

**Progress Update  
on Medium-to-  
Long-Term  
Outlook and the  
20<sup>th</sup> Mid-Term  
Management Plan**

**RICOH**  
imagine. change.

**March 3, 2022**

**Jake Yamashita**

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

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*Presenter: Jake Yamashita, President and CEO*

- Thank you for sparing time to be part of today's session.
- On March 3 last year, we announced our 20th Mid-Term Management Plan and presented our roadmap for fiscal 2025.
- One year has passed, and today I will outline how we have progressed with that initiative. The relevant business unit heads will take you through how our businesses have performed.



## This year reassured us heading in the right direction of mid-term management plan

Year to date	Ricoh endeavors
<ul style="list-style-type: none"><li>■ <b>Returning to normal</b><ol style="list-style-type: none"><li>1. Accelerating digitalization in various fields</li><li>2. Embracing new work practices</li></ol></li><li>■ <b>Five pain points</b><ol style="list-style-type: none"><li>1. Selling activities impeded</li><li>2. Non-hardware (annuity) downturn</li><li>3. Production delays and stoppages</li><li>4. Opportunity losses and higher costs from parts shortages</li><li>5. Surging logistics costs</li></ol></li></ul>	<p><b>Realizing our 2036 vision of Fulfillment through Work by endeavoring to become a digital services company that supports creativity of workers and connects their workplaces</b></p> <ul style="list-style-type: none"><li>✓ Adopted business unit structure</li><li>✓ Initiated Ricoh-style business portfolio management</li><li>✓ Expanded digital services for offices and initiated structural reforms</li><li>✓ Digitalized frontlines</li><li>✓ Strengthened business foundation (transformed human capital and reformed infrastructure)</li><li>✓ Implemented capital policy</li><li>✓ Led industry in sustainability management</li></ul>

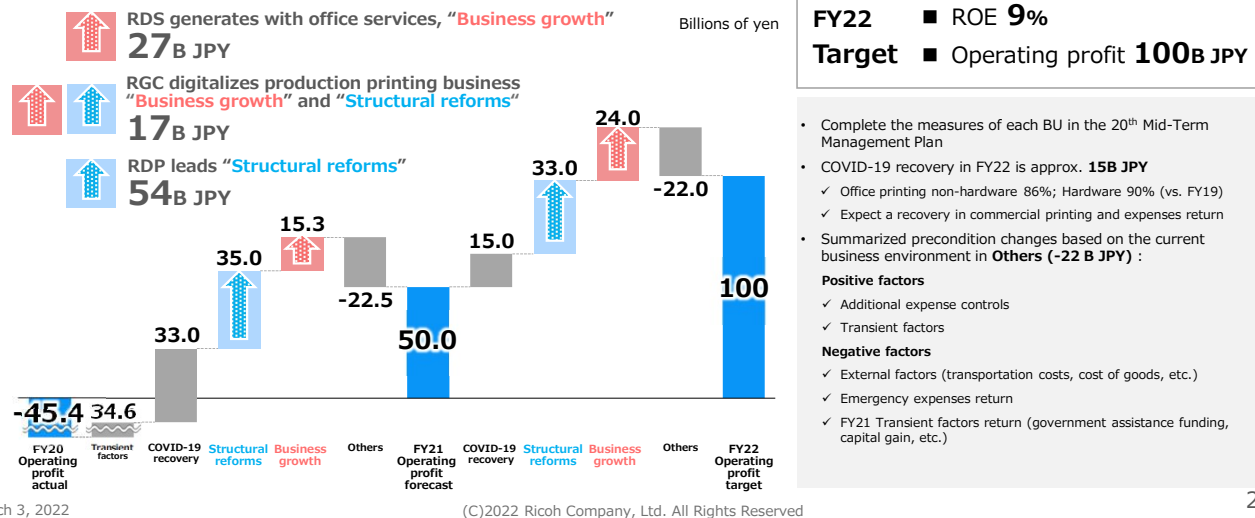
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- I will first recap the year to date.
- While much has happened, I am convinced that we are heading in the right direction.
- The impact of the COVID-19 pandemic has lasted longer than expected, and we are tackling numerous challenges.
- As the five pain points in the chart on the left of the slide illustrate, we have suffered from production delays and stoppages owing to a semiconductor crunch, opportunity losses and higher costs from parts shortages, and surging logistics costs.
- We can pinpoint best steps because we have categorized these pain points and determined their impacts.
- As noted here, living with the pandemic is becoming the norm, and we are accelerating digitalization in various fields and embracing new work practices.
- So, as we show on the right of the slide, we have rapidly deployed important measures and changes.
- We will go through each of these items today.

## Looking to reach 20<sup>th</sup> Mid-Term Management Plan goals by steadily transforming into digital services company



- Under our mid-term management plan, we target a return on equity of 9% and an operating profit of 100 billion yen. We are striving despite the significant impacts of external factors to reach these goals.
- We will take you through detailed progress reports from the presidents of the RICOH Digital Services, RICOH Digital Products, and RICOH Graphic Communications business units. RICOH Digital Services targets 27 billion yen in earnings growth RICOH Graphic Communications seeks 17 billion yen in earnings expansion by digitalizing print sites and structural reforms. RICOH Digital Products looks to lead the way through 54 billion yen in structural reforms.
- The red arrow box in the upper left of the slide show growth, while blue boxes refer to structural reforms. The 50 billion yen in the center of the chart below is the forecast we presented when announcing our third-quarter results.
- The projected step from 50 billion yen in operating profit this fiscal year to 100 billion yen reflected an anticipated 15 billion yen gain associated with a recovery from the pandemic. As explained later, we set our fiscal 2022 figure at 15 billion yen to reflect delays in a recovery from the pandemic in fiscal 2021.
- We look for structural reforms to add 33 billion yen and business growth to deliver 24 billion yen. Although the structural reform contribution is up slightly from the 32 billion yen stated in the mid-term management plan, the figures are basically the same figures as in the previous fiscal year, when we formulated that plan.
- The negative 22 billion yen for Other represents major changes in assumptions between when we formulated the plan and now. See the positive and negative factors in the lower right corner of the chart.



**We are beginning to see the effects of our goal of BU\* autonomy and will continue implementing the PDCA cycle.**

\*BU: Business Unit

**Benefits:** Business units tackled five pain points stemming from pandemic, and are overcoming the crisis  
**Challenges:** Reinforcing integrated structures within business units and overhauled headquarters functions through ongoing drive to resolve challenges through PDCA activities

Billions of yen		Sales FY21 forecasts	Operating profit FY21 forecasts	Key achievements during year to date
<b>RDS</b>	RICOH Digital Services	1,542 (+165.4)	34.0 (+36.6)	<ul style="list-style-type: none"> <li>Expanded <b>Scrum Asset sales</b> in Japan and bolstered capabilities through acquisitions and personnel shifts in Europe</li> <li><b>Enhanced global software portfolio and increased sales expansion</b></li> </ul>
<b>RDP</b>	RICOH Digital Products	378 (+20.9)	42.0 (+25.6)	<ul style="list-style-type: none"> <li>Cultivated operational excellence amid five key challenges, such as by reinforcing manufacturing structure and cutting costs</li> <li><b>Pursued collaboration within industry, such as by jointly developing modules and parts</b></li> </ul>
<b>RGC</b>	RICOH Graphic Communications	196 (+36.1)	-3.5 (+43.9)	<ul style="list-style-type: none"> <li><b>Brought forward structural reforms, particularly</b> in Commercial Printing</li> <li><b>Capitalized on print demand recovery</b></li> </ul>
<b>RIS</b>	RICOH Industrial Solutions	147 (+31.8)	6.5 (+8.1)	<ul style="list-style-type: none"> <li>Evaluated digital services for Thermal business</li> <li>Accelerated <b>business selection and concentration</b></li> </ul>
<b>RFS</b>	RICOH Futures	-353	-29	<ul style="list-style-type: none"> <li>Expanded social infrastructure business by <b>beginning to collaborate with local governments</b></li> <li>Improved prospects for commercializing PLAiR biodegradable plastic</li> </ul>
<b>Group headquarters</b>	Others + Eliminations and Corporate			<ul style="list-style-type: none"> <li>Began business portfolio management</li> <li>Transformed human capital to become job- and digitally-based, switched to cloud computing for IT infrastructure, and overhauled R&amp;D</li> </ul>
<b>Total</b>		1,910 (+228)	50.0 (+95.4)	

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- There has been little opportunity to speak much about the benefits and challenges of our transition to a business unit structure, I will briefly recap on this.
- The key benefit of adopting a business unit structure has been that we have delegated authority to these units. They have each been able to tackle their difficulties and overcome crises.
- That said, some issues are emerging, and we are identifying them for frontlines and business units. We will continue undertaking PDCA activities to resolve these issues. In my view, progress with structures and frameworks starts with changes, and we will keep trying until we reach our goals.
- I will spare you details here, as business unit heads will explain them later, and will limit myself to covering the key points that we implemented over the past year.
- RICOH Digital Services found it tougher than expected to expand Scrum package sales in the Japanese market. A key feature of Ricoh's office services is solutions packages that cleverly combine hardware and software. When semiconductor shortages made it hard to secure PCs and network equipment, Scrum package revenues naturally suffered.
- At the same time, we enjoyed considerable growth with Scrum assets, which are tailored solutions for medium-sized enterprises, as we can combine them flexibly with available hardware.
- In Europe, the talent we secured through acquisitions has helped us transition customer engineers into systems engineers and make them multi-skilled. We look forward to a solid future as we become able to present proposals to customers.
- RICOH Digital Products has partly overcome the impact of rising costs on its savings measures by reinforcing its manufacturing and services structures. It has additionally generated synergies by pursuing collaboration within its industry.
- Group headquarters determined a new business portfolio management framework, making solid progress in that respect. Business units will reinforce integrated structures, with headquarters overhauling its functions.



Objectively evaluate each business in terms of **digital services** compatibility, profitability, and marketability

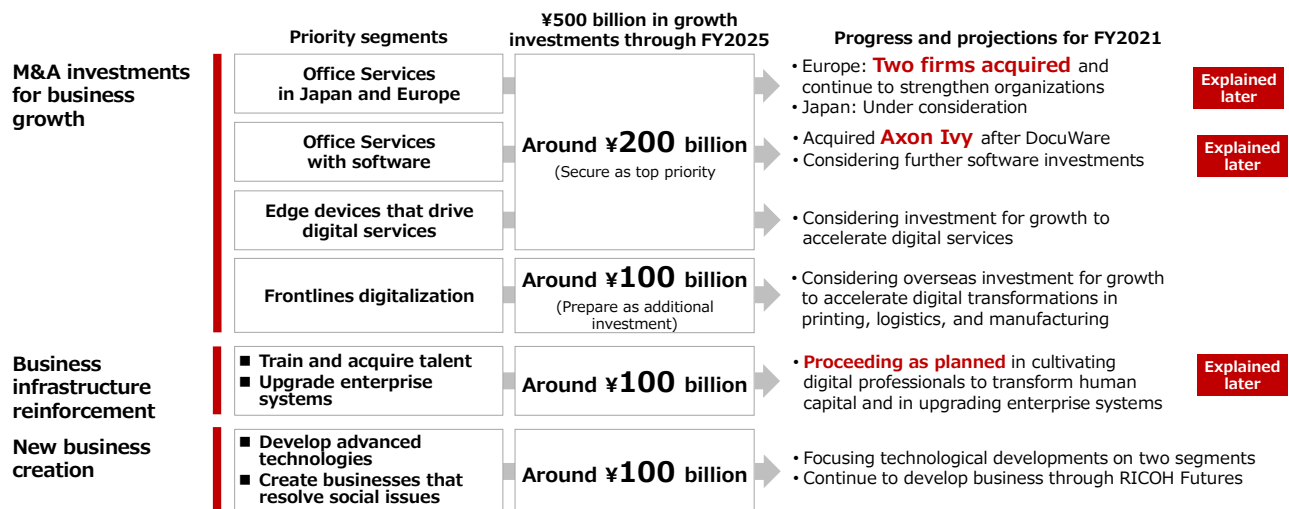
Four business labels (roles and direction) and key relevant businesses and business units		Profitability (ROIC and earnings)	Marketability (Success scenario and market growth)	Digital services compatibility (Compatibility and contributions)
<b>Growth acceleration</b> Drive Ricoh's growth	Office Services (RDS) Commercial Printing (RGC)	OK	Succeeding Growth	High
<b>Profit maximization</b> Stably generate cash as fund source	Office Printing (RDP and RDS)	OK	Succeeding Low growth	Low
<b>Strategic transformation</b> Maximize value through this shift	Thermal Media (RIS) and Enterprise Printing (RGC)	OK	Succeeding <small>Regardless of growth potential</small>	Low
		OK	Unlikely Low growth	High
<b>Business revitalization</b> Explore ways to contribute to value	Industrial Products (RIS) and Cameras (Group headquarters)	OK	Unlikely	Low
		Low	Unlikely	Low

※New business will be nurtured, selected and focused separately at RFS.

