

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

Overview of 21st MTS

21st MTS

In March 2023, we announced this strategy, which we initiated in April.

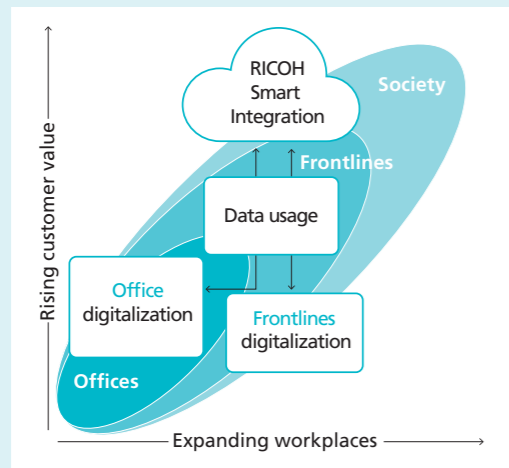
Our objectives over the medium through long terms in striving to realize our Mission & Vision of Fulfillment through Work are to become a digital services company that supports

workers' creativity and provides services that transform workplaces. We will do that by broadening our digital services scope beyond the office domain, which centers on selling MFPs, to include frontlines and social domains. We will expand customer value in all workplaces.

Expanding workplace and customer value by providing value as a digital services company

From an office equipment manufacturer to a digital services company
A services provider that supports worker creativity and transforms workplaces

Workplace expansion and rising customer value



Work transformation drivers

Ricoh's strengths

- Global sales and services structure
- Proprietary edge devices
- Internal deployments and success stories
- Collaboration with partners
- Digital professionals
- RICOH Smart Integration

Future financial perspectives

ESG initiatives are vital to generate future finances. We will undertake activities covering the entire value chain to cater to the rising ESG demands of stakeholders in keeping with our commitment to maintaining a world-class reputation for sustainability and ESG.

We redefined some material social issues in embarking on the 21st MTS. We will also take on the challenge of identifying businesses that help resolve social issues and their impacts on our results.

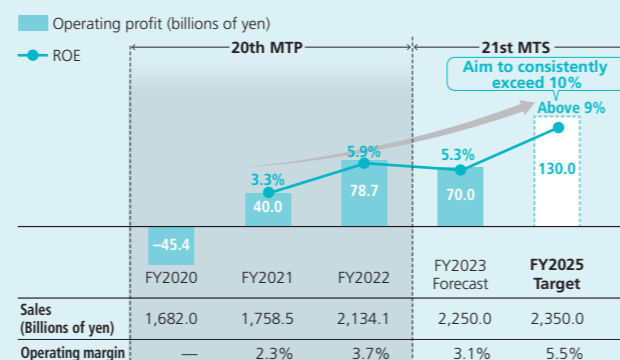
For more details see: [ESG Strategy on page 33](#)

Financial perspectives

Under the 21st MTS, we seek to grow as a digital services company by pursuing customer-centric innovation and striving to increase corporate value. For fiscal 2025, the final year of this MTS, we target sales of ¥2,350 billion, operating profit of ¥130 billion, and an ROE of more than 9%.

For more details, see: [Financial and Capital Strategy on page 37](#)

21st MTS Financial Targets Consolidated sales, operating profit, and ROE



Segment sales and operating profit targets

RICOH Digital Services driving growth, with frontlines and social areas becoming key earnings sources

Business units	FY2025 targets		Key businesses
	Sales (compound annual growth rates)	Operating profit (changes from FY2022)	
RICOH Digital Services	¥1,750.0 billion (2.0%)	¥60.0 billion (+¥31.7 billion)	Office Services Office Printing Edge devices
RICOH Digital Products	¥420.0 billion (-1.6%)	¥34.0 billion (+¥2.4 billion)	
RICOH Graphic Communications	¥280.0 billion (6.0%)	¥18.0 billion (+¥3.4 billion)	
RICOH Industrial Solutions	¥160.0 billion (11.2%)	¥12.0 billion (+¥8.8 billion)	Thermal Products Industrial Facilities
RICOH Futures	Others + Companywide and eliminations	¥6.0 billion (+¥4.8 billion)	Businesses resolving social issues
Group headquarters			
Total	¥2,350.0 billion (3.3%)	¥130.0 billion (+¥51.2 billion)	

Four key performance indicators and fiscal 2025 targets

We formulated these benchmarks and targets to manage progress toward our transformation into a digital services company.

