

Enhance business competitiveness

Adopting a business unit structure

In April 2021, we initiated a structure of five business units and a Group headquarters. We are shifting to a setup where each business unit integrates everything from development through production and sales and runs autonomously. Headquarters focuses on medium- through long-term strategic planning, allocating capital to restructure the business portfolio, and rigorously managing businesses based on the growth potential and returns on invested capital to reach Group ROE targets. We took these steps this year instead of in fiscal 2023 to swiftly tackle a changing business climate. We aim to maximize corporate value under the new business unit structure by transitioning more quickly into a digital services company.

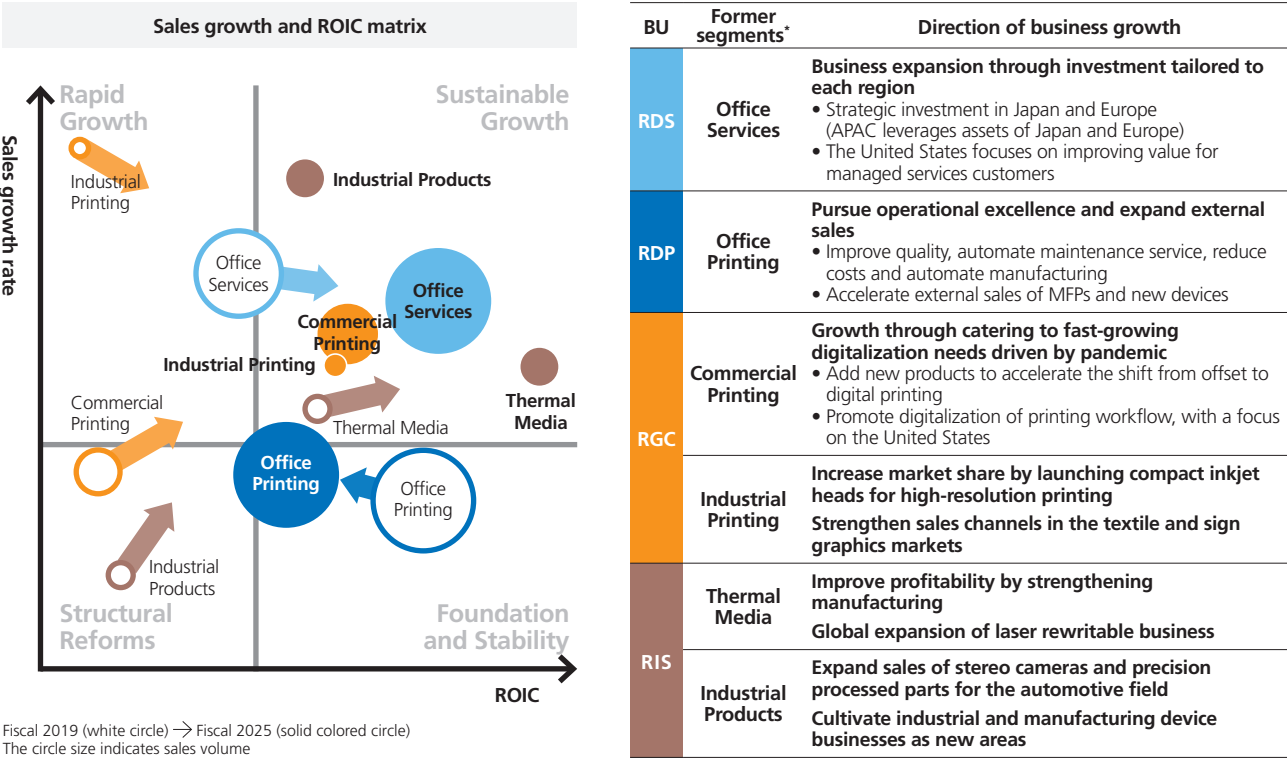
Goals	Business units	Value proposition	Former segments and function
Generate business growth through five business units Customer-centric business operations	RICOH Digital Services	RDS Resolve challenges of people at offices and working remotely Resolve challenges of people on frontlines	Office Services
	RICOH Digital Products	RDP Edge devices connecting people Manufacture products supporting digital services	Office Printing
	RICOH Graphic Communications	RGC Resolve challenges of people on frontline printing sites	Commercial Printing Industrial Printing
	RICOH Industrial Solutions	RIS Resolve challenges of people on frontline manufacturing, logistics, and industrial sites	Thermal Media Industrial Products
	RICOH Futures	RFS Create new businesses to resolve social issues	Smart Vision, Healthcare, batteries based on inkjet technology, new materials, social infrastructure, additive manufacturing, and energy harvesting
Group headquarters underpinning growth Small but robust headquarters focusing on governance and business resource allocation	Group headquarters	Support business growth by appropriately allocating resources to each business and overseeing governance	Management planning, human resources, finance, and ESG
	Platform	Refine corporate culture, human resources, infrastructure, technologies , and other areas as befits a digital services company	Establish Digital Strategy Department and Advanced Technology Center
	Professional Services	Extensively implement internal digital transformation to facilitate the commercialization of resulting advances	Consolidate business support functions and assist functional departments and business units through digital transformation practices

