

# Consolidated Results for Nine Months Ended December 31, 2021



February 4, 2022  
Ricoh Company, Ltd.

The plans, prospects, strategies and other statements, except for historical events mentioned in these materials are forward-looking statements with respect to future events and business results. Those statements were based on the judgment of Ricoh's Directors from available information. Results may differ materially from those projected or implied in such forward-looking statements and from historical trends. Refrain from judgments based only on these statements with respect to future events and business results. The following important factors, without limiting the generality of the foregoing, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- a. General economic conditions and business trends
- b. Exchange rates and fluctuations
- c. Rapid technological innovations
- d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that achieve market acceptance in intensely competitive markets

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**Note: These materials define fiscal years as:**  
FY2021 (or fiscal 2021) = Fiscal year ended March 31, 2022, etc.

**Business category and other changes**

Ricoh adopted a business unit structure on April 1, 2021, and accordingly reclassified operating segments from this fiscal year. Prior year comparative figures have been retrospectively adjusted to reflect these changes.

# Segment Changes

## Switched from business-to-business unit segments in line with segmentation changes

### Previous segments and key offerings

<b>Office Printing</b>	MFPs, laser printers, related parts and supplies, and customer services	
<b>Office Service</b>	Network equipment, software, solutions, and customer services	
<b>Commercial Printing</b>	Cut sheet printers, continuous feed printers, related supplies, and customer services	
<b>Industrial Printing</b>	Inkjet heads, inkjet modules, and industrial printers	
<b>Thermal</b>	Thermal paper and thermal media	
<b>Other</b>	<b>Industrial Products</b>	Industrial optical components, modules, electronic components, and precision device components
	<b>SmartVision</b>	Digital cameras, 360° cameras, and related services
	<b>Other</b>	Environment and healthcare



### New segments and key offerings

<b>Ricoh Digital Services</b>	<ul style="list-style-type: none"> <li>■ Office Services</li> <li>■ Office Printing (Sales)</li> </ul>	
<b>Ricoh Digital Products</b>	<ul style="list-style-type: none"> <li>■ Office Printing (R&amp;D, Production, and OEM)</li> <li>■ Digital Communication Devices (R&amp;D, Production, and OEM)</li> </ul>	
<b>Ricoh Graphic Communications</b>	<ul style="list-style-type: none"> <li>■ Commercial Printing</li> <li>■ Industrial Printing</li> </ul>	
<b>Ricoh Industrial Solutions</b>	<ul style="list-style-type: none"> <li>■ Thermal</li> <li>■ Industrial Products</li> </ul>	
<b>Other</b>	<b>SmartVision</b>	<ul style="list-style-type: none"> <li>■ 360° cameras and related services</li> </ul>
	<b>Other</b>	<ul style="list-style-type: none"> <li>■ Healthcare</li> <li>■ Environment (including new materials and energy harvesting)</li> <li>■ Digital cameras</li> </ul>

Note: Some businesses in Office Printing segment businesses (including Document Solutions and Managed Print Services) and Other segment (Digital Business) transferred to Office Services in Digital Services.

## **Overview of FY2021 Third-Quarter Results**

- I will discuss Ricoh's results for the third quarter of fiscal 2021.

## Key Points about Performance during Term

### Results

- ✓ Although impacts of COVID-19 pandemic, goods shortages, and higher procurement and transportation costs were greater than envisaged, operating profit was on target on additional recovery initiatives and accelerated structural reform measures.
- ✓ Performance impacts of these external factors extended to Office Services
  - Office Printing
    - Hardware: MFP and printer shortages (electronic parts and materials were particularly scarce)
    - Non-hardware: On a recovery path, albeit not as strongly as hoped (overall and domestic sales at 82% and 93% of fiscal 2019 levels, respectively)
  - Office Services: Hardware (PCs, servers, network equipment, and MFPs) shortages worsened in Q3, hampering operations
- ✓ Graphic Communications operating profit exceeded target on Commercial Printing non-hardware recovery and ongoing structural reforms

### Full-year forecasts

- ✓ Will uphold recovery measures and cost controls, and look to improve MFP and IT product supplies
  - Office Printing
    - Looking to strategically improve supply volumes by securing multiple parts for products, sourcing from more parts suppliers, and allocating available parts to high-margin offerings
    - Anticipating returns to offices despite temporary slump amid spread of COVID-19 Omicron variant
  - Office Services: Expecting to improve supply volumes for hardware vendors
- ✓ Have retained full-year forecasts after reviewing risks and opportunities

### Initiatives to improve capital returns

- ✓ Completed ¥100 billion share repurchase program, and have decided to retire treasury shares (representing 14.4% of all issued and outstanding shares) on February 28, 2022
- ✓ Intensively reviewing all business portfolios and assets

Feb 4, 2022

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- I will begin by presenting key points about what were mixed results for the term.
- On the upside, there were signs of a recovery in non-hardware. In Office Printing, global print volumes in December 2021 were more than 85% of the level of two years earlier. In Commercial Printing, third-quarter sales returned to the same level of two years before, which was a sign of growth potential.
- We made good progress with additional recovery efforts and accelerated structural reform measures and recovery initiatives. This progress stemmed from our **new** business unit structure, which is steadily generating earnings.
- The downside was that procurement was challenging for MFPs and IT equipment, which greatly hampered overall results.
- Still, we kept operating profit on target on the strength of recovery initiatives and structural reforms.
- I'll now take you through details. During the third quarter, we planned to lift production of MFPs and printers. Supplies of this Office Printing hardware were short in the second quarter. From around the end of October, however, it became harder than expected to procure some raw materials and parts, forcing us to review our structure for boosting production. Supplies to frontlines were thus even lower than in the second quarter.
- Office Printing non-hardware sales were 82% and 93% of the overall and domestic levels of fiscal 2019. Both figures were below expectations. Global print volume recovered to more than 85% of the fiscal 2019 level in December. Volumes at four of the 13 countries and territories that we monitor exceeded 90% of those in fiscal 2019. This confirmed a previously stated expectation that volume would return to 90% of previous levels when the pandemic impact eases.
- In Office Services, shortages worsened of PCs, servers, network equipment, and MFPs, hampering operations in the third quarter.
- Given these hardware shortages, we had to focus more on selling applications in Japan. As we have concluded many subscription contracts in recent times, monthly sales are smaller, with a low near-term impact on results. Still, demand remains robust, so as long as products are available we can enjoy business opportunities that can drive performance. Solid procurement is thus important.
- The Graphic Communications business has remained strong. Non-hardware sales have continued to recover. We are progressing better than we initially envisaged in strengthening our business structure by cutting costs.
- External factors, product shortages in particular caused great difficulties in the third quarter. We overcame these challenges by selling assets and undertaking other recovery measures and by accelerating structural reforms. So, it was a tough quarter.

### Results

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- ✓ Completed ¥100 billion share repurchase program, and have decided to retire treasury shares (representing 14.4% of all issued and outstanding shares) on February 28, 2022
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- We have maintained our full-year forecasts. This is because as well as upholding recovery measures and cost controls we should improve MFP supplies to an extent during the fourth quarter. Based on discussions with various manufacturers, we expect supplies of IT products to be much better than in the third quarter. We have heard in particular that supplies of PCs will be almost satisfactory and that server supplies should recover somewhat.
- Sales in the fourth quarter tend to be 30% higher than in other terms. Having sufficient products should therefore contribute to performance.
- European countries in which COVID-19 omicron variant infections are peaking have started lifting activity restrictions in February. We should see similar moves worldwide.
- Non-hardware earnings would benefit from people returning to offices. The recovery situation of December last year augurs well for this to happen.
- We do our utmost to reach our targets.
- In terms of efforts to improve capital returns, we have already announced that we completed a 100 billion yen share repurchase program on December 8. At the end of February, instead of April as originally planned, we intend to retire around 100 million shares, including 20 million treasury shares originally held, representing about 14% of all issued and outstanding shares. We will improve earnings per share as much as possible.
- We are reviewing all business portfolios and assets for our new business unit setup. We will detail our efforts in those regards in our Mid-term Management Plan Progress briefing.