- This section overviews our business portfolio management.
- In previously explaining our mid-term management plan, we presented a four-quadrant business portfolio. We now classify operations in terms of growth acceleration, profit maximization, strategic transformation, and business revitalization. We have augmented the portfolio elements of profitability and marketability with digital services compatibility.
- We position Office Services and Commercial Printing as growth accelerators. These businesses are very profitable, are in growth markets, have high digital services compatibility, and will strive to drive overall growth in coming years.
- We have positioned Office Printing as a profit maximizer. We will endeavor to maintain that position and generate stable cash flows through it.
- The strategic transformation label applies to Thermal Media and Enterprise Printing. Each of these areas is different. Businesses with limited market expansion prospects and digital services compatibility will endeavor to maximize value through strategic transformations.
- Finally, the business revitalization label applies to Industrial Products and Cameras. I will explain them later.



## No changes in policy of aggressive investment for growth in line with business portfolio management



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- I will now touch on how we will invest in growth.
- When we announced the 20<sup>th</sup> Mid-Term Management Plan last year, we said that we would make 500 billion yen in growth investments through fiscal 2025. We are progressing steadily with that policy, which remains in place. We broadly have three investment categories. They are M&A investments for business growth, business structure reinforcement, and new business creation.
- Our M&A investments focus on four areas. We recently disclosed our acquisition of Swiss-based Axon Ivy.
- In frontlines digitalization, we are exploring acquisitions to accelerate digital transformations in printing, logistics, and manufacturing. We are considering a total of 300 billion yen in investments in Office Services and frontlines digitalization.
- On the business infrastructure reinforcement front, we plan to invest 100 billion yen to train and acquire digital professionals and upgrade enterprise systems. I will go through these efforts later. Finally, we are allocating 100 billion yen to develop advanced technologies and create businesses that resolve social issues.



## Consider the possibility of further selection and concentration for businesses labeled for business revitalization

### Reassessing consumer segments

#### Relaunching camera business

Become valuable brand by connecting directly with customers through digital communications and workshop approach to production



#### Ending Vecnos business

Stopped selling IQUI 360° camera



### Accelerating efforts to pare down business segments

#### Industrial Products area selection and concentration

##### Optical and electrical technologies cultivated through MFPs

###### Projector optical units



Projector optical units

###### Onboard stereo cameras



Compact stereo cameras

###### PCs with embedded CPU boards



CPU boards

##### Precision watch machining technology



Precision machined parts for internal combustion engines

##### Factory management and process automation technologies

###### Process monitoring software



Unmanned vehicles



Automated guide vehicles

###### Automation systems



Integration



Visual inspection systems



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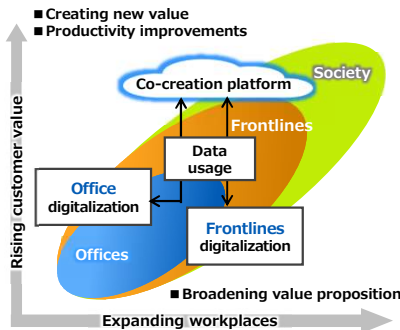
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- While we are accelerating our investment in growth, it is also worth mentioning areas labeled for business revitalizations.
- Our progress speed reviews encompass reevaluating consumer segments.
- As we recently announced, we made a fresh start for our camera business by consolidating it within Ricoh Imaging. We will make the brand more valuable by using digital communications to connect directly with customers and by taking a workshop approach to production.
- The Vecnos business suffered from the COVID-19 pandemic, which caused travel opportunities to plummet. This situation forced a major review of that business, resulting in a decision to shut it down.
- The Industrial Products business has numerous technologies and components. We are undertaking selection and concentration while tracking trends and exploring our strengths.

Each BU tackles the growth of digital services that support our customers' "work" based on digital technology and devices

**EMPOWERING DIGITAL WORKPLACES**

Leverage the power of people and digital technology to transform work for customers by connecting workers and workplaces



**Businesses contributing to digital services**

<b>RDS</b>	<b>RICOH Digital Services</b>	Resolve issues of workers and deliver <b>digital services</b> to connect office and frontline people	<b>Office Services</b>
<b>RDP</b>	<b>RICOH Digital Products</b>	Manufacture products supporting <b>digital services</b>	<b>Office Printing*<sup>1</sup> Edge devices</b>
<b>RGC</b>	<b>RICOH Graphic Communications</b>	Deliver <b>digital</b> solutions for frontline workers on printing sites	<b>Commercial Printing Industrial Printing</b>
<b>RIS</b>	<b>RICOH Industrial Solutions</b>	Provide <b>digital</b> solutions to challenges of frontline workers on logistics, manufacturing and industrial sites	<b>Thermal Products*<sup>2</sup></b>
<b>RFS</b>	<b>RICOH Futures</b>	Create new businesses to resolve social issues through <b>digital</b> solutions	<b>Smart Vision Social Infrastructure</b>
	<b>Group headquarters</b>	Strengthen business foundation to support <b>digital services</b>	

\*1 RICOH Smart Integration encompasses digital services  
\*2 Shifting to digital services

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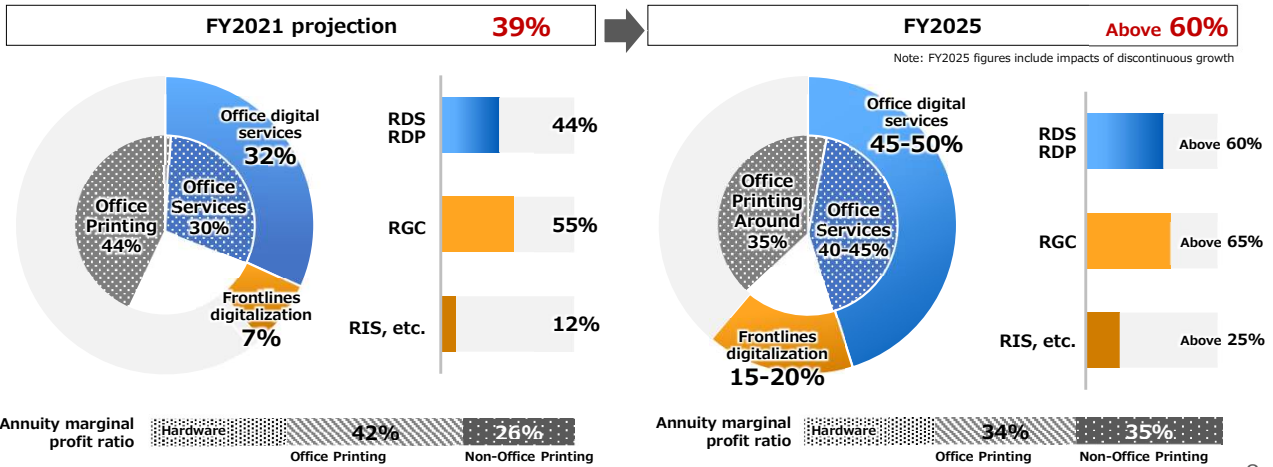
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- People have asked me frequently over the past year about key performance indicators for the digital services we seek to provide.
- The conceptual diagram on the left shows the expansion of value from Ricoh, as presented in the Integrated Report that we issued in September last year.
- The vertical axis shows rising customer value. The horizontal axis presents workplace expansion. The diagram depicts how Ricoh will provide digital services to resolve worker issues in offices, on frontlines, and in society.
- We intend to help our customers improve the value of their data while advancing the digitization of their workplaces.
- The table on the right lists our five business units and Group headquarters. We color-classified each business unit according to contributions to workplace digitalization. The far right names the areas contributing to digital services within each business unit. RICOH Digital Services handles Office Services. Office Printing positions MFPs that are edge devices for the RICOH Smart Integration, or RSI, platform as digital services. Commercial printing is part of digital services when for print sites, with enterprise printing excluded.
- Based on these classifications, the next slide shows our overall digital services sales ratio.



## Targeting digital services sales ratio of over 60% by FY2025

End-FY2021 projection	<b>39%</b>
End-FY2025 target	<b>Above 60%</b>



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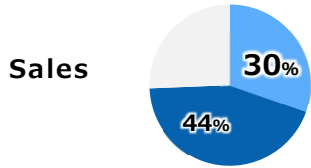
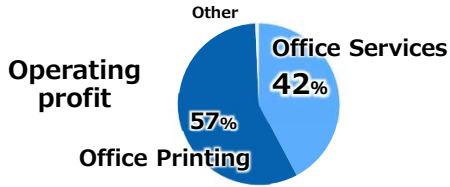
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- These are our current projections.
- For fiscal 2021, digital services should account for around 39% of sales. We look to lift that level to more than 60% by fiscal 2025.
- For fiscal 2021, office digital services, primarily from RICOH Digital Services and RICOH Digital Products, should constitute 32% of sales. Frontlines digitalization, mainly through RICOH Graphic Communications and RICOH Industrial Solutions, should represent 7% of sales. By fiscal 2025, office digital services should account for 45% to 50% of sales, with the frontlines digitalization contribution doubling to between 15% and 20% of sales.
- The bottom of the slide shows our annuity marginal profit ratio. We have said for some time that we aim to stabilize earnings by constraining that ratio.
- We look to increase the non-Office Printing ratio like our subscription model for Office Services.
- The forecast for the ratio for fiscal 2021 is 26%. The target for fiscal 2025 is around 35%.



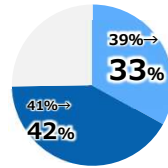
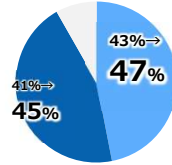
## No change in office services forecasts

### FY21 forecasts

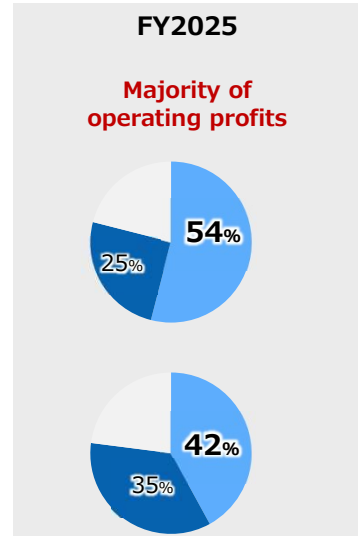


### FY2022 forecasts Initial → Latest forecasts

#### Profits overtakes



FY2023  
Sales overtakes



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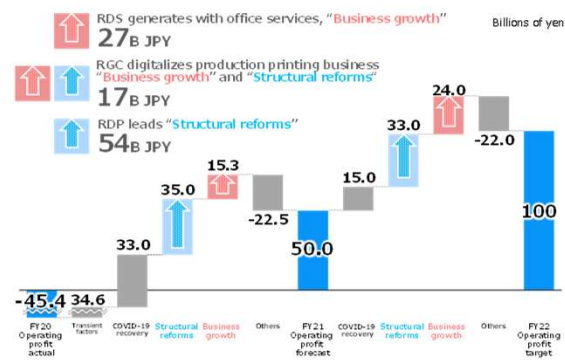
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Note: All figures before corporate and eliminations 9

- This reference slide shows Office Services business targets presented when we announced the 20<sup>th</sup> Mid-Term Management Plan.