We seek to become a digital services company that remains close to customers and creates value for them. To that end, we concluded that it would be necessary for businesses to operate autonomously and make swift decisions under their own leaders. We thus adopted a business unit structure that comprises five entities. They are Ricoh Digital Services, Ricoh Digital Products, Ricoh Graphic Communications, Ricoh Industrial Solutions, and Ricoh Futures. We delegated considerable authority to the presidents of these units, giving them overall responsibility for their businesses. Each business unit pursues business growth and capital efficiency through operational agility and clear earnings structures based on customer perspectives while enlisting external resources and alliances to become more competitive.

The Group headquarters is responsible for rebuilding the business portfolio by assessing operations and allocating resources based on combinations of returns on invested capital with marketability and other factors. Other tasks are to bolster our human resources, infrastructure, and technology foundations. This small but robust headquarters performs three roles. First, its global headquarters function is to allocate operating resources and handle governance. Second, it serves as a platform for developing a digital infrastructure and researching advanced technologies. Third, it provides professional services support to business units.

Business portfolio management

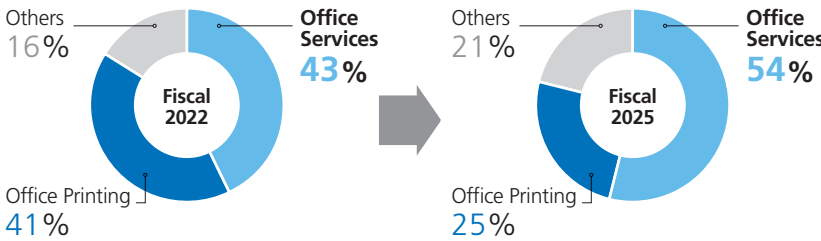
Rigorous portfolio management at the global headquarters will enable us to rely less on office printing and accelerate our transformation into a digital services company. Running each business to achieve returns on invested capital combined with growth potential and other factors should lead to optimal operational resource allocations based on rational assessments and decision-making.



The upper-left diagram shows fiscal 2019 results and fiscal 2025 targets for each business.

The changes in our portfolio management are expected to result in the Office Services business surpassing the Office Printing business—in terms of operating income in fiscal 2022 and sales in fiscal 2023—as the new core business of the Ricoh Group, accounting for a majority of total operating income in fiscal 2025.

Operating profit composition by segment (excluding eliminations and corporate expenses)



Becoming a digital services company

Growth approach under 20th Mid-Term Management Plan

Toward a 9% ROE

Under our 20th Mid-Term Management Plan, we look to attain an ROE of at least 9% and an operating profit of ¥100 billion by fiscal 2022 by driving business growth and improving returns on capital.

Ricoh Digital Services accordingly seeks to generate ¥27 billion in operating profit by expanding its Office Services business. Ricoh Digital Products will spearhead our pursuit of operational excellence to help save costs by ¥54 billion. These two business units will be joined by Ricoh Graphic Communications and Ricoh Industrial Solutions to drive business growth and cost reforms.