## Key Indicators

Sales rose 7% YoY, while operating profit was ¥25.7 billion (¥55.4 billion turnaround from ¥29.7 billion operating loss a year earlier)

(billions of yen)	FY2020 9 months	FY2021 9 months	Year-on-year change	
Sales	1,193.0	<b>1,276.1</b>	<b>+83.1</b>	+7.0%
Gross profit	415.7 (34.8%)	461.8 (36.2%)	+46.1	+11.1%
Selling, general and administrative expenses	445.4 (37.3%)	436.1 (34.2%)	-9.3	-2.1%
Operating profit	-29.7	<b>25.7</b>	<b>+55.4</b>	-
Operating margin	-	2.0%	-	-
Profit attributable to owners of the parent	-22.4	<b>23.1</b>	<b>+45.6</b>	-
EPS (Yen)	-31.02	34.07	+65.09	
Average exchange rates	Yen/US\$ Yen/euro	106.09 122.36	111.10 130.59	+5.01 +8.23
R&D expenditures	66.1	<b>71.0</b>	+4.9	
Capital expenditures	29.9	<b>22.6</b>	-7.2	
Depreciation	34.2	<b>30.2</b>	-3.9	

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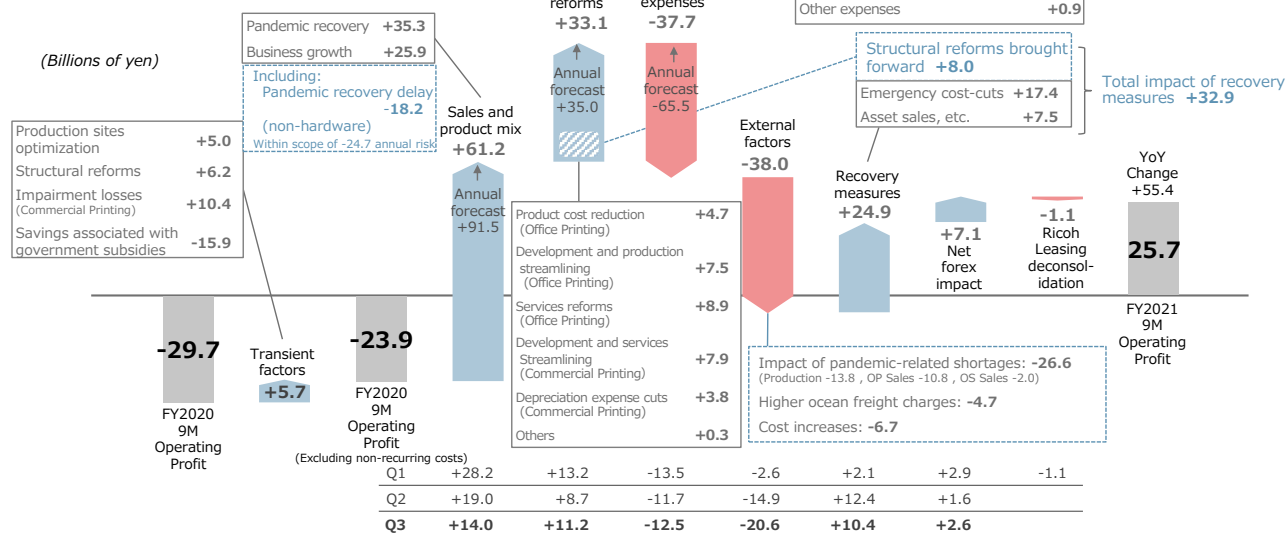
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- Takashi Kawaguchi, general manager of the Finance and Accounting Division, will now explain our results.
- Sales for the term were 1,276.1 billion yen, up 83.1 billion yen, or 7%, from a year earlier.
- The gross margin was 36.2%, up from the previous corresponding period. This indicated that structural reform efforts have been successful.
- The selling, general and administrative expense ratio was 34.2%. This was down from 37.3% a year earlier, reflecting extensive emergency savings. Another contributor was that we capped selling costs and sales growth expenses.
- Operating income was basically on track, at 25.7 billion yen.
- Profit attributable to owners of the parent was 23.1 billion yen.

# Operating Profit Comparisons

- Delay in recovery from pandemic within scope of expectations, reached most annual targets for structural reforms
- Augmented and brought forward recovery measures to overcome production and sales impacts of parts shortages and greater transportation cost increases than envisaged.



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- This chart presents our progression from a 29.7 billion yen operating loss in the previous fiscal year to a 25.7 billion yen operating profit thus far this fiscal year.
- The sales and product mix was up 61.2 billion yen. This compared with a forecast of 91.5 billion yen for the full year and reflected gradual improvements on a recovery from the pandemic and contributions from business growth, including for Office Printing, Commercial Printing, and Office Services.
- We estimate the impact on non-hardware of delays in a recovery from the pandemic at 18.2 billion yen. That is 6 billion yen higher than the 12.2 billion yen shown of the second quarter, although I also note that the pandemic impact is waning.
- Gains from structural reforms are 33.1 billion yen, which is not far off the 35 billion yen projected for the full year. We are progressing faster than planned in terms of development and production streamlining in Office Printing, with gains of 7.5 billion yen, and development and services streamlining in Commercial Printing, at 7.9 billion yen. Through efforts to tackle external factors, structural reforms brought forward have contributed around 8 billion yen.
- In undertaking these improvements and reforms, we planned to reverse expenses in other expenses to recover sales this fiscal year. We were able to keep other expenses at 37.7 billion yen, compared with an annual forecast of 65.5 billion yen.
- The downside impact of external factors was 38.0 billion yen. This included the impact of pandemic-related shortages, higher ocean freight charges, and cost increases. For comparison, the external factor impact was 17.4 billion yen in the second quarter. We exceeded expectations somewhat in the third quarter, which was a very challenging period for us.
- As part of recovery measures, in addition to 8 billion yen through structural reforms brought forward, we also cut costs and sold assets ahead of schedule. As a result of these factors, operating profit, including the foreign exchange impact, was 25.7 billion yen.



# Current and Projected External Factor Impacts

- Impact of external factors worse than expected in Q3
- Situation should improve in Q4

Key external factors	Status				Current status and looking ahead
	Q1	Q2	Q3	Q4 (Forecast)	
Pandemic recovery delay (Office Printing non-hardware)					Rise in Omicron variant infections slowing recoveries in United States and Europe. Projection: Movement restrictions should ease from infections peaking swiftly, with people returning to offices
Parts shortage impacts on production (Office Printing hardware)					Production volumes sliding amid difficulties in procuring electronic components and other supplies. Projection: Purchase from multiple suppliers, procure alternative products, prioritize allocations to high-margin offerings, and have production and sales units strive to eliminate order backlogs and balance inventories
Pandemic impact on production (Office Printing hardware)					Allocating production strategically in response to intermittent production stoppages among production sites in Thailand and suppliers. Projection: Infections should not significantly affect production
Pandemic impact on sales (Office Printing and Office Services)					Significant opportunity losses from MFP and information and communications technology hardware shortages amid strong demand. Projections: In Office Printing, anticipate product supply recoveries centered on key offerings, while Office Services looking to drive sales recovery by improving supplies of information and communications technology products
Surging ocean freight charges					Starting to pass on higher costs stemming from shipping container shortages and port and ocean freight congestion. Projection: Port and ocean freight congestion should continue
Higher costs of raw materials and parts due to shortages					Costs rising from spot purchasing in response to electronic component shortages, while costs of various materials are surging. Projection: Raw materials costs still high; tackle price hikes

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Previous assumptions

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- I will now explain our stance on these external factors.
- The dotted arrows show our projections as of the second quarter. Red arrows present our current outlook.
- As you can see, we performed below expectations owing to a pandemic recovery delay in Office Printing non-hardware, parts shortage impacts on production in Office Printing hardware, and the pandemic impact on sales in Office Printing and Office Services.
- We anticipate swift improvements in the fourth quarter, particularly after February.
- Omicron variant infection cases are peaking in the United States and Europe, and we expect people to return to offices, especially in those markets.
- Not all electronic components and materials purchases are finalized, and we are striving to procure from multiple suppliers, consider alternatives, and prioritize materials allocations to products that sell well and are highly profitable. We thus believe that we will be able to manufacture offerings that sell solidly.
- As explained previously, there were product shortages, particularly in the third quarter, and we are doing our best to cultivate customers. If we can supply products, we can anticipate hardware and Office Services demand recoveries.
- Also, we are pushing forward with structural reforms and recovery initiatives, so the fourth quarter will be very important for us.