The first indicator is to reform our business portfolio and shift to digital services growth areas. We aim to generate more than 60% of sales from those services by fiscal 2025.

The second is to transform our business model and boost profitability. We aim to increase recurring revenues by 18%

from the fiscal 2022 level by fiscal 2025 by developing a business model that generates ongoing compensation.

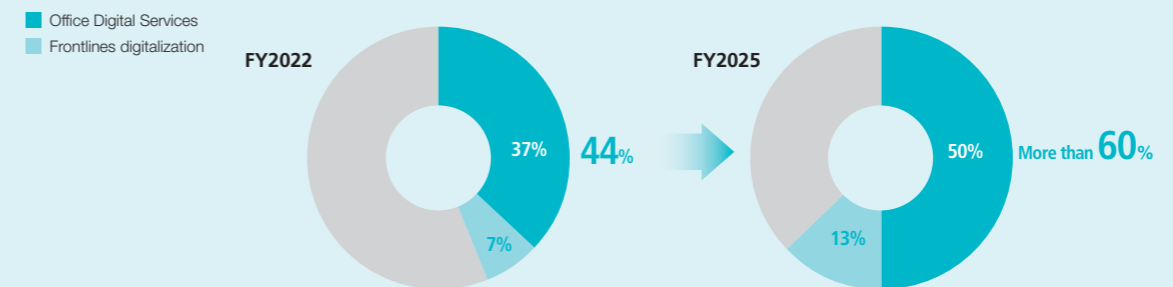
Third, we will derive 54% of recurring earnings from non-Office Printing businesses by fiscal 2025.

Fourth, we will maximize the potential of human capital, increasing profitability per employee by 70% from fiscal 2022 by fiscal 2025. We will do that by reallocating talent to growth areas by reskilling and lifting organizational productivity.

Key performance indicators for boosting earnings

Companywide initiatives	Direction	FY2025 targets for four main key performance indicators (compared with FY2022 results)
Reform business portfolio	Shift to digital services growth areas	1 Generate more than 60% of sales from digital services
Transform business model and boost profitability	Increase overall earnings from recurring revenue levels and expand in non-Office Printing areas	2 Boost recurring earnings by 18% 3 Raise non-Office Printing ratio to 54%
Maximize human capital potential	Reallocate human capital to growth areas by reskilling and lifting organizational productivity	4 Increase profitability per employee by 70%

Current and targeted digital services sales contributions (Excluding Other businesses)



See the following sections for details: [Human Capital Strategy on page 23](#) [Digital Strategy on page 27](#) [Operational Excellence Strategy on page 29](#) [Technology and Intellectual Property Strategy on page 31](#) [ESG Strategy on page 33](#) [Financial and Capital Strategy on page 37](#)

Basic Policies and Key Points of 21st MTS

Basic policy
1

Reinforce regional strategies and evolve Group management

Build a stable earnings base by amassing highly profitable digital services recurring revenues

We will generate earnings non-Office Printing and build a highly profitable structure. It is accordingly important to do three things. These are to improve our customer touchpoint value creation capabilities, demonstrate Group synergies, and be able to tackle business climate changes so we can keep enhancing earnings.