**In addition to initial business growth and structural reforms, implement additional measures based on the business environment in FY2022**



**RDS's business growth in office segment**

**Adding ¥27 billion over two years**

1. Invest extensively in Japanese and European markets and develop services business for customer base
2. Reinforce shared global infrastructure

Additional measure: Capitalize on post-pandemic MFP demand recovery and proper price reflections

**RDP-led structural reforms**

**Adding ¥54 billion over two years**

1. Keep reducing costs in adverse operating climate
2. Steadily reinforce of manufacturing structure
3. Overhaul services

Additional measure: Build optimal value chain for entire industry beyond corporate framework

**RGC accelerates digitalization in printing sites**

**Adding ¥17 billion over two years**

1. Expand and strengthen commercial printing business
2. Accelerate digital services at printing sites

Additional measure: Solution development in cooperation with printing partners

- The heads of our three business units will now take you through progress with measures under the 20th Mid-Term Management Plan. Here, I am again showing a chart from the beginning of this presentation.
- Although each business has experienced initially unexpected external factors, we will reach our goals by deploying additional measures through our business unit heads. I will particularly mention three additional measures that I have asked these executives to implement.
- RICOH Digital Services demand has backed up over the past two years, when customers have delayed product purchases. We are working on a setup to deliver all products after securing the right manufacturing volumes.
- Also, we look to carefully explain and pass on higher procurement and logistics costs to customers and set prices that match the value that we deliver.
- We have instructed RICOH Digital Products to lead the way in building an optimal value chain for the entire industry.
- As we announced recently, we will further accelerate our endeavors, such as through module development collaboration with Oki Electric Industry.
- We consider it important for RICOH Graphic Communications to develop new applications and solutions in concert with printers for customers placing print orders.
- We have also instructed our designers and engineers, most of whom are in Japan, to communicate more with customers and printers.
- Akira Oyama will now take you through initiatives at RICOH Digital Services.



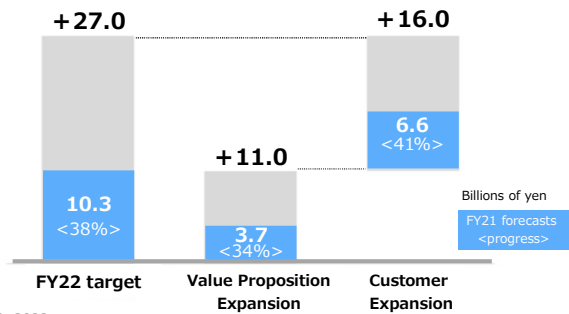
Profitability is steadily improving, although delayed, due to the semiconductor shortage. Aiming to achieve the initial FY2022 target

End-FY2021 forecasts Note: from FY20	<b>+¥10.3 billion</b>
End-FY2022 target Note: From FY20	<b>+¥27.0 billion</b>

**Growth in office segment committed during the 20<sup>th</sup> Mid-term Management Plan**

- Expand services business and value proposition
- Drive growth through investment (Japan, Europe) and Office Services business penetration
- Reinforce globally common business foundation

Operating Income from Office Services Business (vs FY20)



Operating Income from Office Services Business (vs FY20)

	FY22 target	FY21 forecasts	progress	FY22 revised target
Japan	+14.0	±0	-	+10.0
Europe	+6.0	+7.0	117%	+10.0
others	+7.0	+3.3	47%	No change
<b>total</b>	<b>+27.0</b>	<b>+10.3</b>	<b>38%</b>	<b>No change</b>
Office Services Operating Income Ratio	8.0%	7.7% +1.0point	96%	8.5%

Billions of yen

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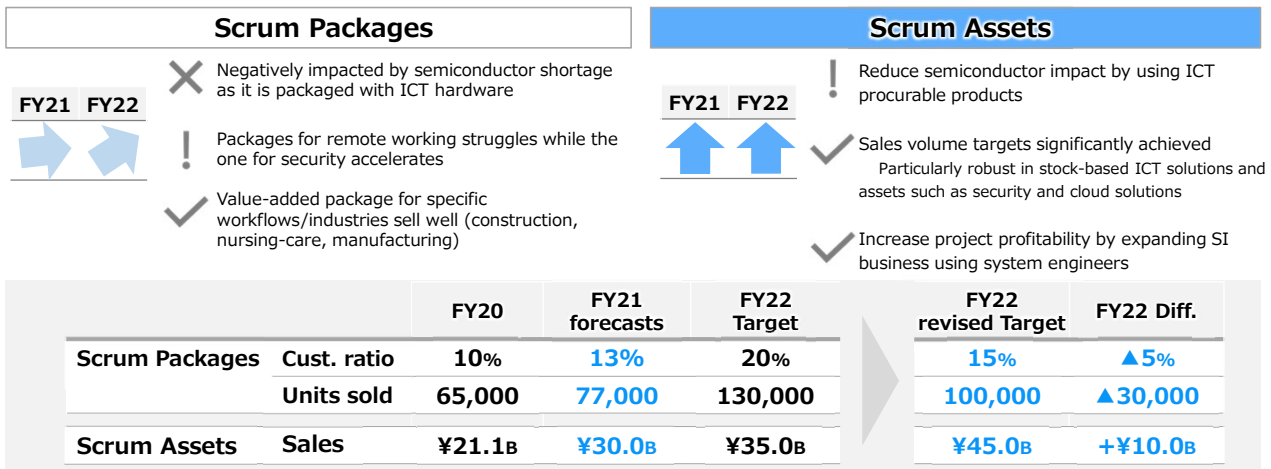
Presenter: Akira Oyama, President of RICOH Digital Services Business Unit

- Today, I will go through our progress in the Office Services business.
- Under the Mid-Term Management Plan, we aim to lift operating profit by 27 billion yen in fiscal 2022 from the fiscal 2020 level. The forecast gain for fiscal 2021 is 10.3 billion yen. Value proposition expansion in fiscal 2021 for services to customers should be worth 3.7 billion yen, the progress rate for which is 34%.
- Customer expansion from business growth should be worth 6.6 billion yen, or 41% of the targeted amount. A lack of information and communications technology, or ICT, hardware is slightly impeding progress.
- We expect the operating margin to improve 1 percentage point from last year, exceeding our target.
- Changes from our previous forecast reflect revised fiscal 2022 operating profit targets for Japan and Europe. I will provide more details later on the situations in those markets. I will say here that for Japan, which suffered more than envisaged from ICT hardware product shortages, we have revised our operating profit target down from 14 billion yen, to 10 billion yen.
- In Europe, however, where business expansion is exceeding expectations on steady acquisitions strategy implementations, we lifted our operating profit target from 6 billion yen initially, to 10 billion yen.
- Although there are some composition inconsistencies, we are maintaining our 27 billion yen operating profit target for the office services business overall, as stated in our 20th Mid-Term Business Plan. We will step up efforts to reach our goal.
- I will explain our progress in the Japanese and European markets in the following pages. I will also touch on ongoing profitability gains with Group software and deployment of the RSI platform.



Profit amount kept as previous year while sales declined.  
Scrum Assets sales for mid to large account expands and will be accelerated.

End-FY2021 forecasts Note: from FY20	<b>±¥0 billion</b>
End-FY2022 target Note: From FY20	+¥14.0 billion → <b>+¥10.0 billion</b>



- I will now explain our progress in the Japanese market.
- The upper right corner summarizes operating profit forecasts. For fiscal 2021, we expect earnings to remain unchanged from last term. As explained when we announced our third-quarter results, we have found the going tough in the second half because shortages of ICT hardware have hampered our performance more than expected.
- Scrum packages incorporating PCs, servers, and network equipment have suffered significantly from semiconductor shortages. Here, we offer business and industry packages.
- Growth in business packages has declined slightly from last fiscal year because customers' remote work needs have changed, while security demand has remained robust. The industry packages that we are currently prioritizing are also performing well this year.
- ICT hardware shortages will remain to an extent in fiscal 2022, so we have had to lower some mid-term management plan targets. We will endeavor to sell 100,000 Scrum packages, for a customer penetration ratio of 15%.
- Scrum assets are services in which systems engineers build specific setups for medium-sized enterprises. Semiconductor shortages do not affect these services because that can leverage ICT hardware matching customer needs. We have done well with Scrum assets because customer security and cloud computing demand has been robust this fiscal year. Sales and gross profit per project are both far higher than from Scrum packages.
- Next fiscal year, we plan to deploy measures that focus more on mid-tier companies. This is the first time for us to present targets. We seek to generate more growth, and are lifting our Scrum assets revenue target to 45 billion yen.
- Under the 20<sup>th</sup> Mid-Term Management Plan, we targeted a fiscal 2022 domestic operating profit that is 14 billion yen higher than in 2020. We now look for the gain to be 10 billion yen. Still, we plan to cover that shortfall through growth in Europe and other markets.



### Upward adjustment thanks to steady progress on both acquiring ICT companies and implementing office services business in operating companies

End-FY2021 forecasts Note: from FY20	<b>+¥7 billion</b>
End-FY2022 target Note: From FY20	+¥6.0 billion
	<b>→ +¥10.0 billion</b>

#### ■ Acquisitions strategy

Acquire Avantage (NL) and Pamafe (Portugal) in FY21  
Sales from acquired companies\*: **+17%** vs previous year despite semiconductor shortage

※All companies in the right chart except for DocuWare and Axon Ivy

#### ■ "Work Together Anywhere" campaign

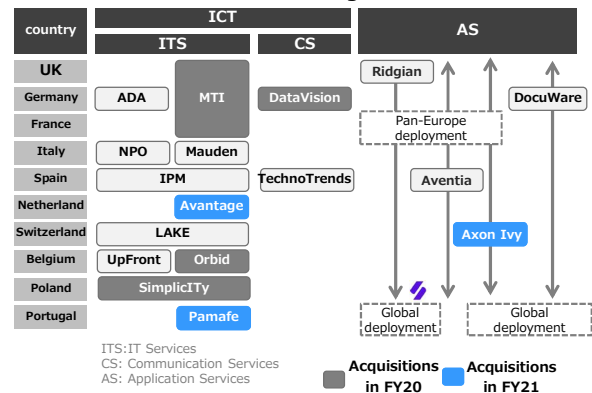
Office services business trending well  
(Order-placed **¥11.1 billion +75%** vs previous year: January year to date)

#### ■ HR shift in office services

Foster system engineers by up-skilling technicians (cumulative target)

FY21	FY22 target
<b>162 engineers</b>	<b>300 engineers</b>

#### Steadily reinforcement through acquisitions and discontinuous growth

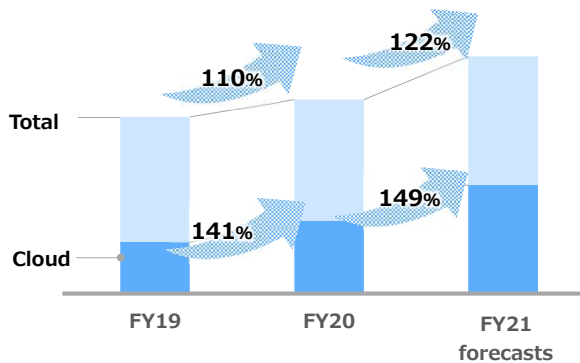


- In Europe, we have progressed well in acquiring ICT delivery capabilities and deploying Office Services at sales companies. We look for growth to continue in the year ahead.
- As we have announced on previous IR Days, we have built an ICT presence in Europe for some time in keeping with our acquisitions strategy. In fiscal 2021, we acquired Avantage in the Netherlands and Pamafe in Portugal.
- While semiconductor shortages have affected previous acquisitions somewhat, sales have expanded 17% year-on-year.
- Through our Work Together, Anywhere campaign, which we have presented several times before, we are progressing well in developing our Office Services package business at European sales companies. As of the end of January this year, orders for the term totaled 11.1 billion yen, up 75% from a year earlier.
- We are also progressing in shifting personnel and training away from Office Printing to Office Services. We accordingly look to add 7 billion yen to operating profit in Europe by the end of fiscal 2021.
- That figure would exceed our initial target of an additional 6 billion yen for fiscal 2022. For Europe, we are lifting our targeted operating profit gain for the end of fiscal 2022 to 10.0 billion yen on the strength of accelerating synergies from acquisitions and robust earnings growth.
- So, while the operating profit compositions in Japan and Europe are changing, we are maintaining our overall goal of an additional 20 billion yen in operating profit.

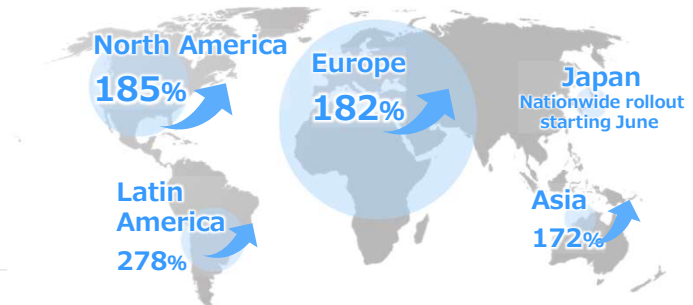


DocuWare has established sales and support systems at 46 operating companies and is performing well

**DocuWare Sales Trend**



**New Orders YoY**  
(January year to date)



Japan: Prospects expanding rapidly due to the need to comply with the **Electronic Bookkeeping Law**.