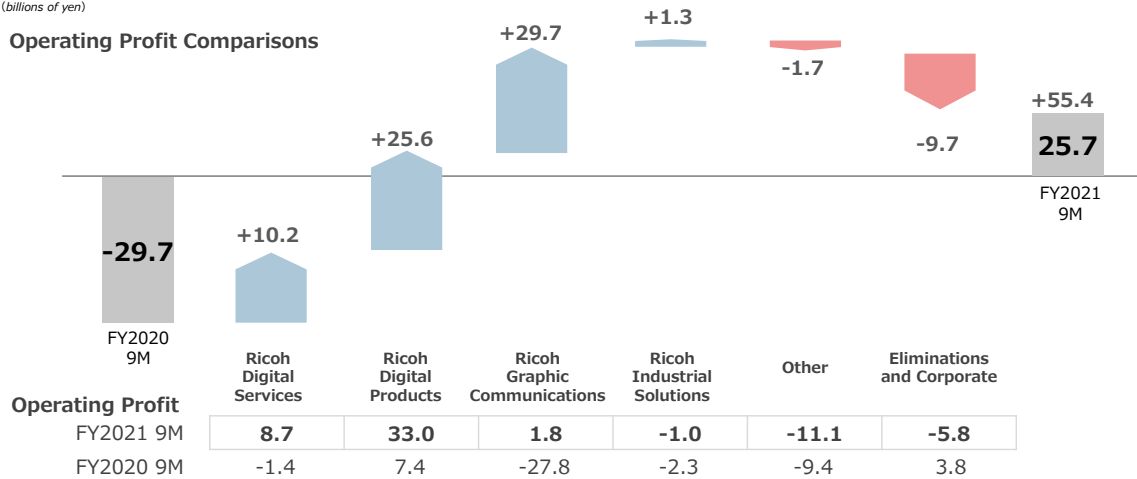
# Segment Operating Profit

Despite external factor impacting performance, operating profit improved in all business units

## Segment Operating Profit

(billions of yen)

### Operating Profit Comparisons



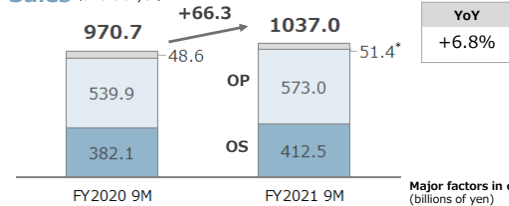
- Here, we show segment operating profit.
- Ricoh Graphic Communications improved earnings significantly from a year earlier.
- Results for the previous year included around 10 billion yen in impairment losses. This fiscal year, we are undertaking various cost reduction measures for structural reforms. We are also making headway in non-hardware, which means that we are returning to profitability.
- Eliminations and corporate were -5.8 billion yen, although this included unrealized losses and inventories. These are not deadstock and include goods in process that we can deliver to customers if only one more part is necessary, as well as inventories in transit on oceans, for which intercompany earnings are eliminated. These unrealized losses are cancelled upon deliveries to customers.

## Ricoh Digital Services

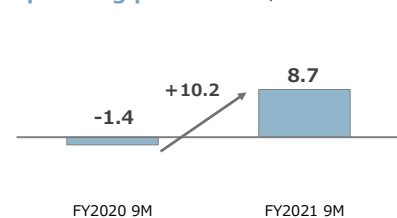
Office Services and Office Printing (Sales)

**Increased sales by 7% and returned to profitability through ¥10.2 billion turnaround, with earnings rising amid hardware shortages**

Sales (billions of yen)



Operating profit (billions of yen)



Major factors in earnings changes (billions of yen)

Factors	Change
Pandemic recovery (Office Printing)*	+21.0
Business growth (Office Services)	+12.0
Structural reforms	+8.9
Pandemic impact (sales)	-9.6
Higher ocean freight charges	-3.9
Previous year expenses and growth expenses	-37.3
Government subsidies	+5.8
Emergency cost reductions	+15.8
Other (including forex impact)	+7.1
Transient factors in previous year	-9.8
Total YoY change	+10.2

Feb 4, 2022 \*Other : Environmental business , Industrial Services , etc.

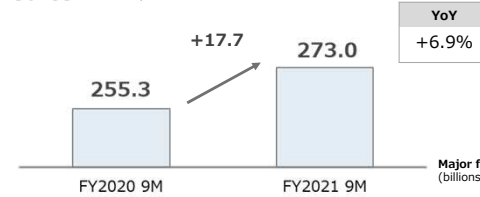
## Ricoh Digital Products

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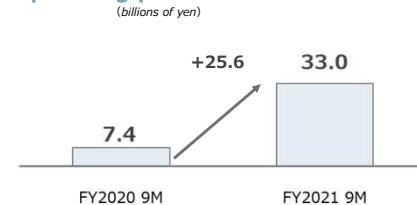
R&D and Production for Office Printing and Edge Devices

**Boosted sales by 7% and earnings by ¥25.6 billion by deploying measures to overcome external factors and cultivating strategic supplies**

Sales (billions of yen)



Operating profit (billions of yen)



Major factors in earnings changes (billions of yen)

Factors	Changes
Pandemic recovery (Office Printing)*	+1.5
Business growth	+10.6
Structural reforms	+12.2
Pandemic impact (production)	-11.8
Higher ocean freight charges	-0.4
Higher expenses	-4.4
Asset sales, etc.	+7.6
(Other (including forex impact)	+5.3
Transient factors in previous year	+5.0
Total YoY change	+25.6

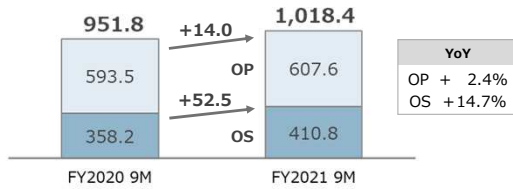
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- I will now discuss Ricoh Digital Services and Ricoh Digital Products.
- Revenues and earnings rose in the period under review. I will briefly go through the factors in changes.
- Structural reforms added 8.9 billion yen to earnings for Ricoh Digital Services. We are continuing to overhaul services, including for maintenance and operations. Other performance factors in the period under review were 37.3 billion yen in previous year expenses and sales growth expenses.
- Emergency cost reductions of 15.8 billion yen were to control personnel and other costs.
- Ricoh Digital Products also gained significantly from structural reforms, the impact in this case being 12.2 billion yen. This stemmed from reducing variable costs, using common parts, automating production, adopting digital design and operational processes, and shortening development and design lead times by integrating design and production. Digital manufacturing and improved business processes from remote production management also contributed to performance.

# Reference: Approximations for Previous Segments

## Sales (billions of yen)



## Operating profit (billions of yen) (Excluding corporate and eliminations)

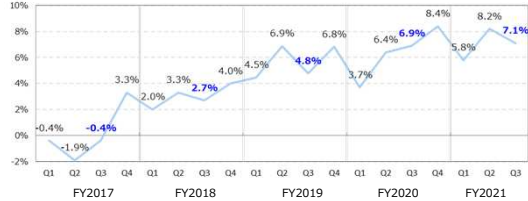


## Overview

- **Office Services: Sales and earnings up, with operating margin reaching 7.0%**
- **Office Printing: Sales and earnings also up, for operating margin of 7.2%**

(billions of yen)		FY2020 9M	FY2021 9M (approx.)
<b>Office Services</b>	Sales	358.2	410.8
	OP	20.8	28.9
	OP margin	5.8%	<b>7.0%</b>
<b>Office Printing</b>	Sales	593.5	607.6
	OP	6.1	43.5
	OP margin	1.0%	<b>7.2%</b>

Office Services OP margin (excluding transient factors)

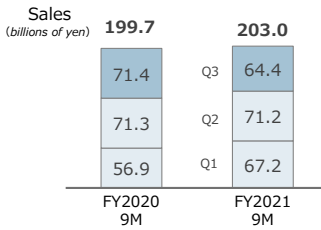


- Here, we show approximations to aid understanding of reporting segments through the previous fiscal year.
- The main point here is that the operating margin jumped from a year earlier to 7.0% for Office Services and 7.2% for Office Printing.
- The Office Services operating margin was 8.2% in the second quarter and 7.1% in the third quarter. Ricoh's business is subject to seasonal fluctuations. The operating margin tends to slip in the first and third quarters and increase in second and fourth quarters. The third-quarter operating margin was 6.9% in the previous year, rising to 7.1% in the period under review.