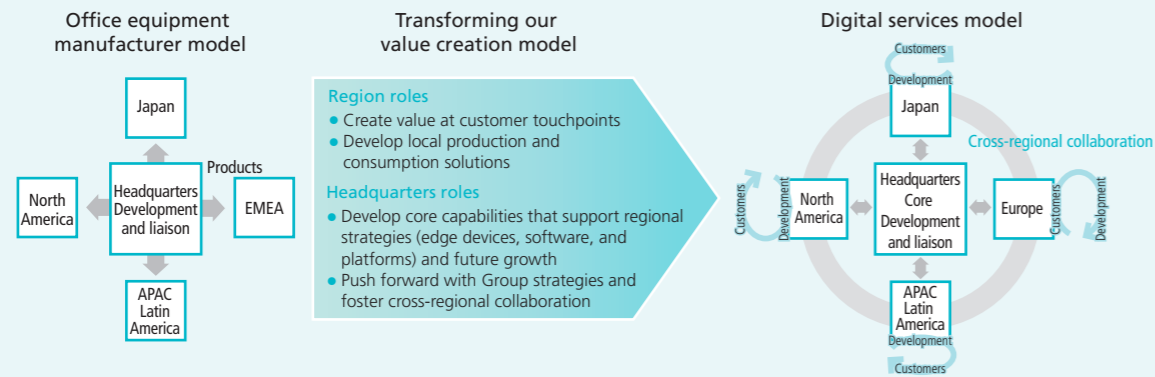
We operate in Japan, EMEA, North America, and around APAC and Latin America. Our customer bases vary across those regions. No two customers have the same challenges or needs. We therefore need to strengthen touchpoints with regional customers and build a local production and consumption

development structure so we can swiftly deliver solutions while staying close to customers and help them transform their work practices. Under the 21st MTS, we will reinforce customer touchpoints by factoring in regional customer characteristics and our current organizational capabilities, thereby enhancing our structure to deliver value.

We will generate global synergies as a Group by having headquarters take the lead in building an ecosystem through the RICOH Smart Integration, bolstering and globally deploying proprietary software, and developing and supplying competitive edge devices.

Enhance customer touchpoint value

Become a digital services company with a strategy to create value with regional customers



EMEA	North America	Japan
<p>Phase to maximize synergies between acquired companies and existing sales subsidiaries</p> <p>One Ricoh growth strategy and expanded recurring revenue from services</p> <ul style="list-style-type: none"> • Maximize synergies between acquired companies and Ricoh sales subsidiaries ✓ Strengthen high-value-added services capabilities (Workplace solutions for big corporations; information and communication technology managed services for mid-sized companies) ✓ Uphold acquisition strategy to steadily enhance competitiveness and grow discontinuously • Develop recurring revenue services and continue to expand business ✓ Accelerate RICOH Spaces and managed audiovisual service deployments <p>Strengths</p> <ul style="list-style-type: none"> • Customer base in more than 60 countries of 180,000 mainly mid-sized and large companies • Secured information and communication technology and audiovisual capabilities through acquisition strategy and pan-European expansion • Provided multiskills training of 3,200 direct sales and 4,800 field engineering Office Printing and Office Services people 	<p>Speed up major client Business Process Services (BPS) digitalization by focusing on targeted industries</p> <p>Deploying digital services to robust customer base</p> <ul style="list-style-type: none"> • Transition from traditional staff dispatch model to BPS tapping digital technology ✓ Digitalize BPS to enhance convenience and profitability ✓ Expand digital services portfolio by sector through local planning and development entities • Sell new Office Services business add-ons for customer base of large and very large companies ✓ Deploy managed audiovisual services through synergies with Cenero, LLC <p>Strengths</p> <ul style="list-style-type: none"> • Customer base of approximately 1,800 on-site managed service locations, mainly major and very large companies • High-quality and extensive business outsourcing record and customer reach • Portfolio and personnel deployment across key financial services, healthcare, and retail sectors • Secured audiovisual integrator capabilities by acquiring Cenero 	<p>Keep cultivating and deepening customer relationships in priority areas, centered on highly profitable Office Services</p> <p>Boost profitability by reinforcing digital services that resolve industry and business issues</p> <ul style="list-style-type: none"> • Cultivate customers in the vital manufacturing, distribution, construction, healthcare, and municipal government sectors • Increase recurring revenues primarily from Scrum series, RICOH kintone plus, and Empowering Digital Workplaces initiatives • Broaden center and on-site managed services by collaborating with PFLU <p>Strengths</p> <ul style="list-style-type: none"> • Serve around 1 million businesses, primarily small and medium-sized enterprises and mid-sized companies • Localized, nationwide sales support structure • Create and deploy solutions that address issues and capitalize on seasonal market opportunities • Ranked first for eight consecutive years in J.D. Power's customer satisfaction survey of IT solutions provider and server maintenance services • Ranked first in number of IT grants for three straight years