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- I mentioned our software at the start, and will go through some of our progress there.
- We are experiencing excellent growth from DocuWare, which we acquired in 2019. We look for sales growth in fiscal 2021 to exceed that of last year. Cloud offerings are particularly popular, with sales this fiscal year expected to soar 49% from last year.
- Our sales companies are also doing well. We began preparing and launching Japanese versions after other regions. Prospects in Japan are fast improving in view of the need to comply with the nation's electronic bookkeeping law.
- We aim to strengthen integration between DocuWare and the RICOH Smart Integration platform to contribute more to customers' business process reforms.

**Evolve RICOH Smart Integration as platform for workflow innovation and accelerate business**

**Ex. Roll out steps in Japan market**

**Step1.** Install Scrum series applications to existing customers' MFPs

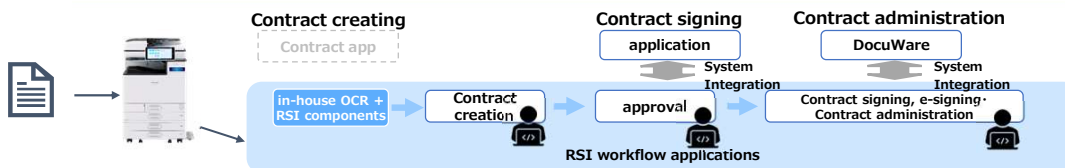
**Step2.** Automate before/after workflows for Scrum series applications (Reduce paper-based data entry labor.)



**Step3.** Connect application and automate processes



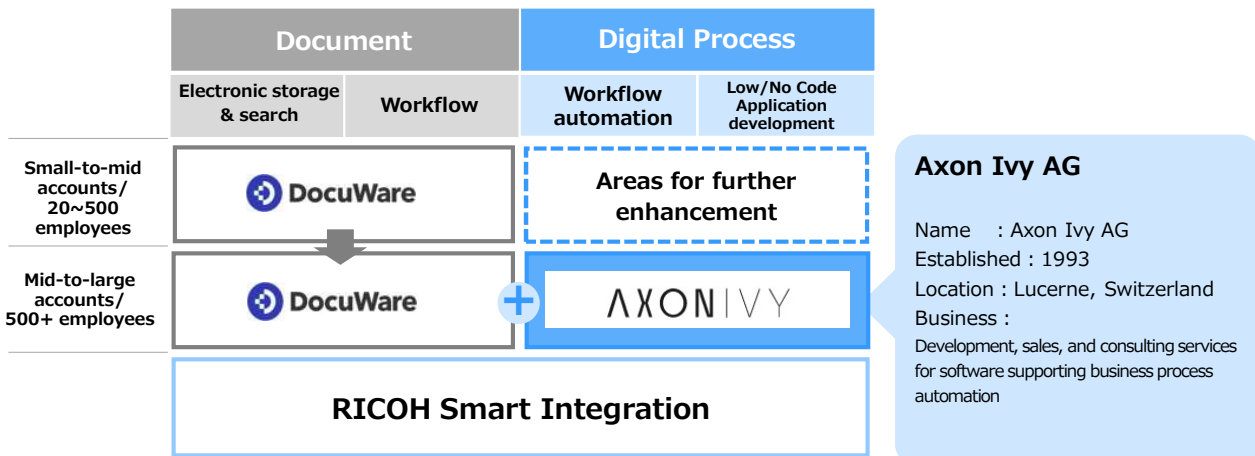
**Step4. Enable end-to-end workflow in RSI platform (evolved as workflow innovation platform)**



- We are deploying RSI as a medium-term tool.
- RSI is a business infrastructure platform that integrates edge devices and cloud applications.
- The graphic in this slide is an example from Japan. To date, this platform has connected MFPs and applications and digitized paper, as seen in Step 1 and Step 2. Under Step 3, RSI is connecting applications and automating processes.
- Under Step 4, RSI will evolve into a business innovation platform to enable end-to-end workflows on it.
- The user interface will be RSI. Customers will be able to perform end-to-end workflows on it. Our setup aims to be more convenient and useful to customers.



**Acquisition of Axon Ivy AG to expand into digital process area for mid-sized and large accounts**

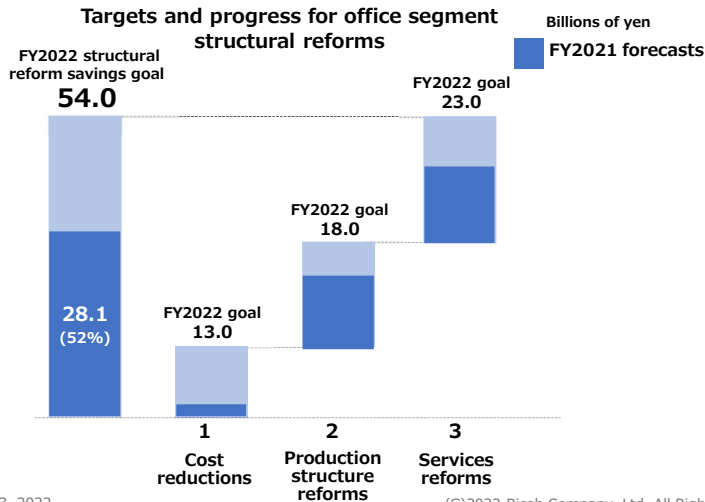


- I would like to touch on Axon Ivy, which we acquired in Europe in January this year, with respect to the efforts to evolve the RSI platform that I have described.
- Axon Ivy offers low-code development applications for digital process automation. This was the missing piece in the puzzle of our drive to attain document-independent workflow reforms on the RSI platform.
- To date, DocuWare has handled such document-related workflow areas as electronic paper storage and retrieval. With Axon Ivy on board, our value proposition reach will extend to business process automation, not just documents.
- That completes my brief report on progress in our Office Services business.
- As Jake Yamashita mentioned earlier, RICOH Digital Services also oversees Office Printing sales. In fiscal 2022, we will strive to reach our 20th Mid-Term Management Plan by capitalizing on a post-pandemic recovery in demand for MFPs and by passing on prices as needed.
- Thank you very much for your time.

**Cost reductions through FY2022: ¥54 billion**

◆ Structural reforms 52% complete with generating ¥28.1 billion, exceeding planned pace

End-FY2021 projection	<b>+¥28.1 billion</b>
End-FY2022 target Note: From FY2020	<b>+¥54 billion</b>



- 1. Variable cost reductions**  
Amount decreased due to soaring material prices  
Steady progress in building low-cost structure
  - 2. Production structural reforms**  
Accelerated activities and progressed better than planned
  - 3. Services reforms**  
Progressed steadily
- +
- Build robust and sustainable production structure**

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*Presenter: Katsunori Nakata, President of Ricoh Digital Products Business Unit*

- Today, I would like to explain progress in pursuing operational excellence in the Office Printing business.
- A year ago, we announced that we aimed to reduce costs by 54 billion yen over two years. The savings in fiscal 2021 alone have totaled 28 billion yen. We have reached 52% of our goal, and have a stronger structure in place than we anticipated.
- The savings have come from variable cost reductions, and production structure reforms, and services reforms.
- I will detail each of these savings in the following slides.

Variable cost reductions through FY2022: ¥13 billion

Reduce variable costs

Strengthen production structure

Reform services

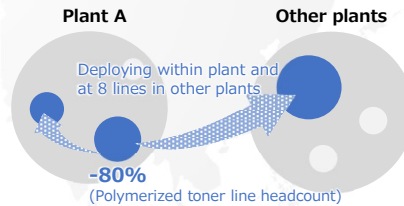
Savings (from FY2020)	Principal initiatives	KPIs
<p><b>¥13.0 billion</b></p> <p>↳ <b>¥1.2 billion</b> Forecasted by end-FY2021</p> <p>Effectively <b>¥5.9 billion</b> after factoring out greater than expected market impact</p>	<ul style="list-style-type: none"> <li>Continue cost reductions of current models by using common parts</li> <li>Direct labor cost reductions through AI-based production automation</li> <li>Significantly reduce expenses for new models by undertaking cost improvements with suppliers</li> </ul>	<p>Current models: <b>-2% or more</b> from FY2020</p> <p>↳ <b>-0.6% annually</b></p> <p>New models: <b>-15%</b> from FY2020</p> <p>↳ <b>Progressing well</b></p>

**Progress to date**

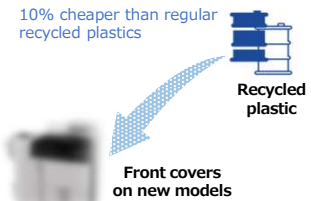
Parts cost reductions in new models applied to existing models



Deploying AI-based quality prediction and control on polymerized toner line reduces worker headcount by 80% (in FY2020) → Will roll out to 8 lines in other plants



Collaborating with materials manufacturers to develop lower-cost recycled plastics



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- I will begin with variable cost reductions.
- Our savings target for fiscal 2022 is 13 billion yen. In view of materials costs this year being higher than expected and the great impact of these hikes, the savings forecast for this year is just 1.2 billion yen. After factoring out those hikes, however, our underlying savings would be 5.9 billion yen.
- I will present some outcomes from our efforts. One is that we have applied parts cost reductions on new models to existing ones.
- We are developing high-performance, low-cost modules and parts for future models based on the concept of retrofitting to current models to reduce their costs.
- A second outcome relates to deploying artificial intelligence-based quality prediction and control on a polymerized toner line, mentioned in last year's briefing, which has cut worker headcount by 80%. We aim to roll that setup out at eight other lines this year, including at a toner control one that we plan to begin running next fiscal year.
- A third outcome relates to plans to slash new resource content in new models. We have taken that approach a step further by collaborating with materials manufacturers to develop lower-cost recycled plastics. We have accordingly lowered recycled plastics costs by more than 10%, and are preparing to initiate mass production next fiscal year.

## Structural reform savings through FY2022: ¥18 billion

Reduce variable costs

Strengthen production structure

Reform services

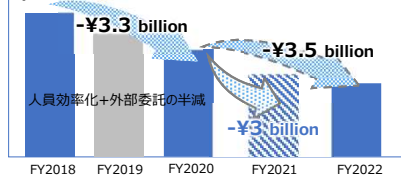
Savings (from FY2020)	Principal initiatives	KPIs
<b>¥18 billion</b> ↳ <b>¥14.9 billion</b> Forecasted by end-FY2021	<b>Development</b> <ul style="list-style-type: none"> <li>Streamline development by adopting digital design processes <b>¥3.5 billion</b></li> <li>Build new development processes by integrating design and production organizations</li> </ul>	Development labor hours per model: <b>-20%</b> from FY2020 ↳ <b>-30%</b>
	<b>Production</b> <ul style="list-style-type: none"> <li>Cut indirect labor headcount by employing digital manufacturing processes and remote production management <b>¥14.5 billion</b></li> <li>Consolidate and reorganize plants according to product characteristics</li> </ul>	Indirect labor headcount reduction: <b>-22%</b> from FY2020 ↳ <b>-20%</b>

**Progress to date**

**Development**

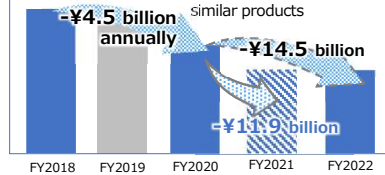
- Reduce development time by 30% by automating controller evaluations
- Halved reworking time by strengthening coordination between design and production units

### Development costs



### Production

### Production costs



- Benefited from Chinese production site consolidations
- Shortened product lead times by 27% and reduced production indirect labor headcount by 40%
- Halved issue assessment times with process image analysis
- Streamlined indirect labor tasks by consolidating manufacture of similar products



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- I will continue explaining progress in strengthening our manufacturing structure.
- By the end of fiscal 2021, we project savings of 14.9 billion yen. That pace is well ahead of our savings target of 18 billion yen over two years through fiscal 2022, reflecting efforts to bring our activities forward.
- On the development front, we have adopted digital design processes. We have automated controller evaluations and other processes, cutting development times by 30%. Also, integrating development and production organizations has enabled us to save 3 billion yen of 3.5 billion yen targeted across two years.
- In production, our two-year savings target is 14.5 billion yen. We expect to reduce costs by 11.9 billion yen in the current fiscal year. Our production efforts have mainly encompassed undertaking digital manufacturing and consolidating and reorganizing plants.
- One of our many digital manufacturing successes has been to halve issue assessment times by adopting digital processes at plants. We have completed plant consolidations and reorganizations in southern China, rolling out advances at other plants. We have reduced the indirect labor headcount from production by 40% by automating quality assurance processes.
- We will continue to consolidate manufacturing for similar products while streamlining indirect operations and overhauling plants.