# Ricoh Digital Services (Office Services)



## Japan



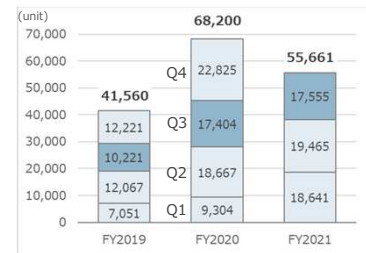
(1% growth YoY in Q3 after excluding special GIGA school demand)

### Focused on selling applications amid IT equipment and MFP shortages, generating double-digit applications sales growth

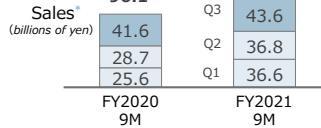
- Scrum packages
  - Cloud, gateway security, and other security-related businesses performed solidly
- Scrum assets
  - Performed well in handling operations after systems deployments, consolidating virtualized setups, and enhancing security, primarily for medium-sized enterprises

(billions of yen)	FY2021 9M		
	Sales	YoY	Unit YoY
Scrum packages (for small and medium-sized enterprises)	35.3	118%	123%
Scrum assets (for mid-sized companies)	17.2	150%	—
total	52.6	131%	—

## Scrum package sales units



## Europe

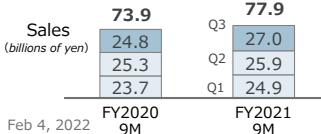


\* Includes the Middle East and Africa

### Maintained growth through package deployments

- Continued "Work Together, Anywhere" package deployments, with ¥9.9 billion in orders (up 74% YoY) and ¥44.7 billion in pipeline (up 30% YoY)
- Companies acquired continued doing well, boosting sales 10% YoY

## Americas



### Reduced output center costs and shifted to digital services

- Improved profitability of Business Process Services on ongoing cost reductions
- IT security services continued to do well

Sales (billions of yen)	FY2021 9M	YoY
<b>Office services business</b>	<b>412.5</b>	<b>+8.0%</b>
IT infrastructure (hardware and software)	157.2	-1.2%
IT services (including maintenance and outsourcing)	86.7	+11.0%
Applications (business-specific apps and in-house apps)	76.8	+20.1%
Business Process Services	72.9	+7.4%

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- This page presents the regional situations of Ricoh Digital Services' Office Services business.
- In Japan, we are doing our best to serve customers by focusing on selling applications amid shortages of IT equipment, MFPs, and printers. We generated double-digit applications sales, although profit margins were admittedly thin.
- Sales of Scrum packages and assets are increasing, and we are amassing assets. In Japan, Office Services subscription sales have risen 10 billion yen annually since fiscal 2018. We anticipate revenue growth in coming years.
- In Europe, we have continued to deploy packages, steadily accumulating orders and pipelines for future sales.
- We are continuing to make acquisitions to reinforce our ICT capabilities. Companies that we have acquired continued to do well in the period under review.
- We purchased Axon Ivy AG in January this year. With that firm on board, we can augment our powerful DocuWare and solidify our internal software lineup by digitizing workflows and developing applications for major customers in areas that are not document-dependent. We will continue to develop our business in Europe and expand in the United States, Japan, and around the globe.
- In the Americas, Business Process Services continued to improve profitability. We are mulling how to cultivate expand our business as we do in Europe, although our IT security services have started performing well. We will also consider investing in this area.

# Ricoh Digital Services (Office Printing)

**Sales higher than a year earlier, but shortages, infections, and other external factors continued to affect business more than expected**

- Hardware: Q3 sales sluggish, particularly in Europe and United States, owing to product supply shortages, while order backlogs up on robust demand
- Non-hardware: Although Japanese demand recovered in Q3, overall results below expectations

**Differences from projections (Non-hardware)**

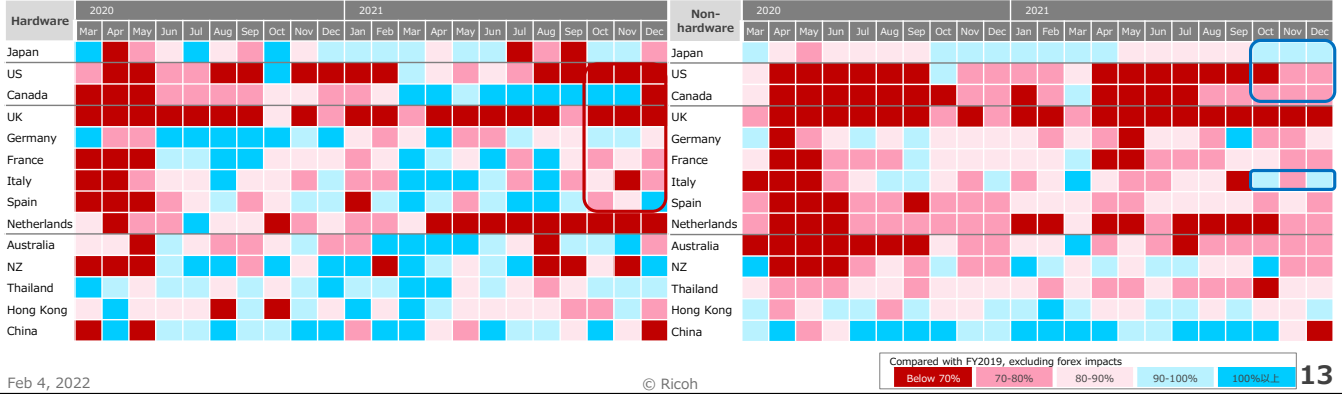
Q1	-2%pt
Q2	-4%pt
Q3	-5%pt

**Sales compared to the same period in FY19**

	FY2020				FY2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Hardware	69%	85%	83%	90%	85%	73%	72%
Non-hardware	67%	77%	82%	85%	79%	78%	82%
Japan	83%	87%	94%	101%	90%	78%	91%
Americas	59%	70%	71%	78%	75%	68%	64%
EMEA	61%	84%	81%	84%	77%	80%	76%

Excluding forex impact

**Sales heatmap (by country and territory compared with same months in FY2019)**



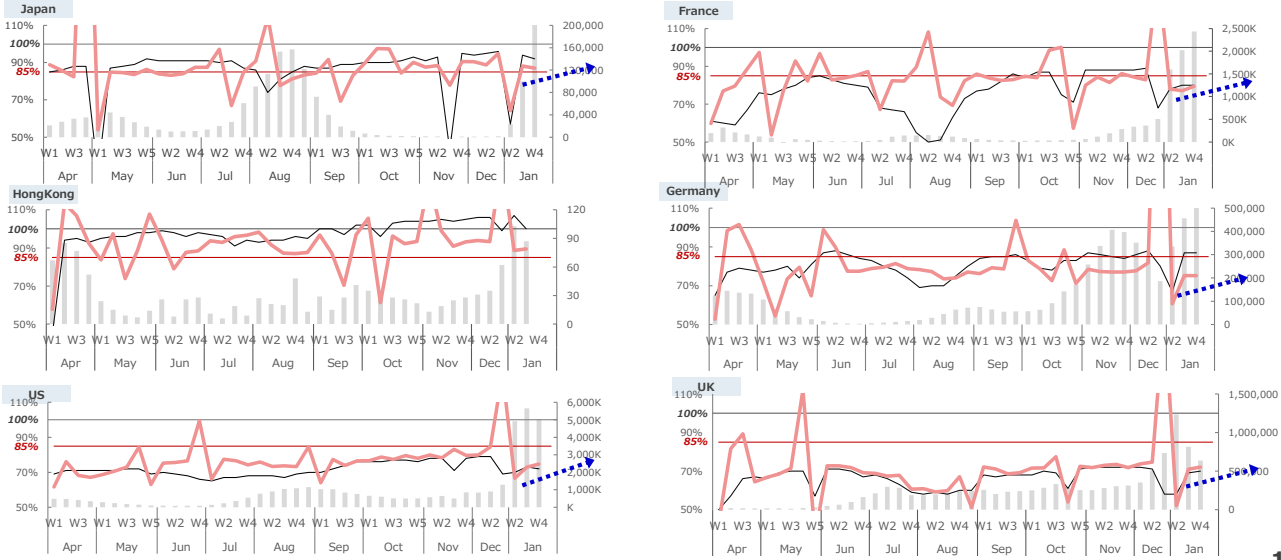
- I will now overview the Ricoh Digital Services' Office Printing business.
- Hardware sales were sluggish in the third quarter, particularly in Europe and the United States, owing to product supply shortages. As the table shows, hardware sales were 72% of the fiscal 2019 level.
- At the same time, non-hardware sales recovered in Japan, but sales in Europe and the United States were somewhat slow. Global sales were about 5% lower than expected in the third quarter.