Note: Total impact amount over two years

Office segment	RDP / RDS	+¥54 billion
	RDS	+¥27 billion
	RDP	+¥6 billion
Major cost reduction for frontlines	RGC	+¥6 billion
	RIS	+¥5 billion
Major business growth for frontlines	RGC	+¥8 billion
	RIS	+¥6 billion

* A rewritable laser system

Office Services business growth

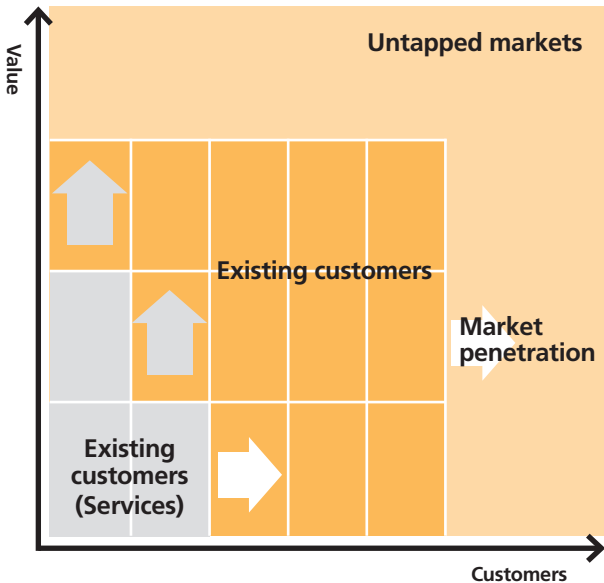
Expanding customer base and providing value

We will generate Office Services business growth by expanding the customer base while delivering more value.

By developing packages that match regional needs, we will be able to provide more value to our existing customers and acquire new customers with whom we have had no business in the past. For example, only about 10% of our customers in Japan have Scrum packages ❶, and we have room to expand our services to about 90% of our customers. Overseas, we have just started to expand services.

We will deliver more value by reinforcing our integration capabilities while broadening our software lineup through aggressive investing in Japan and Europe. We will up-sell and cross-sell to customers and expand recurring revenue business earnings.

In-house software, such as DocuWare ❷, is highly profitable and contributes to attracting new customers.

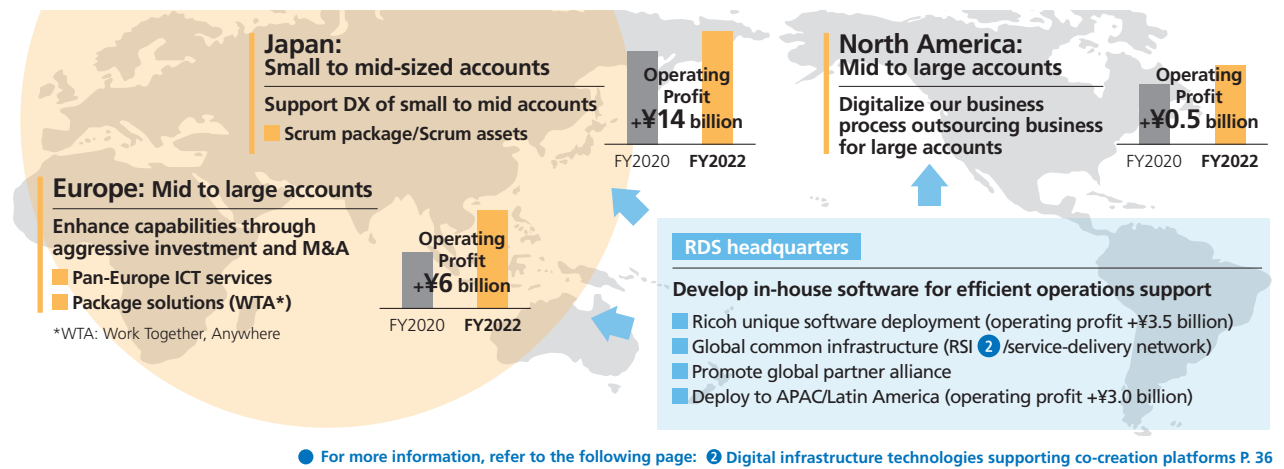


For more information, refer to the following page: ❶ Delivering digital services P. 27

WEB Refer to our website: ❷ DocuWare

Regional and group strategies

We will expand the Office Services business as a growth driver by investing heavily, particularly in the Japanese and European markets. We will reinforce our global service platform to enhance our highly profitable in-house software lineup and improve the efficiency of our operations, thereby expanding our recurring revenues business and bolstering profitability.



For more information, refer to the following page: ❷ Digital infrastructure technologies supporting co-creation platforms P. 36

Japan Supporting digital transformation and accelerating growth of small and midsized businesses nationwide

In Japan, small and midsize companies and local governments are accelerating investments in digital technologies and processes and are diversifying workstyles for these challenging times.

We will capitalize on opportunities to broaden our customer base by offering more services to customers that have already deployed Scrum packages and assets. We will also continue to cultivate customers in keeping government-driven digitization needs such as for the GIGA (Global and Innovation Gateway for All) school program and the adoption of digital administrative procedures.

