's 20th MTP were to enhance business competitiveness, strengthen management underpinnings, and improve capital returns. Over its two years through fiscal 2022, this initiative sought to transform Ricoh into a digital services company that revolutionizes work productivity.

Basic policy
1

Enhance business competitiveness

Grow businesses and strengthen corporate structure, adopting business unit setup to increase autonomy of these operations and adapt swiftly to customer changes

Basic policy
2

Strengthen management underpinnings

New Group headquarters aims to reinforce human resources, infrastructure, and technology underpinnings

Basic policy
3

Improve capital returns

Sustainably increase corporate value through policies based on an optimal capital structure

Key financial targets and results

Steadily reinforced management underpinnings but did not reach business growth targets despite taking flexible and timely steps to overcome parts and materials shortages and other challenges

Consolidated sales in fiscal 2022, the final year of the 20th MTP, were ¥2,134.1 billion. This exceeded our initial target.

Operating profit was ¥78.7 billion, which was short of our initial ¥100 billion target. Tight supplies of parts and materials, particularly in the Office Printing business, and lower factory utilization rates owing to lockdowns in China in 2022 hampered our efforts to cut manufacturing costs. At the same time, we boosted edge device sales by rolling out production measures to counter these external factors and improve supplies toward the end of fiscal 2022. Non-hardware operations also recovered, albeit more slowly than envisaged. Despite shortages of information and communication technology products and other factors that detracted from sales activities, we

boosted revenues and earnings from a year earlier on the strength of several upside factors. Among them were deployments of services and solutions independent of information and communication products, contributions from companies we acquired in Europe and the United States, the consolidation of PFU in September 2022, and the impact of a lower yen.

Financial benchmarks	20th MTP targets	FY2022 results
Consolidated sales	¥2,000 billion	¥2,134.1 billion
Operating profit	¥100 billion	¥78.7 billion
Operating margin	5.0%	3.7%
ROE	9.0% or more	5.9%
ROIC	6.5%	4.9%

Key future financial targets and results

On track with future financial targets, for which we are held in high regard

Future financial targets	20th MTP targets	Results
Top score rate in customer surveys	30% or more	Japan: 37% Europe: 20% APAC*: 32% Americas: 89%
Number of people to whom we have contributed by improving social infrastructure	10 million	10.01 million
GHG Scope 1 and 2/Scope 3 reduction rates	30% / 20%	45.5% / 31.4%
Renewable energy utilization ratio	30%	30.2%
Virgin material usage ratio	85% or less	84.9%
Suppliers signing Ricoh Group Supplier Code of Conduct	Completed for key suppliers	98% completed
Co-creation innovations	20% increase	20.1% increase
Ricoh Family Group engagement score	50th percentile or higher in each region	Japan: 54th percentile Americas: 45th percentile Europe: 38th percentile APAC: 39th percentile

*Asia-Pacific region

Key external recognition

- ✓ **Dow Jones Sustainability World and Asia Pacific indices**
Included since 2020 (World) and 2018 (AP)
- ✓ **Global 100 Most Sustainable Corporations (2023)**
Selected an 11th time
- ✓ **Grand Prix in Nikkei SDGs Management Grand Prix and Environmental Value Award (2022)**
Obtaining perfect five-star rating for four straight years
- ✓ **Remaining on CDP climate change A List**
- ✓ **Gold Rating in EcoVadis supplier assessment**
Included since 2014
- ✓ **Included in Government Pension Investment Fund of Japan's five major ESG indices for Japanese equities**

For more details see: [ESG targets and results on page 33](#)



20th MTP review and 21st MTS improvement priorities

We instituted a range of internal reforms during the two-year 20th MTP to strengthen our management underpinnings. To cite an example, we adopted a business unit structure in April 2021 under which each of those units operates autonomously and promptly addresses changes in its markets. Also, we accelerated structural reform efforts by undertaking ROIC and business portfolio management. While steadily investing for growth, including through acquisitions, we progressed toward becoming a digital services company by developing talent to support these services while taking steps to upgrade mission-critical systems.

In light of the 20th MTP, we are prioritizing three improvement areas under the 21st MTS.

The first is to overhaul our revenue structure and become

more profitable as a digital services company. We especially need to build recurring revenues to drive profitability as we expand digital services-related businesses.

Second, we aim to better address changes in the operating climate. We experienced significant transformations during the two years of the 20th MTP, with parts shortages and other factors affecting supply chain management and production systems. Improving our ability to respond to this change is critical to our ongoing success.

Third, we are cultivating new revenue pillars in new areas of digitalization. We have focused to date on the office business domain. Under the 21st MTS, we will keep establishing revenue sources in the frontlines, social, and new domains.

Key initiatives through 20th MTP

Declared Ricoh's transformation to become a digital services company

Instituted internal reforms

- Adopted business unit structure
- Deployed ROIC management
- Introduced business portfolio management

Invested in growth

Areas to strengthen under 21st MTS

- 1 Secure stable revenue sources**
- 2 Build structure that is highly responsive to change**
- 3 Grow in new digitalization domains**