# Impact of Pandemic on MFP Printing Volumes

**Q3: Volumes gradually recovered toward end-December; demand recovered to 90% of levels of two years earlier in Japan and 80% in United States →In January, recoveries slowed temporarily in places with Omicron variant outbreaks**

MFP print volumes at company offices (by country)

- MFP print volumes compared with two years earlier
- Office attendance rates
- Number of COVID-19 cases (right axis)

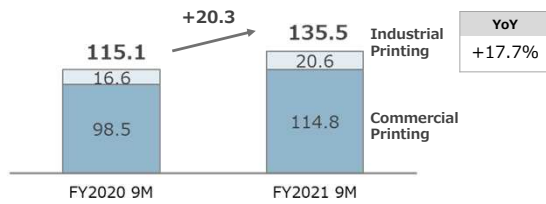


Feb 4, 2022 Note: Print volumes based on Ricoh @Remote data, with change in MFP print volumes from two years earlier corresponding period. Number of COVID-19 cases from Johns Hopkins University-announced figures.

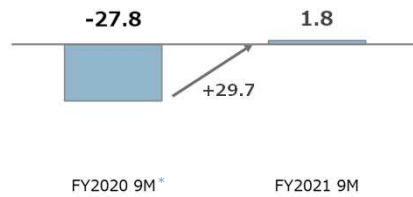
- MFP printing volumes recovered from the pandemic toward the end of 2021.
- Demand recovered to 90% of levels two years earlier in Japan and 80% in the United States. We had expected the recovery pace to continue, but Omicron variant outbreaks have caused turnarounds to slow somewhat at this juncture.
- Still, we anticipate recoveries in Europe and the United States. That is because the United Kingdom is dropping mandatory mask usage in public places, France is ending mandatory remote work, Denmark is lifting all COVID-19 restrictions, and there seem no lockdown plans in the United States.
- We have seen progress with COVID-19 testing and vaccines, and a new oral treatment is apparently in the offing. Also, the impact of the Omicron variant will probably be short-lived, so we can anticipate significant improvements and returns to offices in February and March.

Profits exceeded expectations owing to recovery in Commercial Printing non-hardware and ongoing structural reforms through cost-cutting

## Sales (billions of yen)



## Operating profit (billions of yen)



Feb 4, 2022 \*including impairment losses

© Ricoh

\*excluding forex impact

## Sales compared to the same period in FY19

Commercial Printing	FY2020				FY2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Hardware	61%	72%	67%	75%	73%	68%	72%
Non-hardware	66%	80%	84%	85%	86%	92%	95%
Americas	66%	71%	73%	71%	77%	78%	80%
EMEA	56%	78%	77%	84%	74%	82%	86%
Japan	85%	101%	91%	97%	98%	98%	97%

- Ricoh Graphic Communications is doing well.
- It is on track to return to profitability and exceed targets. That reflects a continued turnaround in non-hardware demand for commercial printing and ongoing structural reforms, particularly regarding cost elements. The prime drivers in improving earnings are that we have reinforced the top line and have undertaken structural reforms. Our numbers are also benefiting from measures to automate development and production and streamline sales and service activities.



# Ricoh Graphic Communications (by Business)

## Commercial Printing

- Hardware: Sales recovering in core Japanese and European markets
  - Printing industry: European market recovering, while a recovery is needed in Americas to attract solid investments
  - Enterprise printing: Sales rose as measures to cultivate dealers in Europe and United States continued to bear fruit (initiated partnerships with 18 companies, reaching annual target)
- Non-hardware: Recoveries in Europe and United States remained steady
  - Printing industry: Print volumes recovered on direct mail and catalogs for promotions
  - Enterprise sector: Demand recovered in Europe and United States

## Pro C5300 Series



- Outstanding cost performance and specifications comparable to advantages of higher-end models, including through support for thick and uneven stock and sheet paper

## Industrial Printing

- Components (inkjet heads)
  - Maintained strong performance in all regions (sales rose 36% YoY)
  - Economic recovery drove strong sales of metal printhead stacks, primarily to major customers
  - Customers continued to adopt new printer models on superior performance, pricing, and support
- Industrial printers (textile printers)
  - Continued to do well on sales to e-commerce firms, mainly for T-shirt printing
  - In Americas, catered to T-shirt sales demand through such moves as penetrating personal online shops

## MH series of metal printheads



- Employing proprietary stainless steel bonding technology for good ink compatibility and high durability
- Can handle photo-curable and water-based inks and handles diverse applications, including sign graphics and textiles

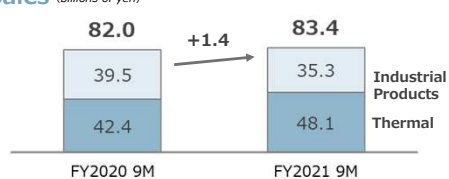
## RICOH Ri 2000 textile printer



- Released as high-end version of RICOH Ri 100

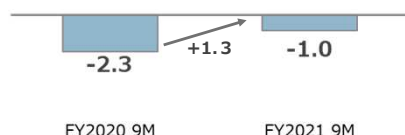
- Here, we look at the performances of Ricoh Graphic Communications businesses.
- Not much has changed since we announced our first-half results, so I will spare you a detailed explanation.
- I am pleased to report that we have progressed steadily in cultivating key dealers in Europe and the United States for hardware sales for enterprise printing in the commercial printing sector. We have initiated partnerships with 18 companies compared to 15 at the end of the second quarter.

### Sales (billions of yen)



YoY  
+1.8%

### Operating profit (billions of yen)



### Overview

- Thermal
  - Performed steadily in Japan, United States, and Europe on strength of various measures, and are tackling price competition in China
  - Expanded sales of products that resolve social issues and experienced greater logistics demand
  - Started improving cost structure and adjusting pricing in response to higher raw materials costs
- Industrial Products\*
  - Optical components business: Benefited from strong projector applications demand in China and Japan, while continued lower production volumes among automotive customers affected performance
  - Electronics business: Industrial robot application sales were robust, and we began adjusting pricing in response to higher component costs

### Future Initiatives

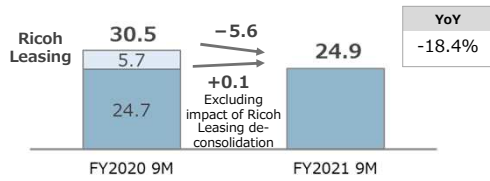
- Thermal
  - Benefit from cost and gross profit improvement measures in response to raw material market fluctuations
  - Starting contributing to orders received on new line at France plant
  - Recovery of production by improving material supply shortage
- Industrial Products
  - Expand optical components sales as automotive customer production recovers
  - Streamline production processes to benefit from cost and gross profit improvement measures as a response to swings in parts market

\* Key Industrial Products areas are Optical (automotive stereo cameras and projection products), Electronics (industrial controllers), and Precision Equipment businesses

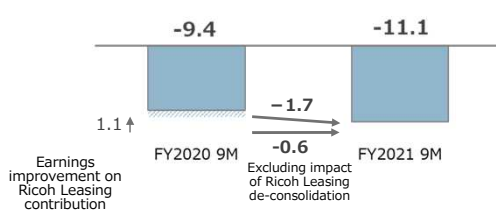
- The situation for Ricoh Industrial Solutions was somewhat challenging in the period under review, but it was able to trim its operating loss.
- Notwithstanding a range of measures, the Thermal business again suffered from hikes in raw materials costs.
- This situation has prevailed since spring, and we have continued to accordingly improve the cost structure. We have also endeavored to pass on higher costs.
- The benefits have yet to fully filter through. We will continue to reap the rewards in the fourth quarter.
- In Industrial Products, the impact of ongoing production adjustments among automotive customers has continued to affect the optical components business over the past six months. In the electronics business, we began adjusting pricing in response to higher component costs.
- We will keep improving costs in the Thermal business and gain from higher prices. Also, we started operating a new line at our plant in France. The new setup should help us benefit from two major orders that we had sought. We now have firm prospects for procuring materials and will push ahead with a production recovery.
- Similarly, in the Industrial Products business we expect automotive customers to return to production, so we anticipate a recovery in the optical components business.