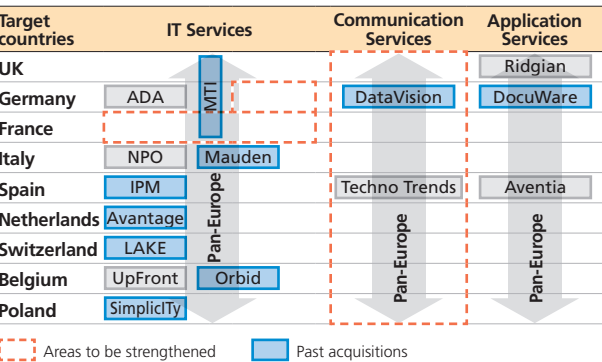
Scrum packages are pivotal to growth, and we look forward to doubling customer reach and unit sales of these offerings from fiscal 2020 through 2022.

	Fiscal 2020	Fiscal 2022
Scrum package customer ratio	10%	20%
Number of Scrum package sales	65,000 (275%) <small>*vs fiscal 2018</small>	130,000 (200%) <small>*vs fiscal 2020</small>

Europe Strengthen capabilities and expand business by investing extensively in growth and acquisitions

In Europe, the pandemic has led to a diversification of work styles while accelerating EU-led digitalization policies and cross-border digitalization across Europe.

We will continue to make acquisitions accordingly to secure and reinforce the information and communications technology (ICT) capabilities we need in each country. We will also expand business with leading companies with extensive operations across Europe by steadily enhancing our capabilities. We will also strengthen sales capabilities by shifting to Office Services by developing multi-skilled Office Printing sales and field engineers.



● Delivering digital services

SUCCESS STORY 1 Offering people-friendly digital workplace tools nationwide

Expanding sales of Scrum packages and assets

Improving productivity and revitalizing areas across the nation have become key social challenges for Japan as the working population declines and work style reforms spread. The uptake of ICT among small and medium-sized businesses has been generally limited. Still, adopting new work practices, including to set up telecommuting environments, has become important since 2020 in view of the need to tackle the pandemic.

Domestic sales subsidiary Ricoh Japan Corporation (Ricoch Japan) helps small and medium-sized businesses around the nation to digitalize business processes in keeping with its commitment to supplying people-friendly digital tools.

Since the debut of Scrum packages in October 2017, we have brought out more than 150 packages that integrate a range of applications and Ricoh products to deliver solutions for three common tasks across nine key sectors, including construction and real estate. Aggregate sales through June 2021 were around 160,000 units.

Since April 2019, we have developed Scrum assets for medium-sized enterprises to help them resolve issues in four areas. These are work practice reforms, security enhancements, back office efficiency improvements, and industry and operational workflows. We offer core systems as assets based on successes with highly effective systems provided to customers. Our systems engineers employ these assets to build and deliver systems that swiftly benefit customers at low costs.

These endeavors have enabled us to amass more than 4,500 Scrum assets. Ricoh Japan remains a leader in terms of the number of IT deployment grants that Japan's Ministry of Economy, Trade and Industry offers to support ICT adoption among small and medium-sized businesses. Local banks, cooperative financial institutions known as *shinkin* banks, and chambers of commerce increasingly ask us to help them deploy ICT and digital processes for their customers. We contribute to productivity reforms by driving digital process adoptions among small and medium-sized business across Japan.

Winning first place in three categories of Nikkei Computer Customer Satisfaction Survey

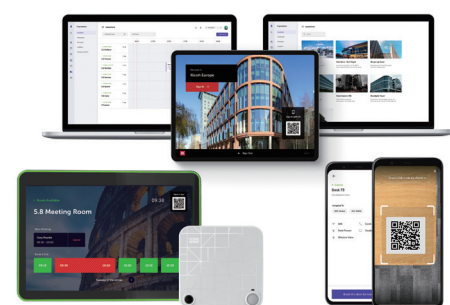
Efforts to strengthen its digital service offerings enabled Ricoh Japan to win first place in three categories of the Nikkei Computer Customer Satisfaction Survey 2021-2022. *Nikkei Computer* is a magazine of Nikkei Business Publications, Inc. Ricoh Japan became the first company to seize top spot in all three systems integration-related information service categories that the magazine adopted in 2008.