## Savings through FY2022 service reforms: ¥23 billion

Reduce variable costs

Strengthen production structure

Reform services

Savings (from FY2020)	Principal initiatives	KPIs
<p><b>¥23 billion</b></p> <p>↳ <b>¥12 billion</b></p> <p><small>Projected by end-FY2021</small></p>	<ul style="list-style-type: none"> <li>Enhance maintenance efficiency by lifting MIF penetration for Smart Support-compatible models</li> <li>Train customer engineers to acquire multiple skills</li> </ul>	<p>Smart Support-compatible model penetration above <b>60%</b></p> <p>↳ <b>45%</b></p> <hr/> <p>Specialist customer engineer reductions <b>-15%</b> from FY2020</p> <p>↳ <b>-10%</b></p>

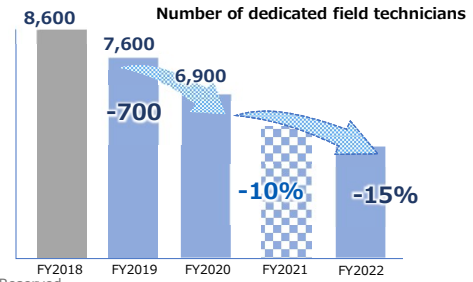
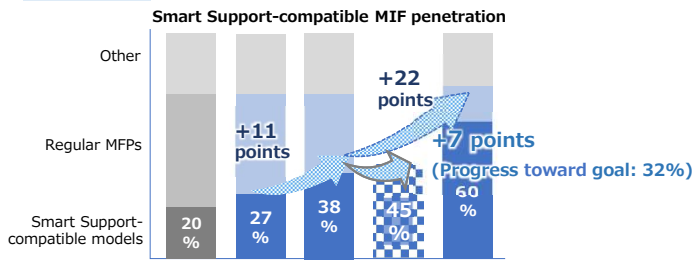
### Progress to date

#### Streamlining maintenance

- Boosted customer engineer maintenance efficiency by 8% by lifting Smart Support-compatible model MIF penetration
- Reduced downtimes by 60% (goal was 50%)

#### Multi-skill training

- Initiated multi-skill training programs for field technicians
- Shifted workforce to digital services maintenance



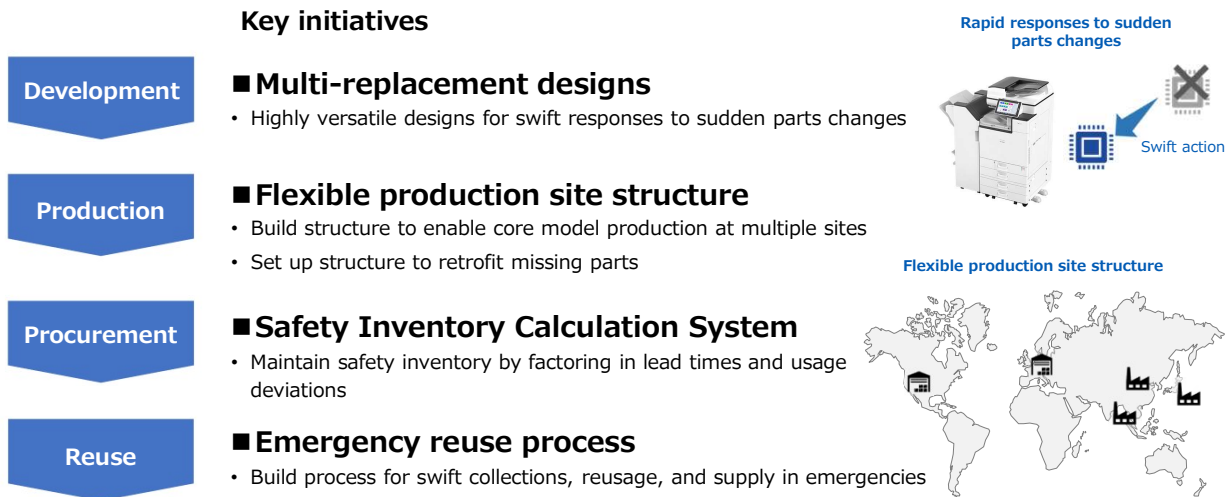
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- I will now cover savings from services reforms. We are progressing well with respect to plans, looking to save 12 billion yen this fiscal year. I will take you through key measures.
- First, I mentioned last year that we would increase the machine-in-field, or MIF, penetration of Smart Support-compatible models. We were unfortunately unable to reach the MIF target because we could not manufacture enough machines for our sales teams.
- But by cleverly leveraging MIF for Smart Support-compatible machines with improved product quality and serviceability, we have improved MIF coverage for field technicians and lifted maintenance efficiency. We have reduced downtimes more than targeted on the strength of product quality improvements.
- Note that we are progressing well in reducing Office Printing maintenance personnel numbers by conducting multi-skill training programs for field technicians contributing to digital services.
- Thus far, we have explained our progress in lowering costs.

## Build robust and sustainable production structure



- I will now present some efforts to build robust and sustainable production structure.
- This fiscal year, we have experienced some product supply shortages from difficulties in procuring parts. We don't think that such an impact will be short-lived. We have accordingly added building a robust manufacturing structure to our business continuity planning program, and are undertaking initiatives encompassing development, production, procurement, and reuse in the value chain.
- In development, many of the parts that were once for specific manufacturers are now compatible with various product designs. Multi-replacement designs enable us to switch to alternative parts in the event of shortages.
- In production, we have reinforced our structure to enable core model production at multiple sites across Asia. We are building a setup that will enable us to also manufacture new models in this way.
- We have set up a structure for retrofitting missing parts in consumption markets so we can continue production if there are shortages of certain parts.
- For procurement, we created a structure to maintain safe inventories of critical parts, factoring in lead times and usage deviations.
- In reuse, we are accelerating our circular economy approach, building a process that can handle contingencies.
- That completes my explanation of internal operational excellence endeavors.

### Accelerate structural reforms by expanding to collaborate with other companies



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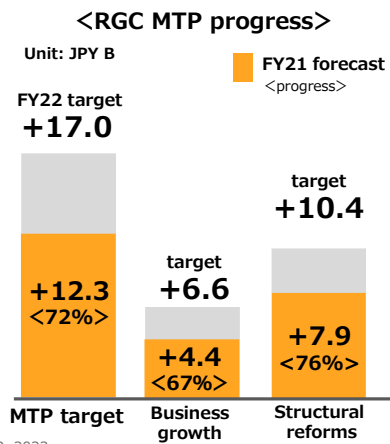
- Finally, I will talk about how we are strengthening our structure by collaborating with other companies.
- Those other entities include not just parts suppliers and other subcontractors but also friendly rivals in our industry.
- Companies will need to do more than pursue in-house efficiency to survive in the years ahead. It will also be necessary to grow with other companies by harnessing their external strengths.
- For example, we will consider offering parts and modules that are not available outside Ricoh and procurement that extends beyond our own key parts.
- We will cultivate alliances with manufacturers in the same industry so that we can mutually augment areas of expertise and cut development costs.
- We will endeavor to lower production costs by exploring plant consolidations with several other manufacturers. For finished products, we will leverage mutual original equipment manufacturing to efficiently expand our product lineup.
- In logistics, the Japan Business Machine and Information System Industries Association is fostering both forwarding and reverse logistics, and Ricoh aims to take part in that approach.
- As paperless processes lower non-hardware earnings, we will continue to reinforce our operational excellence to cater to evolving customer needs and keep delivering outstanding value.



### RGC pursues business growth and structural reforms to drive digitalization of frontlines

End-FY2021 projection vs FY20	<b>+¥12.3 billion</b>
End-FY2022 target vs FY20	<b>+¥17.0 billion</b>

Operating Income impact



### Business growth and structural reforms in frontline segment committed during 20MTP

- ① **Business growth**
  - Accelerate offset to digital
  - Workflow solutions at frontlines in printing industry
  - Expand industrial printing
- ② **Structural reforms**
  - Digitalizing designing process
  - Reorganizing service workforce

Operating Income : JPY B	FY22 target	FY21 forecast	progress	FY22 target revised
Business Growth	<b>+6.6</b>	<b>+4.4</b>	<b>67%</b>	No change
Structural reforms	<b>+10.4</b>	<b>+7.9</b>	<b>76%</b>	No change
<b>Total</b>	<b>+17.0</b>	<b>+12.3</b>	<b>72%</b>	No change

Recovery from COVID-19 impact forecasted in addition to the actions		
Ref.	FY22	FY21
COVID-19 Recovery	<b>+3.3</b>	<b>+5.6</b>

Presenter: Shigeo Kato, President of Ricoh Graphic Communications Business Unit

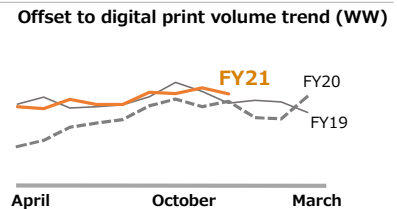
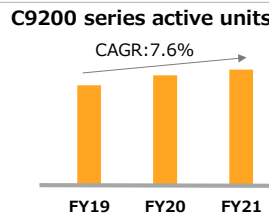
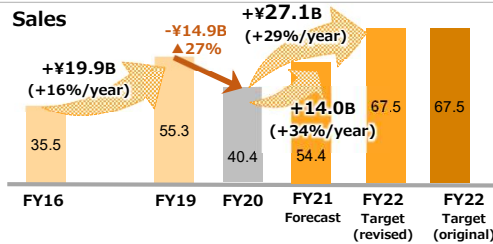
- I will overview our progress with frontlines digitalization.
- We are pursuing growth and structural reforms to digitalize print frontlines and turn manufacturing sites into digital services providers.
- As you see in the table in the bottom right of the slide, we aim to boost operating profit in fiscal 2022 by 17 billion yen from the fiscal 2020 level. The targeted increase for operating profit in fiscal 2021 is 12.3 billion, representing 72% of the target for two years through fiscal 2022.
- As the table shows, business growth through frontlines digitalization should add 4.4 billion yen to operating profit in fiscal 2021, constituting 67% of our fiscal 2022 target. Structural reforms in development, production, sales, and service should add +7.9 billion yen to operating profit in fiscal 2021, or 76% of the target for fiscal 2022.
- Prime business growth strategies in digitalization are to accelerate the transition from offset to digital printing, develop workflow solutions for the printing industry, and expand industrial printing, representing an analog to digital shift.
- Structural reforms encompass digitizing design and development tasks, streamlining production through digital manufacturing, and reorganizing the service workforce and otherwise enhancing efficiency. Such measures should add 17 billion to operating profit. Recoveries from the pandemic should augment earnings by 5.6 billion yen in fiscal 2021 and 3.3 billion yen in fiscal 2022. All of our growth strategies and structural reforms are on track, so we are maintaining our operating profit improvement target for fiscal 2022.
- I will highlight some of our progress to date in the following slides.