Sales basically unchanged after factoring out impact of leasing business deconsolidation

## Sales (billions of yen)



## Operating profit (billions of yen)



※売上高・営業利益とも全社・消去を除外ベース

## Overview

- Cameras
    - Increased sales and earnings on strong demand for new products (Pentax/GR)
  - SmartVision
    - Experienced supply difficulties because of parts shortages
    - 360° camera cloud services remained solid on stay-at-home demand
- Incurred segment loss owing to new business investments

## Key new businesses



**PLAiR, a new plant-derived material**  
Proprietary foaming technology ensures flexibility and strength and helps achieve zero-carbon society

**Lithium-ion secondary cells manufacturing solution**  
World's first rechargeable inkjet battery paves the way to wearables in various sizes and shapes

**Social infrastructure inspection services**  
Camera technology measuring depth of field liberates workers from hazards associated with working at heights

- I will now discuss the Other segment.
- There have been no significant performance swings thus far in this area. We nonetheless remain in the red, as businesses here are new.
- As you see with key new businesses presented here, we are exploring businesses that we aim to develop in coming years.

# Statement of Financial Position

**Total assets decreased ¥127.3 billion, to ¥1,760.5 billion, as impacts of implementing capital policies and divesting assets offset increases in inventories and investments**

## Assets

(billions of yen)	As of Dec 31, 2021	Change from Mar 31, 2021	
Current Assets	<b>941.9</b>	-116.8	
Cash & time deposits	<b>224.7</b>	-110.2	Decrease from share repurchases and dividend payments
Trade and other receivables	<b>346.9</b>	-45.1	Decrease in year-end receivables
Other financial assets	<b>89.7</b>	-3.0	
Inventories	<b>228.2</b>	+36.2	Parts and work-in-process inventories and increases in port and offshore inventories
Other current assets	<b>52.1</b>	+5.4	
Non-current assets	<b>818.5</b>	-10.5	
Property, plant and equipment	<b>182.1</b>	-9.8	Asset divestments
Right-of-use assets	<b>55.6</b>	-8.0	
Goodwill and intangible assets	<b>240.1</b>	+14.6	Strategic investments
Other financial assets	<b>123.3</b>	-12.7	
Other non-current assets	<b>217.3</b>	+5.4	
<b>Total Assets</b>	<b>1,760.5</b>	-127.3	

Exchange rate as of Dec 31, 2021: US\$ 1 = ¥ 115.02 (+4.31)  
(change from Mar 31, 2021, rate) EURO 1 = ¥ 130.51 (+0.71)

## Liabilities and Equity

(billions of yen)	As of Dec 31, 2021	Change from Mar 31, 2021	
Current Liabilities	<b>634.2</b>	-23.2	
Bonds and borrowings	<b>115.2</b>	+32.7	Short- and long-term transfers
Trade and other payables	<b>231.9</b>	-55.1	Decrease in year-end debt
Lease liabilities	<b>22.3</b>	-3.1	
Other current liabilities	<b>264.4</b>	+2.3	
Non-current Liabilities	<b>272.3</b>	-34.1	
Bonds and borrowings	<b>120.0</b>	-19.6	Short- and long-term transfers
Lease liabilities	<b>42.6</b>	-4.1	
Accrued pension & retirement benefits	<b>61.3</b>	-9.1	
Other non-current liabilities	<b>48.4</b>	-1.2	
<b>Total Liabilities</b>	<b>906.6</b>	-57.4	
Total equity attributable to owners of the parent	<b>850.2</b>	-70.0	Decrease, as planned, from share repurchases
Noncontrolling Interest	<b>3.6</b>	+0.0	
<b>Total Equity</b>	<b>853.8</b>	-69.9	
<b>Total Liabilities and Equity</b>	<b>1,760.5</b>	-127.3	
<b>Total Debt</b>	<b>235.5</b>	+13.1	

- I will now explain our financial position.
- The balance sheet shows that Cash & time deposits at the close of the third quarter were around 110 billion yen lower than at the end of March 2021. That is because we used 92.7 billion yen to repurchase shares and about 14 billion yen to pay dividends.
- Trade and other receivables were down 45.1 billion yen and trade and other payables decreased 55.1 billion yen. Trade and other payables decrease was around 10 billion yen higher because of efforts to shrink some payment sites and improve interest rates.
- The key change to report for the term was that inventories rose 36.2 billion yen from the end of March 2021. This change was for parts and work-in-process inventories and increases in offshore inventories. These inventories are not deadstock, as we will be able to deplete them once able to sufficiently supply and sell products.

# Statement of Cash Flows

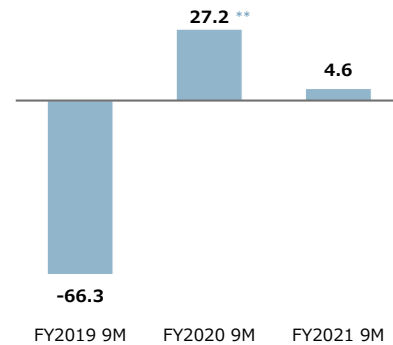
Although profit was up, free cash flow was down from Ricoh Leasing becoming equity method affiliate and rising inventories; implemented capital policy as planned

(billions of yen)	FY2020 9 months	FY2021 9 months	
Profit	-22.4	<b>23.3</b>	Regained profitability
Depreciation and amortization	79.6	<b>67.9</b>	Parts inventories increases in port and offshore inventories
Other operating activities	15.4	<b>-52.7</b>	
Net cash provided by operating activities	72.6	<b>38.6</b>	
Plant and equipment	-27.5	<b>-9.3</b>	
Purchase of business	-8.4	<b>-3.8</b>	
Other investing activities	-9.5	<b>-20.8</b>	Proceeds from Ricoh Leasing sale in previous year were ¥7.8 billion
Net cash used in investing activities	-45.4	<b>-33.9</b>	
Increase (Decrease) of debt*	75.9	<b>6.8</b>	Ricoh in previous year and Ricoh Leasing short-term borrowing
Dividend paid	-14.8	<b>-14.0</b>	
Purchase of treasury shares	-0.0	<b>-92.7</b>	As planned
Other financing activities	-26.3	<b>-23.6</b>	
Net cash provided by financing activities	34.7	<b>-123.5</b>	
Effect of exchange rate changes	0.2	<b>3.0</b>	
Net increase in cash and cash equivalents	62.1	<b>-115.8</b>	
Cash and cash equivalents at end of period	325.8	<b>214.4</b>	
Free cash flow (Operating + Investing net cash )	27.2	<b>4.6</b>	

\*debt: bonds and borrowings

## Free cash flow

(billions of yen)



\*\* Including ¥7.8 billion from transfer of Ricoh Leasing shares  
Net increase by transfer of Ricoh Leasing shares  
+¥36.8 billion: total share sales  
- ¥28.9 billion: cash in Ricoh Leasing

- I will not add any explanation for the Statement of Cash Flows, as I have already outlined key balance sheet information.

## ESG action

April 2020 Formulates Ricoh Group Human Rights Policy

June Concludes Mizuho Eco Finance loan deal with Mizuho Bank

July Discloses ESG targets in announcing FY2020 results

October Publishes Ricoh Group Integrated Report 2021, Ricoh Group ESG Data Book 2021, and Ricoh Group TCFD Report 2021



President and CEO Jake Yamashita becomes cochair of Japan Climate Leaders' Partnership

Participates in We Mean Business Coalition "All in for 2030" campaign

Deploys on-site power purchase agreement (PPA) model at four production and sales affiliate sites in Japan and abroad to accelerate use of renewable energy



Ricoh Manufacturing (Thailand) Ltd.