Customer Satisfaction Survey 2021-2022, published in September 2, 2021, edition of *Nikkei Computer*
Ranked first in IT Consulting/Upstream Design-Related Services (information service companies), System Development-Related Services (information service companies), and System Operating Services (information service companies)

SUCCESS STORY 2 RICOH Spaces for the new world of work

The pandemic has transformed office work and communications. The engineering team formerly from Ridgian developed RICOH Spaces, a workplace management solution to meet customer needs by catering to changing work practices.



Ridgian was a leading British information management consultancy that we acquired in 2015.

RICOH Spaces is a cloud-hosted application that allows users to reserve office space, including meeting rooms, desks, and open areas. Customers can thus better understand space usage and improve employee productivity by optimizing workplaces. This application also enables contact tracing for infectious disease and other issues.

The engineering team's nearness to customers and tailored product development have enabled us to enter markets that we were unable to tap without help from partners. In the first year after launching RICOH Spaces, we had rolled it out at 103 locations for more than 40 companies, managing more than 11,000 desks and 650 meeting rooms.

SUCCESS STORY 3 Services to help digitize workplaces

Providing solutions using 42-inch electronic paper

In July 2021, we commercialized the RICOH eWhiteboard 4200. This offering is the world's thinnest digital whiteboard, at just 14.5 mm thick. It is also the lightest, weighing only 5.9 kg, so it is portable despite its size. It is dustproof and waterproof as well. It incorporates software and cloud service solutions to boost digitization for outdoor and other sites. This service digitizes field site analog data, improving operational efficiency by sharing information through the cloud between sites and offices.

Checking drawings at construction sites has traditionally been difficult and time-consuming because of the need to share paper-based information, usually in the form of transcriptions or photos, from sites with people in offices or at other locations.

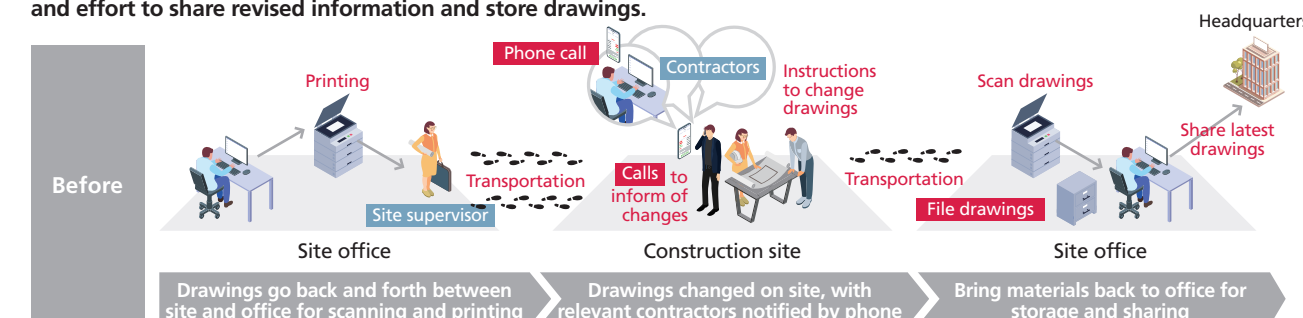
Our service shares information in real time across multiple locations, which is challenging with paper documents. It also stores digital data.

This model is the world's first dustproof and waterproof (with a rating of IP65) e-paper. It can employ its built-in battery to run in a range of indoor and outdoor environments. The installed software enhances e-paper benefits, such as zooming in and out, handwritten text conversion, and a custom dictionary.

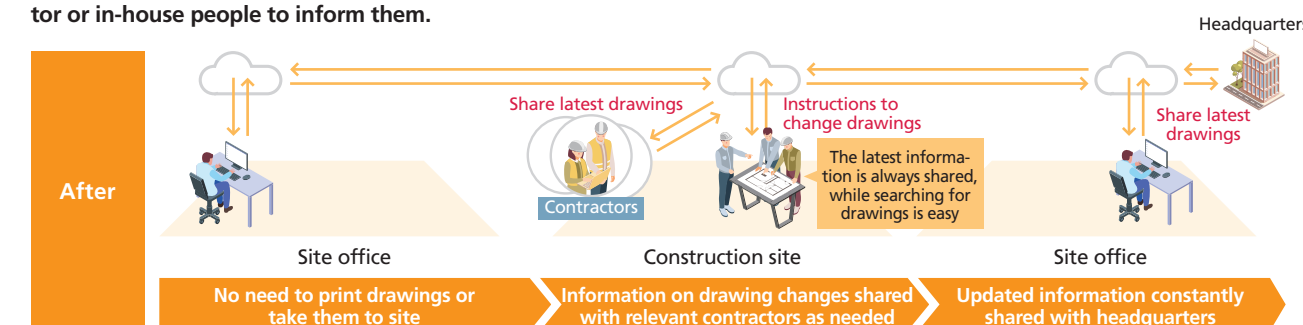
An optional cloud service makes it possible to create templates for standard forms, link them to storage, share information remotely, and view them from a PC or smartphone in-house or outside company facilities.