**Production Printing (Offset to Digital) Business recovered from COVID-19 recession  
➔ Forecasted to exceed FY21 original plan**

	Direction from FY21	FY21 progress	FY21 projection (vs FY20)	FY22 target (vs FY20)
New product launch	-Secure top share through RICOH Pro Z75 inkjet press, which employs aqueous ink -World's first auto duplex B2 model	To be launched in FY22		
Customer penetration	-Captured new major commercial printing business in Europe and US	Cultivation accelerated. Projection : sales +¥2 billion (+¥1 billion vs plan)	<b>sales +¥14.0 billion +8.5% vs plan</b>	<b>sales +¥27.1 billion</b> No change
Non-hardware expansion	-Boost non-hardware sales by expanding active units	Progressed as planned		
COVID-19 recovery	-COVID-19 recovery, mainly in Europe and US -FY21:95%, FY22:100% (vs FY19)	•Recovered to 98% of FY19 through MIF expansion and application sales increase		



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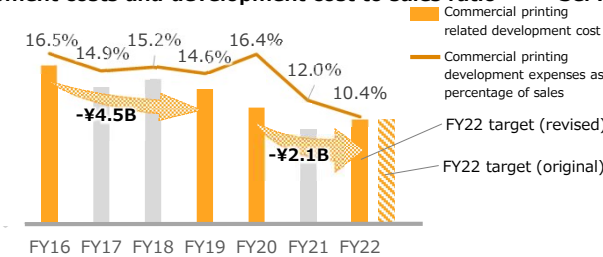
- I will start by explaining progress with our offset to digital business push, which is central to our growth strategy for the printing industry.
- As you see in the graph in the lower left of the slide, we aim to boost sales by 27.1 billion yen in the two years through fiscal 2022 and by 14 billion yen in the year through fiscal 2021. We thus look to surpass our initial target for fiscal 2021.
- The first major measure will be to roll out the world's first auto duplex B2 inkjet machine employing aqueous ink during next fiscal year.
- Second, we have done well capturing new major commercial printing customers in Europe and the United States. We project a 2 billion yen sales increase for fiscal 2021, which is 1 billion yen higher than our initial target.
- Third, we are doing well in non-hardware expansion by boosting the number of active units and broadening print applications, including to digitalize frontlines. As the graph in the center shows, the number of active flagship Pro C9200 units has expanded at a compound annual growth rate of 7.6%.
- And as the graph on the lower right of the slide illustrates, print volume, including after factoring in the impact of the recovery from the pandemic, has reached 98% of the fiscal 2019 level, initial fiscal 2021 target is 95% of the fiscal 2019 level.
- We will continue to cultivate our business growth strategy and reach our initial target for fiscal 2022.



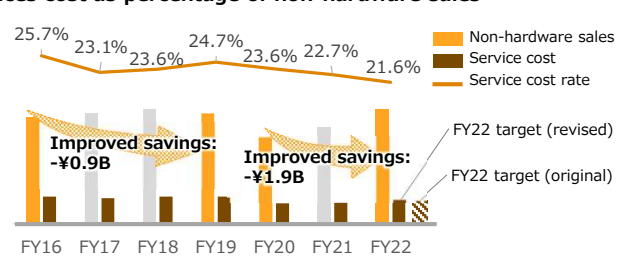
**Structural reforms focusing on development/services steadily progresses**

	Major initiatives	FY22 target (vs FY20)
Development	<ul style="list-style-type: none"> <li>Coordinate digital manufacturing by integrating production and development</li> <li>Digitalize design work</li> <li>Pare down number of development models</li> </ul>	reduction <b>¥2.1 billion</b> No change from original plan
	<ul style="list-style-type: none"> <li>Undertake activities to enhance services and sales profitability                             <ul style="list-style-type: none"> <li>Cut services person-hours by deploying advanced models and replacing active units</li> <li>Continue efforts to enhance active unit profitability</li> </ul> </li> <li>Bolster operational efficiency through remote support                             <ul style="list-style-type: none"> <li>Self-resolution and maintenance facilitated by operators</li> <li>Prevent trouble from occurring by deploying failure prediction technology</li> </ul> </li> </ul>	improved savings <b>¥1.9 billion</b> No change from original plan
	Services	

**Development costs and development cost to sales ratio**



**Services cost as percentage of non-hardware sales**

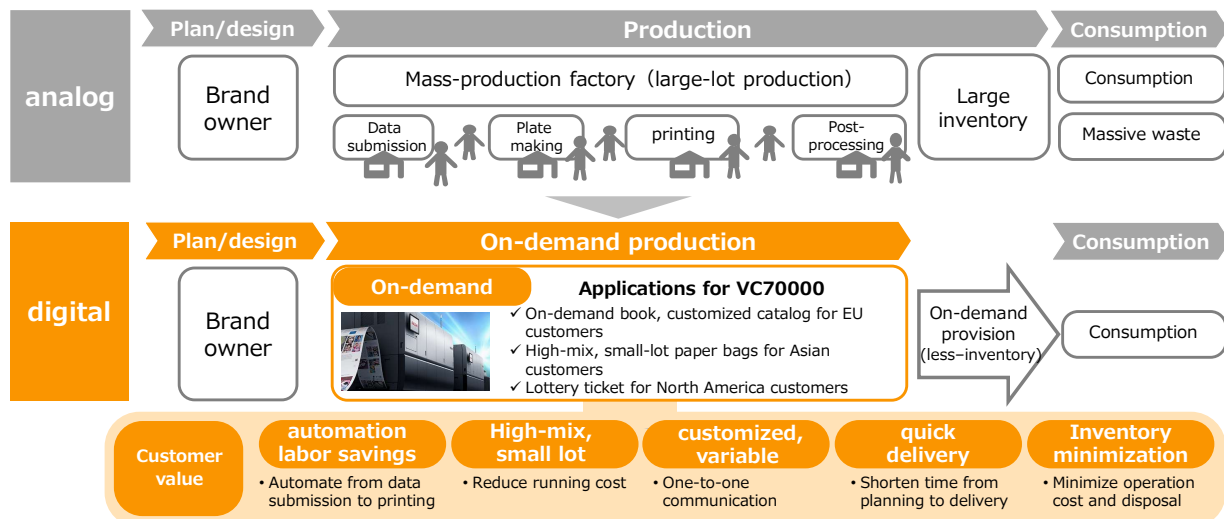


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- I will continue by explaining progress with structural reforms focusing on development and services.
- Over the two years through fiscal 2022, we target a 2.1 billion yen reduction in development costs and 1.9 billion yen in services savings.
- Development reforms have included coordinating digital manufacturing by integrating production and development, digitalizing design work with artificial intelligence and other tools, and paring down the number of development models.
- Services reforms have included cutting services times by deploying advanced models and replacing active units and improving operational efficiency through remote support.
- As shown in the graph on the lower left, in the development area the ratio of development expenses to net sales is expected to improve to 12% in FY 2021, compared with the initial target of improving the ratio from 16.4% in FY 2020 to 10.4% in FY 2022. We are making steady progress in strengthening our structure.
- As the graph on the bottom right shows, we look to reduce services costs as a percentage of non-hardware sales from 23.6% in fiscal 2020 to 21.6% in fiscal 2022. The reduction by fiscal 2021 is to 22.7%, underscoring steady progress.
- We will continue to push forward with structural reform measures to reach our initial target.

As printing becomes more diverse, customized, and on-demand, more customers are embracing the advantages of digital printing solutions over analog.



- Finally, I will discuss the value of specific services for frontlines digitalization that as a business growth engine.
- RICOH Graphic Communications offers services that digitally resolve worker issues at printing sites.
- Customers are increasingly adopting digital printing solutions because of the advantages over analog setups.
- An analog workflow starts with a brand owner submitting data, followed by plate making, printing, and post-processing, necessitating on-site logistics and the involvement of experts. There are issues with mass production, large inventories, and waste.
- As the orange areas below show, Ricoh’s digital printing solutions enable on-demand production, automation and labor savings, high-mix, small lot production, and customized and variable one-to-one communication. Other customer benefits are quick delivery and minimized inventory.
- Frontlines digitalization enables customers to expand their businesses, enhance productivity, and resolve social issues, such as by lowering environmental impacts.

## RICOH Business Booster (RBB) helps commercial printing businesses customers in expanding business and improving management quality

### What is RBB?

Value co-creation platform for **boosting customers' business** through knowledge sharing with commercial printing companies and business partners

- Co-creating and sharing new printing applications
- Automation solutions of printing processes
- Go to Market knowledge sharing and support

### Active co-creation partners



※2022年1月集計

### Pioneering Examples



March 3, 2022

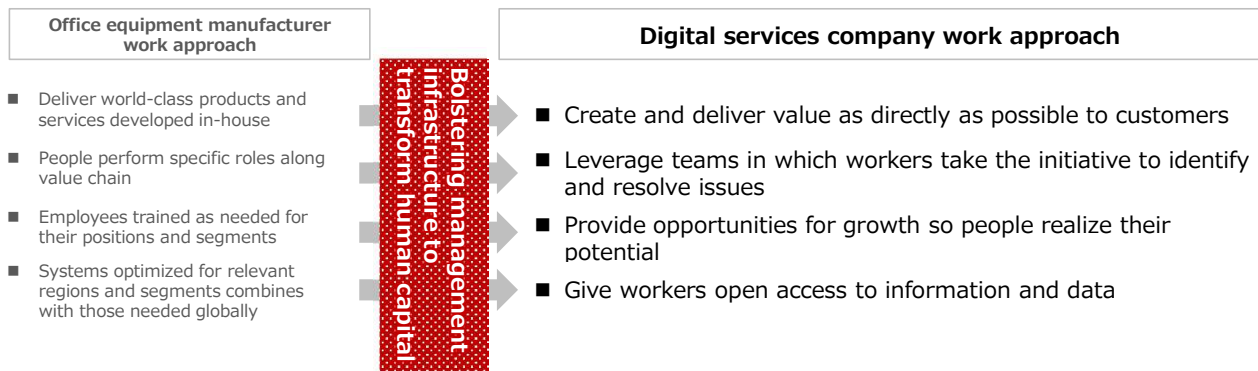
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- We help commercial printers expand their businesses and improve management quality with the RICOH Business Booster. This is a value co-creation platform in which printers and business partners collaborate to create and share new printing applications, automate print process solutions, and leverage Go to Market knowledge sharing and support.
- As of January this year, there were 5,373 active co-creation partners worldwide. There had been 643 application downloads and 331 production guideline and image downloads, supporting frontlines digitalization.
- Successes have included on-demand books and customized catalogs with predetermined print runs, as well as variable printed lottery tickets, and even high-mix, small-lot paper bags. All this has led to creating digital printing applications and new business models and has contributed to customer business expansions.
- We aim to become the world's top comprehensive partner by listening to our customers and identifying and resolving issues by developing solutions with printers to fuel digital transformations for our customers.
- That completes my report on progress with our mid-term management plan.



## Steadily transform human capital through a robust management infrastructure to become a digital services company



- 1. Cultivate and acquire digital professionals**
- 2. Upgrade around 70% of enterprise systems, including migrating 180 systems to cloud**
- 3. Encourage employee initiative by adopting job-based personnel structure**

Will also leverage Talent Palette to visualize employee skills and build business database, internally adopt digital processes, and upskill employees

### *Presenter: Jake Yamashita, President and CEO*

- From hereon, I will explain how we are strengthening our management infrastructure. As mentioned before, we are transforming ourselves into a digital services company.
- The era of mass production and consumption necessitated efficiently improving production while retaining consistently high quality. In today's more information-oriented world, decisions are on smaller scales. Businesses are increasingly agile.
- This situation makes it particularly important steadily transform human capital. We must transform traditional work practices.
- For example, it used to be important for employees to perform specific roles along the value chain. In the years ahead, workers would ideally take the initiative to identify and resolve issues.
- Next, I will go through items 1 through 3 from the bottom of this slide.



## Progressing steadily toward mid-term management plan targets through defining digital professionals.



### KPIs under 20<sup>th</sup> Mid-Term Management Plan for digital professionals and FY2021 progress

- Skillset shift from field technicians to system engineers (mainly in Europe)
- In April 2022, will launch Ricoh Digital Academy platform to accelerate training (Japan)

#### 1 Business integrators

MTP target: Appoint 100 such people  
 → Analysis of companywide digital transformation aptitude survey identified **around 3,200 prospective business producers**

#### 2 Digital experts

**Number of digital experts (certified IPA ITSS or higher)**  
 MTP target: 2,189 (+50% vs FY20)  
 → FY21: **1,878 Ahead of schedule**

#### 3 Process digitalization professionals

MTP target: 300 people rating silver or higher in in-house certification program  
 → Completed program launch, **projecting 170** rated silver or higher **Ahead of schedule**

- First, we will focus on developing and securing digital professionals.
- Such people harness digital technology and data to create and accelerate our digital services. First are business integrators. Second are digital experts, as well as the manufacturing experts shown on the right. Third was process digitalization professionals. We will push forward with a certification system that in some respects uses these four categories of expert.
- Last year, we surveyed the digital capabilities of around 30,000 employees in Japan. We naturally provide individual feedback and offer opportunities for people to acquire the skills they need to become the experts we have defined above. For the business integrator category, we are working to select and train about 3,200 candidates from that survey.
- We decided to open a digital academy in April this year. To date, our educational policy and approach has largely encompassed having employees take company-directed courses. The academy will enable employees seeking resolve customer issues to enhance their skills.
- Process digitalization professionals shown at the bottom of the slide are important to us. We have undertaken what we call an in-house digital revolution over the past four years, with people taking the time to study robotic process automation and artificial intelligence.
- We have completed the visualization of 6,600 processes, digitalizing more than 1,000 of them and improving them. I consider it vital to keep undertaking frontlines-based activities.