December Obihiro site becomes second Ricoh Japan facility to obtain Net Zero Energy Building certification (for structures whose energy usage equals their on-site renewable energy production)

## Major awards and recognition

June 2021 Obtains Digital Transformation certification as stipulated by Ministry of Economy, Trade and Industry

July Remains included in FTSE4Good Index Series, FTSE Blossom Japan Index  
Remains included in MSCI Japan Women in Action Index

August Ricoh Japan obtains Digital Transformation certification as stipulated by Ministry of Economy, Trade and Industry (MITI)

September Ricoh Europe selected as one of top three companies in IDC's European Technology for Sustainability and Social Impact Report

October Four products awarded the Good Design Award

November Included for second straight year in Dow Jones Sustainability World Index, receiving highest score in industry category  
Receives top-ranking five stars for third consecutive year in Nikkei SDGs Management Survey

December Retains Prime status in ESG Corporate Rating of Institutional Shareholder Services ESG

Remains on A List of CDP, a non-profit organization that maintains a global disclosure system for environmental impacts

February 2022 Ricoh awarded Gold Class, the highest recognition in sustainability ratings by S&P Global

- The ESG Update includes some new external assessments of our efforts.
- It is particularly worth noting that Dow Jones included us for a second straight year in its benchmark and that we remained on the CDP's A List.

# Key Service Business External and Partner Assessments

2021	April	Americas	Gartner positions Ricoh USA for first time in Magic Quadrant Workplace Managed Services, North America
		Japan	Ricoh Japan Receives Excellence and three area awards from CYBOZU AWARD 2021 as partner that has contributed significantly to sales in FY2020
May		Americas	Ricoh USA ranks 15th overall and second in Legal category of ChannelE2E Top 100 Vertical MSPs list
		Europe	Ricoh Europe positioned as specialist in Verdantix Green Quadrant for Workplace System Integrators for Ricoh Spaces, a workplace solution for managing office spaces
July		Japan	Ricoh Japan wins Modern Workplace for SMB Award in Microsoft Japan Partner of the Year 2021 Award program for significant and sustainable growth in supporting workplace transformations of small and medium-sized businesses
		Japan	Ricoh Japan receives SaaS Security category award in TREND MICRO Partner Award 2020 program
August		Japan	Ricoh Japan obtains Digital Transformation certification as stipulated by Ministry of Economy, Trade and Industry (MITI)
		Japan	Ricoh Japan wins first place in three categories of Nikkei Computer Customer Satisfaction Survey for 2021-2022: Related Services (information service companies), System Development-Related Services (information service companies), and System Operating Services (information service companies)
October		Japan	J.D. Power ranks Ricoh Japan No. 1 in customer satisfaction in two IT-related fields for the seventh straight year: IT solution provider and Independent/User/Office Equipment Systems Integrator segment and server maintenance services
November		Japan	Ricoh Japan receives three prizes in Cisco Japan Partner Award 2021 [APJC SB Cisco Designed Portfolio Innovation for Partner Award], [Small & Midsize Business Partner of the Year], [Area Partner of the Year (Hokkaido/Tohoku) ]
		Americas	Cannata Report readers vote DocuWare as best ECM/document management provider for second consecutive year
December		Americas	After Nines Inc. names Ricoh USA to ChannelE2E's Top 250 Public Cloud MSPs list for second consecutive year
2022	February	Europe	IDC MarketScape names Ricoh as leader in Worldwide Print in the Distributed Workforce 2022 Vendor Assessment
		Americas	

Feb 4, 2022

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- Here, you see external and partner assessments of key service businesses.
- Ricoh Japan, DocuWare, Ricoh Europe, and Ricoh USA all obtained solid assessments. We will continue striving to secure recognition.

## Full-Year Outlook



Maintaining forecasted sales of ¥1,910 billion and operating profit of ¥50 billion

- ✓ Impact of external factors (goods shortages and higher transportation costs)
  - Benefit from recovery measures, such as to improve MFP supply volumes for delivery at end of fiscal year by making systems compatible with multiple parts and purchasing parts from multiple vendors, securing PCs, servers, and network equipment needed for office services, and passing on costs
- ✓ Pandemic recovery delays in Office Printing Non-hardware
  - In view of improvements since fall, anticipating returns to offices despite temporary slowdowns in Europe and United States in January this year
- ✓ Leverage business unit framework to further control expenses in timely manner and continually improving structural reforms beyond initial plans
- ✓ Uphold and bring forward reviews of business portfolio, operations, and assets

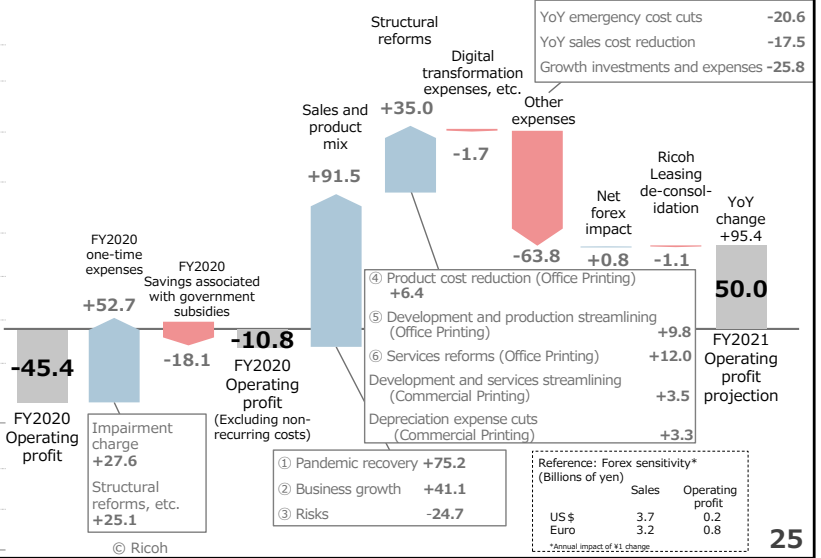
- We have maintained our full-year forecasts because we have reached our targets thus far this fiscal year and believe that we have taken suitable steps to address external factors. We are doing everything possible internally, including to design products compatible with multiple parts, purchasing parts from multiple vendors or changing suppliers, and prioritizing parts supply for high value-added offerings.
- It is against this backdrop that we expect MFP supplies to improve from February this year.
- For hardware and IT equipment that we need for Office Services, we have had extensive discussions with PC and server manufacturers and have concluded that availability will improve sufficiently. We therefore expect Office Services sales to also increase.
- Above all, we have passed higher costs on in our pricing as appropriate in a range of areas and should start reaping the rewards in the fourth quarter. We intend to keep progressing faster than initially planned with recovery measures and structural reforms.
- We anticipate greater numbers of people returning to offices and improvements in Office Printing non-hardware in February and March despite temporary slowdowns in January. We have seen print volume recoveries since fall when the pandemic impact eases.
- We will keep controlling expenses by flexibly leveraging our business unit framework. Such efforts have already delivered results. We will also continue striving to improve structural reforms. We will do our very best internally.
- We will thoroughly review our business portfolio, operations, and assets. We will act in the best interests of our future.
- At the risk of repeating myself, we will endeavor to reach our targets by ensuring satisfactory product supplies and by benefiting from expected returns to offices. We will do even more to deploy structural reforms and recovery measures.