For more details, see: [RICOH Digital Services on page 43](#)

* BPS resolve issues related to corporate business processes by outsourcing tasks to specialist vendors

Basic policy
2

Build revenue sources in frontlines and social domains

Secure recurring revenues in non-office domain while resolving social issues based on our amassed technologies

While we generate our revenues primarily from the office domain, we will expand our digital services and frontlines businesses to deliver value to more diverse customers. Operations at many manufacturing, logistics, and other frontlines sites still run on analog processes. We aim to leverage our technologies to develop new businesses. We will cultivate businesses that relate directly to resolving social issues.

Priority businesses under the 21st MTS include commercial printing, primarily for printing industry customers, as well as thermal solutions for printing on food, logistics, and other packaging. Also among them are businesses that help resolve social issues, a good example being PLAiR, a material that helps reduce pollution from waste. We will identify priority business domains and build key revenue sources in frontlines and social domains.

For more details, see: [RICOH Graphic Communications on page 47](#) [RICOH Industrial Solutions on page 49](#) [RICOH Futures on page 51](#)

Basic policy
3

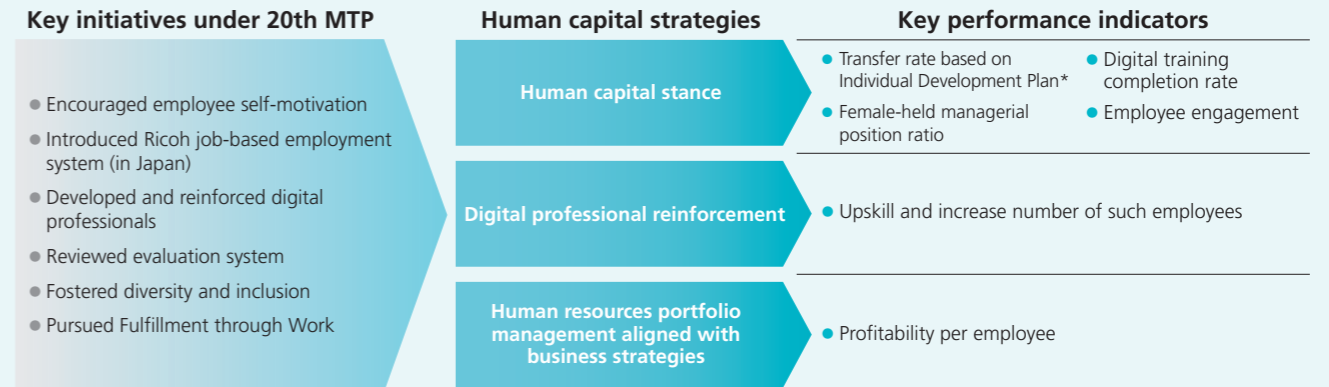
Leverage global talent

Maximize human capital worldwide and shift people to growth areas

It is vital to leverage talent to transform our business structure and expand our value proposition globally. We position

employee capabilities as a form of capital. We accordingly formulated a human capital strategy to invest extensively in people.

Human capital strategies driving business growth



* The Individual Development Plan-based transfer rate represents the percentage of transfers and job changes based on such a plan

Autonomy, growth, and Fulfillment through Work underline our human capital strategy. We look to simultaneously realize job satisfaction and business growth by empowering our people to gain valuable experience at Ricoh.

As well as boosting the skills of Group employees, we will enhance the expertise of digital professionals who can help

create and accelerate our digital services. We will also reinforce talent to create advanced services at regional customer touchpoints and deploy our services models worldwide. We will cultivate tomorrow's managers in various ways, such as by implementing a fast-track digital services leadership development program and by offering experience in projects across the world.

For more details, see: [Human Capital Strategy on page 23](#)