## Cloud migration, including by upgrading legacy systems, and constructing data infrastructure progressing as planned

**Upgraded 70% enterprise systems, including migration of 180 systems to the cloud (¥58 billion investment in 5 years) **progress as planned****

**Data driven management through defining/organizing master data (¥2 billion investment in 5 years) **progress as planned****

### Directions of upgrading

#### Cloud transformation led by Global headquarters (IaaS)

- ✓ Transformation of **54%** enterprise systems completed
- ✓ Establish **dedicated team to operate hybrid environment** (cloud & on-premises)

#### Workflow innovation through collaboration of BUs and Global headquarters IT dept. (SaaS/PaaS)

Renew legacy systems running last 10 years or longer (by the end of 2026)

- ✓ Overseas: Shifting existing on-premises ERPs to **cloud package**
- ✓ Japan: Forming **policies to integrate** towards company structure

### Initiatives for data driven management

#### Build global common database

- ✓ Established data lake/date warehouse for real time data alignment
- ✓ Standardize account titles globally and deploy

#### Standardize/automate handling master data

- ✓ Standardized product data master and GMA customer data master
- ✓ Automate product launch process (to be deployed March, 2022)

#### Organize information for ROIC management

- ✓ Defined 8 financial KPIs and related actionable KPIs

#### Centralize/leverage customer data for growth

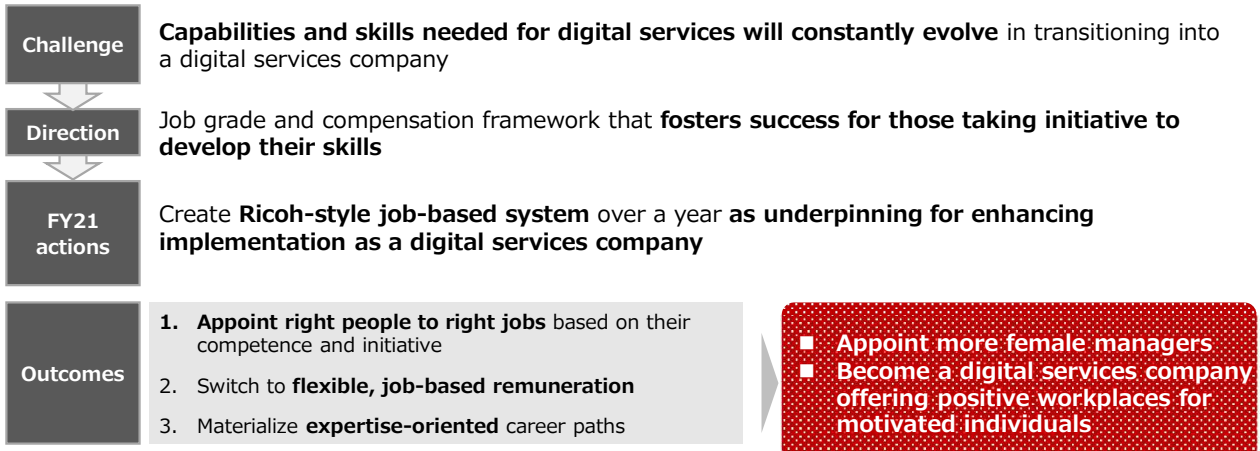
- ✓ Centralize customer data that used to be separately managed
- ✓ Enhance contents and install recommendation function by AI

- I will next discuss efforts to upgrade our IT systems.
- As a digital service company, we will have even more opportunities to deliver value more directly to customers.
- We are accordingly migrating internal systems to the cloud while upgrading our enterprise systems.
- We explained when announcing our 20<sup>th</sup> Mid-Term Management Plan that we seek to upgrade around 70% of enterprise systems, including to migrate 180 systems to the cloud. These efforts are progressing overall, as planned. We have been investing 58 billion yen in these initiatives over five years.
- We have almost completed our master data definitions and preparations for data-driven management. We are now starting to organize information for ROIC management and reintegrate and use customer information.



## Set to institute Ricoh-style job-based system in April 2022\* → Changing corporate culture and transforming human resources as basis for becoming digital services company

\*Initially launching at parent company and gradually rolling out among subsidiaries and affiliates in Japan



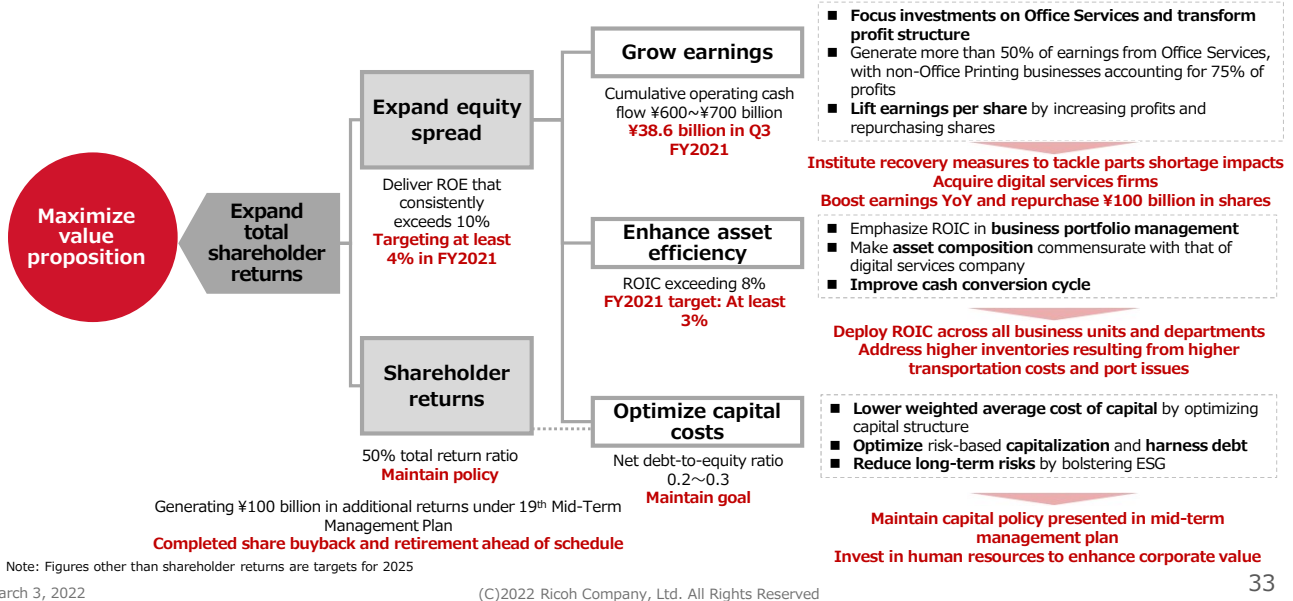
- Third, we are set to institute a job-based personnel system.
- The capabilities and required skills for digital services are changing constantly during our transition. It is important to have people who can proactively enhance their capabilities amid such changes. In April this year, we will deploy a Ricoh-style job-based system with a job, grade, and remuneration framework to foster the success of such people and underpins our drive to better execute our business strategies.
- Below, we present three desired outcomes of this Ricoh-style setup.
- The first is to appoint the right people to the right jobs based their competence and initiative. The second is to switch to a flexible, job-based remuneration. The third is to materialize expertise-oriented career paths. It is through these approaches that we aim to hire more young people and appoint more female managers and, above all, become a digital services company offering positive workplaces for motivated individuals.





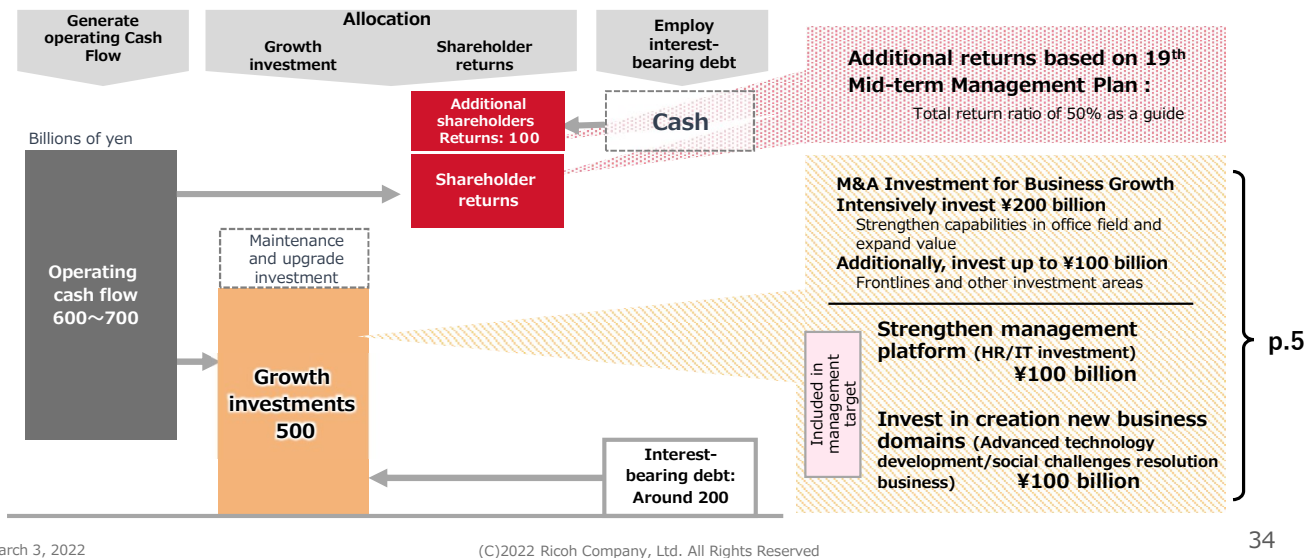
## **Progress with Capital Policies Supporting Growth**

## Steadily deploy measures to enhance corporate and shareholder value



- I will now discuss progress with capital policies supporting growth.
- We have supplemented this chart, which outlines measures we took to enhance corporate value when we announced the 20<sup>th</sup> Mid-Term Management Plan, with initiatives shown in red that we have undertaken over the past year.
- Our business unit presidents discussed our earnings growth today.
- To enhance asset efficiency, we deployed ROIC across all business units. We have become more aware than ever of ROIC benchmarks and are striving to more swiftly improve operations.
- With regard to our cash conversion cycle, inventories are rising amid high transportation costs and issues with ports, but it is worth noting that we have firm buyers for most of our offerings. We will facilitate delivery to customers as fast as possible to improve the cycle.
- We are optimizing capital costs through acquisitions and portfolio changes while investing extensively in human resources to enhance corporate value.

## No change in capital policies. Properly allocating cash while employing interest-bearing debt with partly utilizing capital for growth investment and risk management



- On the cash allocation front, we project an operating cash flow of 600~700 billion yen over the five years (from FY21 to FY25).
- We have retained our policy for growth investment allocations and interest-bearing debt usage.
- We presented growth investment efforts in previous sections. I will explain them briefly in the following slides.



**Investment in human resources, unlike other expenses, is generating future financial results**



- I have long seen spending on employee development and work environments as an investment in corporate growth.
- We prioritize three growth investment areas. I consider it important to make forward investments in human resources to maximize investment returns from M&As and new businesses. Post-merger integration is vital for acquisitions to succeed. It is essential to invest in frontlines digital professionals close to customers.
- We will encourage sales and services personnel to acquire multiple skills. Our frontlines should play vital roles in swiftly and globally deploying software and services that we secure through acquisitions.
- At the same time, we must invest in new business domains to launch unique services that combine edge devices and software.