# Forecasts for Fiscal 2021 (Key Indicators)

Retaining initial forecasts

	FY2021 Forecast	YoY Change
Sales	<b>1,910.0</b>	+13.6%
Gross profit	661.4	+15.6%
Selling, general and administrative expenses	611.4	-1.0%
Operating profit	<b>50.0</b>	—
Profit attributable to owners of the parent	35.4	—
EPS (Yen)	<b>52.52</b>	
ROE	<b>More than 4%</b>	—
ROIC	<b>More than 3%</b>	
Average exchange rates	Yen/US\$ 105.00 Yen/euro 125.00	-1.05 +1.30
R&D expenditures	<b>90.0</b>	-0.3
Capital expenditures	<b>43.0</b>	+0.8
Depreciation	<b>44.0</b>	-1.3

## Operating Profit Comparisons (Billions of yen)

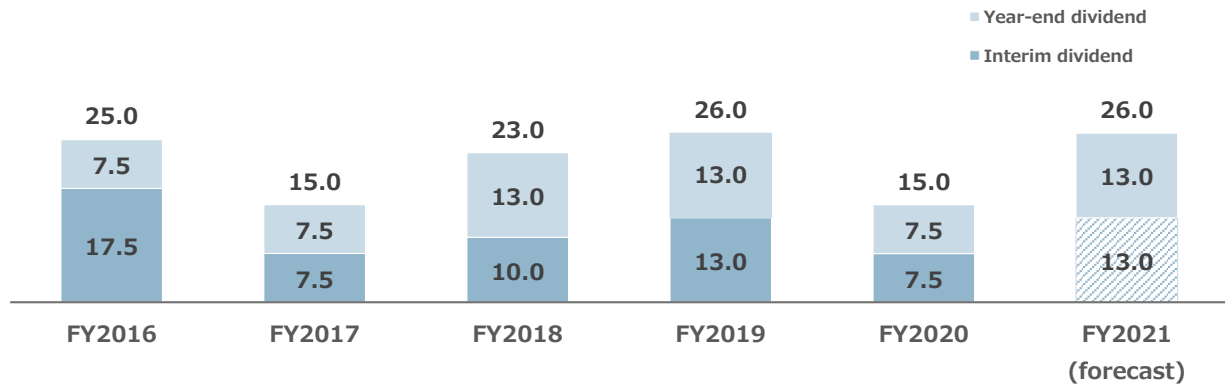


## Capital Policies: Shareholder Returns

Retaining initial forecasts

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- Offering interim and year-end dividends of ¥13 per share each (¥26 annually), for total payout ratio of 49.5%
- Completed ¥100 billion share repurchase program on December 8
- Retiring treasury shares on February 28, ahead of April 30 plan
- Steadily and consistently lift dividends in keeping with cash flow generation and investment and working capital circumstances



\* Excluding 80<sup>th</sup> anniversary commemorative dividend

Feb 4, 2022

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- Finally, I would like to mention our shareholder returns approach.
- We aim to pay dividends of 26 yen per share annually, as planned. It is worth noting that we completed our 100 billion yen share repurchase program on December 8, 2021 and will retire treasury shares at the end of February, ahead of schedule, fulfilling our pledges to the market.
- Thank you very much for your time and attention.

## Appendix

# Fiscal 2021 Forecasts by Segment

*(billions of yen)*

		FY2020 result	FY2021 forecast	FY2020 9M result	FY2021 9M result
<b>Digital Services</b>	Sales	1,376.6	1,542.0	970.7	1,037.0
	Operating Profit	-2.6	34.0	-1.4	8.7
<b>Digital Products</b>	Sales	357.1	378.0	255.3	273.0
	Operating Profit	16.4	42.0	7.4	33.0
<b>Graphic Communications</b>	Sales	159.9	196.0	115.1	135.5
	Operating Profit	-47.4	-3.5	-27.8	1.8
<b>Industrial Solutions</b>	Sales	115.2	147.0	82.0	83.4
	Operating Profit	-1.6	6.5	-2.3	-1.0
<b>Other</b>	Sales	40.0	19.0	30.5	24.9
	Operating Profit	-13.8	-17.0	-9.4	-11.1
<b>Eliminations and Corporate</b>	Sales	-366.9	-372.0	-260.7	-277.8
	Operating Profit	3.7	-12.0	3.8	-5.8
<b>Total</b>	<b>Sales</b>	<b>1,682.0</b>	<b>1,910.0</b>	<b>1,193.0</b>	<b>1,276.1</b>
	<b>Operating Profit</b>	<b>-45.4</b>	<b>50.0</b>	<b>-29.7</b>	<b>25.7</b>

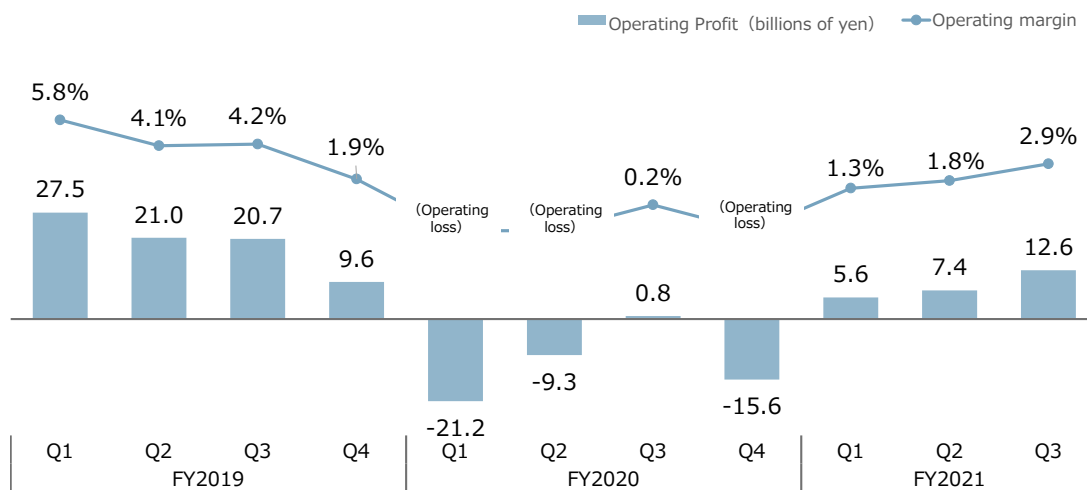
# Key Performance Indicators for Major Measures

Progress in Office Printing and Office Services sluggish in Q3 owing to hardware shortages

		KPI	FY2020 results	FY2021 forecast	Q1 result	Q2 result	Q3 result	Q3 result
Office Printing	Hardware: Percentage of FY2019 sales (after excluding pandemic impact)	Sales	Q4: 82%	FY2021: 89% (Risk -5%)	○ 85%	△ 73%	△ 72%	△ 77%
	Non-hardware: Percentage of FY2019 sales (after excluding pandemic impact)	Sales	Q4: 81%	FY2021: 85% (Risk -5%)	△ 79%	△ 78%	△ 82%	△ 80%
Commercial Printing	Enterprise printing—Non-hardware: Percentage of FY2019 sales (after excluding pandemic impact)	Sales	75%	FY2021: 85%	○ 80%	○ 84%	○ 91%	○ 86%
	Production printing—Non-hardware: Percentage of FY2019 sales (after excluding pandemic impact)	Sales	73%	FY2021: 95%	○ 90%	○ 94%	○ 100%	○ 96%
Office Services	Scrum package (Japan)	Customer penetration rate	10%	15%	○ 11%	○ 11%	△ 12%	same as left
		Unit sales	68,000	100,000	○ 18,641	○ 19,465	△ 17,555	△ 55,661
	Sales of acquired companies in Europe	Sales growth rate		25% (vs FY2020)	⊖ 36% (vs FY2020)	⊖ 32% (vs FY2020)	△ 87%	△ 110%
Commercial Printing	Enterprise printing—Acquisitions of major dealers in United States and Europe	Number of dealers	36社	46	○ 44	○ 51	○ 54	
	Production printing—Major commercial printing customers secured in Europe and United States	Number of customers	81社	105	—*	—*	—*	
Office Printing	Cut costs on current models through parts sharing Automate production to cut direct labor costs Reduce new model costs with suppliers	Direct costs		2% reduction for current models	△*	△*	△*	
Office Printing	Streamline development efficiency by digitizing design work	Development labor hours per model		-14% (vs FY2020)	○*	○*	○*	
	Reduce indirect personnel by improving digital manufacturing processes and managing production remotely	Indirect workforce	-11%	-16%				
	Consolidate and reorganize production sites in line with product characteristics	Sites	18	15	16	16	16	
Office Printing	Lift maintenance efficiency through MIF penetration that cuts service work-hours Cultivate multiskilled customer engineers	Percentage of models Customer engineer reductions	38%	49%	○ 41%	○ 43%	○ 44%	○ -10% (vs FY2020)
				-9% (vs FY2020)	○ -5% (vs FY2020)	○ -8% (vs FY2020)		

Legend ○: Much higher than projected ○: As projected △: Slightly lower than projected \*Actual figures disclosed by fiscal year 29  
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# Quarterly Operating Profit



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