## Sustainably enhance corporate value by continuously strengthening human capital

- **Invest on digital human resources at frontlines** close to customers

Business Integrators   Business Designers   Process DX Experts

- **Invest on technology experts** for edge devices and software

Manufacturing Experts   Digital Experts

- Initiatives for **diversity and work-life balance**

### Diversity & inclusion

Actively recruit women, people with disabilities and veterans. Promote young and mid-career people

### Work-life balance

Support childcare and eldercare, remote-work, 'workation'

### Engagement

Enhance work environment, foster job satisfaction, regular engagement survey

Increase cash flow through value-added and productivity enhancements

**Corporate value maximization**

Monitor profitability per employee

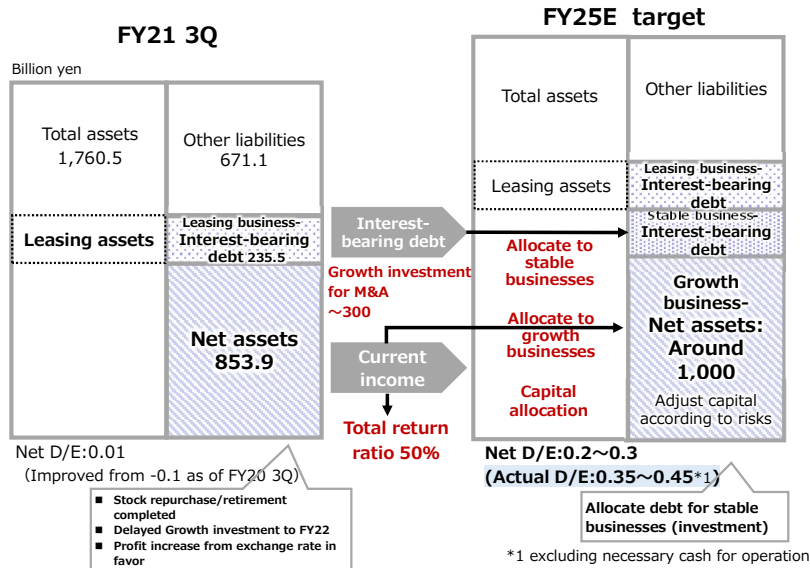
(ROIC improvement ⇒ Equity spread expansion)

Reduce capital cost through stabilizing management foundation

- We created this slide to illustrate our stance on human resources investment.
- These investments must drive corporate value growth. We view this spending in terms of adding value and enhancing productivity to generate future cash flows and in terms of stabilizing our management foundations to reduce capital costs.
- As we explained in the previous slide, we are investing to help frontlines workers acquire multiple skills. Spending on technical personnel for edge devices and software is also important.
- We consider it important to stabilize our management foundations. We will keep investing in workplaces that are conducive to sustainable growth.
- We value diversity and are committed to swiftly eliminating any barriers to employees seeking to engage actively in corporate life.
- As well as generating shareholder returns and investing in businesses, we aim to visualize our investments in human resources and allocate cash accordingly.



## Agile capital adjustment in line with profitability and investment for growth



### FY21 progress

- M&A execution mainly in Europe, and keep evaluating/researching other opportunities
- Conducted ALM\*2 for leasing business with utilizing interest-bearing debt
- ¥100B stock repurchase/retirement completed
- External risk management

### FY22~25 plan

- \*2 ALM: Asset Liability Management
- **No changes in ¥300B investment plan by FY25; considering opportunities of certain scale of investment** (capital allocation)
  - **Utilize interest-bearing debt for stable business investments**
  - No major change in cash flow allocation

### FY25 Net assets ¥1 trillion

- **Investment on growth businesses**
- Uncertain business environment and digital services transformation period  
⇒ Utilize capital for risk

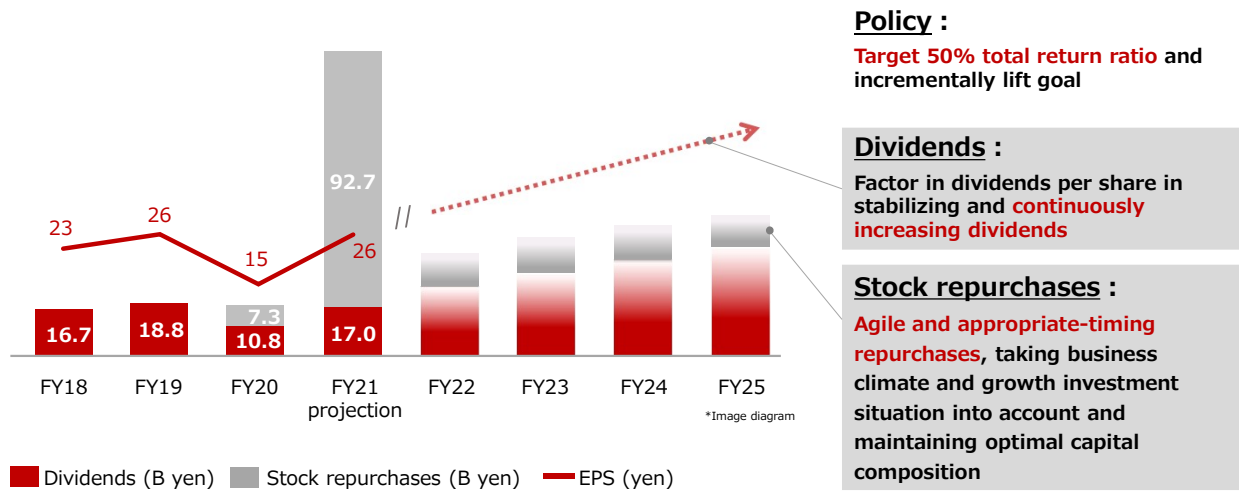
March 3, 2022

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- This slide showing progress with our capital policy is an updated version of the one we presented when announcing the 20<sup>th</sup> Mid-Term Management Plan.
- Interest-bearing debt from the leasing business at the end of the third quarter of fiscal 2021 was 235.5 billion yen. This reflected risk responses to external factors and prospective growth investments that we carried over to the following year.
- We allocated this debt largely to overseas leasing business assets and, of course, risk management through asset and liability management.
- On the capital front, we acquired and retired treasury stock ahead of schedule. We are adjusting capital as planned, while comprehensive income has risen owing to a weaker yen.
- We accordingly have a net debt-to-equity ratio of about 0.01. We naturally look to adjust increased capital flexibly in view of earnings and growth investment timing.
- We have retained plans to invest 300 billion yen through fiscal 2025. We will proceed decisively, although you should note that we may encounter timing delays as our efforts will involve other parties. We plan to allocate interest-bearing debt financing to investments in stable businesses. We will allocate interest-bearing debt to both leasing and stable businesses in fiscal 2025. We will allocate capital to growth businesses, and look to have net assets of around 1 trillion yen in fiscal 2025.
- We operate in an uncertain business environment, and are transitioning into a digital services company. We accordingly project a net debt-to-equity ratio of 0.2 to 0.3 in fiscal 2025. We may draw on some capital to cover risks related to our businesses. After factoring out cash needed for operations, our net debt-to-equity ratio should range between 0.35 and 0.45.

**Maintaining 50% total return ratio target while endeavoring to stably and sustainably lift dividends and repurchase shares to boost earnings per share**



- This slide shows our shareholder returns policy.
- We remain committed to delivering a 50% total return ratio and incrementally lifting our goal while endeavoring to stably and sustainably lift dividends and repurchase shares to boost earnings per share.
- We seek to maximize corporate value while repurchasing shares at appropriate times based on an optimal capital structure approach, taking into account the business climate and growth investment situation.
- We plan to explain shareholder return details for next fiscal year when we announce our full-year financial results and present our forecasts for fiscal 2022.



# Conclusion



## Ricoh's sustainability continue progressing in keeping with the Spirit of Three Loves

### Progress with future financial (ESG) targets

Progress with key targets (from 17 ESG goals)	FY2021 forecast (pre-finalized)	FY2022 target
<b>Creativity from work</b> Top score from customers	<b>33% (Japan)</b>	<b>30% or above</b>
Digital specialist development	<b>1.28</b>	IPA ITSS L3 <b>1.5 times</b>
<b>QOL enhancement</b> People benefiting from our social infrastructure	<b>8.4 million</b>	<b>10 million</b>
<b>Zero-carbon society Circular economy</b> GHG Scope 1 and 2 (vs fiscal 2015) GHG Scope 3 (vs fiscal 2015) Electricity from renewable energy sources New resource content in products	<b>On track</b> <b>-28%</b> <b>25.0%</b> <b>88.8%</b>	<b>-30%</b> <b>-20%</b> <b>30%</b> <b>85% or less</b>
<b>Stakeholder engagement</b> Key external ESG assessments	<b>See right column</b>	Top level
<b>Open innovation</b> Patent ETR score increase rate (from FY2020)	<b>7%</b>	<b>20%</b>
<b>Diversity and inclusion</b> Ricoh Family Group engagement score	Japan: <b>On track</b> Overseas: <b>Lagging</b>	<b>50<sup>th</sup> percentile or more</b>

### Key external recognition examples over past year

#### Dow Jones Sustainability World Index

- ✓ Achieved **highest score in our industry**
- ✓ Included for second straight year

#### Third Nikkei SDGs Management Survey

- ✓ Obtained **top-ranking five stars** for third consecutive year

#### Institutional Shareholder Services ESG Corporate Rating

- ✓ Again awarded **Prime status**

#### CDP

- ✓ Remained on **A List for climate change leadership**

#### S&P Global Sustainability Award

- ✓ Received **Gold Class** recognition

- Finally, I would like to talk about sustainability.
- We have set future financial targets for contributions to sustainability, and these targets and financial targets coexist for us.
- Overall, we are trending slightly ahead of our objectives. We have obtained a lot of external recognition for our efforts over the past year, which our employees have found very encouraging. I would like to take this opportunity to once again thank everyone who appreciated our company's efforts.
- Ricoh's sustainability efforts will keep progressing in keeping with the Spirit of Three Loves, Ricoh's founding principles.

## Issue Circular Economy Report as the first Japanese company\* in March 3<sup>rd</sup>, 2022

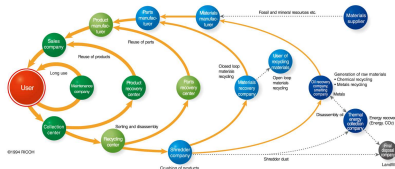
\*Source: Ricoh research (a report with Disclosure and Engagement Guidance to Accelerate Sustainable Finance for a Circular Economy, published by Japan's Ministry of Economy, Trade and Industry and Ministry of the Environment)

### Circular Economy

The Ricoh Group has **worked toward realizing a circular economy for around three decades**, well before ESG and SDGs emerged.

We have used the world's first governmental guidance on disclosure and dialogue, with its particular focus on a circular economy, as an opportunity to deepen our engagement with stakeholders.

Ricoh's Comet Circle



Our 3Ps Balance concept



March 3, 2022

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- One of the seven material issues that we are tackling is our drive to contribute to a circular economy, which I will highlight here.
- Today, we published a Circular Economy Report in Japan. We produced it in line with the Disclosure and Engagement Guidance to Accelerate Sustainable Finance for a Circular Economy, which Japan's Ministry of Economy, Trade and Industry and Ministry of the Environment published recently. We believe that the active disclose of our company's activities will be also contribute to a circular economy.
- We formulated the Ricoh's Comet Circle on the bottom left of this slide in 1994. We have since worked toward a circular economy.

## Resolve social issues: Helping realize a circular economy through PLAiR foam polyactic acid (PLA) sheets, label-free printing, and other businesses

### Label-less bottle printing using transparent resin laser marking technology



A laser draws directly on the surface of a plastic bottle, eliminating the need for ink and associated impurities to provide the required information **without reducing recyclability**. Adopted by Asahi Soft Drinks Co., Ltd. to trial this technology on bottles of its Asahi Jurokucha blended tea drink.

### Foam PLA sheets made with PLAiR, an innovative biomass plastic made from plants and air



PLAiR food trays

MFP cushioning material made with PLAiR

PLAiR was created by foaming PLA from corn and sugar cane starch with our proprietary carbon dioxide microfoaming technology. The resulting PLA sheet is flexible and strong.

**Even if PLAiR is incinerated, net atmospheric carbon dioxide levels do not increase. The material degrades into water and carbon dioxide in soil or in compost**, resolving waste, pollution, and other social issues.

- In closing, I would like to present two examples of our current initiatives to help resolve social issues.
- The one on the left is label-free printing on plastic bottles by using a laser marking on transparent resin. In December last year, we undertook test sales in Japan through Amazon's website by trialing our system on the Jurokucha blended tea drink of Asahi Soft Drinks. We are working toward mass production.
- The example on the right highlights our development of foam polyactic acid sheets made with PLAiR, an innovative biomass plastic made from plants and air. This technology is that the test introduction stage.
- We will steadily move forward with such efforts and undertake activities that help materialize a circular economy.

# Fulfillment through Work

Work can be stressful at times.

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

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

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

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

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

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

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

- Two years have passed since we introduced Fulfillment through Work, our vision for 2036. We want Ricoh to become a company that helps customers find fulfillment through work by transforming the nature of work, constantly staying ahead of the curve, and delivering new value.
- That completes today's presentation. Thank you very much for your time and attention.

**RICOH**  
imagine. change.

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.