Drawings can be checked at construction and manufacturing sites. This offering is thus suitable where speed and accuracy are essential, particularly in healthcare and firefighting locations and in transportation infrastructure.

Printed instruction drawings are taken to a site, updated, and handed to relevant contractors. It takes considerable time and effort to share revised information and store drawings.



Retrieving required drawings from the cloud and showing them on eWhiteboard eliminates need to print and store them. Updates to information on site are reflected and shared in real time, so there is no need to contact each relevant contractor or in-house people to inform them.



Strengthening the Office Printing business structure

Pursuing operational excellence

The pandemic has fueled the expansion of working from home and other telecommuting, accelerating the uptake of paperless processes. While we expect print volumes to recover somewhat in fiscal 2021, demand will likely shrink in the years ahead.

We will therefore pursue operational excellence in the Office Printing business. Under the 20th MTP, we are accordingly endeavoring to reinforce the manufacturing structure, cut variable costs, and reduce costs by optimizing service operations.

Reduced cost (vs. fiscal 2020)	Primary actions	KPIs
Manufacturing reforms -¥18 billion	Development ■ Development efficiency improvement through digitalization ■ New development process by merging development and production organizations	Development work-hours per model (vs. fiscal 2020) -20%
	Production ■ Indirect workforce optimization through digital manufacturing and remote operation ■ Production site optimization	Indirect workforce -22% Site optimization 18 → 13 sites
Variable cost reduction -¥13 billion	■ Continuous cost reduction through common use parts ■ Direct labor cost reduction through AI-based production automation ■ New model cost reduction through joint cost improvement with suppliers	Existing models -2%/year New models -15%
Optimize service operations -¥23 billion	■ Improve maintenance efficiency through increasing Smart Support compatible MIFs* ■ Customer engineers multi-skill training	Smart Support compatible MIF above 60% Reduce single-purpose customer engineers 15%

* Machines in Field

Reinforcing manufacturing structure

We integrated production and development units and are fundamentally reviewing our processes. In controller development, we leverage automated evaluation programs during design to enhance employee efficiency. We will continue to streamline development efficiency by digitizing design processes.

On the production front, we opened a new plant in China ❶ that will spearhead our digital manufacturing capabilities, and completed site consolidations. We will keep lowering costs and improving quality by back-office head count reduction, such as by digitizing processes and managing production remotely at other plants. We will consolidate and reorganize production sites so they are more attuned to product attributes.

Cutting variable costs

We are striving to cut costs by at least 2% annually on existing models, including through parts sharing across models.

We are also endeavoring to lower direct labor costs by using artificial intelligence to automate production. We will keep up the effort to reduce these costs by rolling out digital manufacturing, such as by leveraging automated polymerization toner lines and artificial intelligence to bring together quality

prediction and automated control ❷ and thus enhance personnel efficiency.

We are collaborating with suppliers to jointly cut costs, which should generate significant savings.

Reducing costs by optimizing service operations

While lifting the market shares of high-quality and durable products, we will shorten repair times by incorporating Smart Support in them. This intelligent feature enables us to offer unique maintenance services, such as to pinpoint problem causes before visiting customer sites. Smart Support-enabled machines have slashed downtimes by 66% from fiscal 2016 levels, and reduced service times by 50.4%, exceeding the 50% reduction target.

Boosting the number of Smart Support-compatible machines in field is critical to ensure that that service operation optimization is fully effective. We look to increase the percentage of machines with such capabilities to 60% of the total number in field by fiscal 2022.

Multi-skill training will be provided for customer engineers and some will be shifted to the Office Services business.

Internal initiatives

SUCCESS STORY Deploying digital manufacturing at Ricoh Manufacturing (China)

With digital manufacturing, we use data needed to overhaul production sites. This approach entails employing digital technology to acquire data, storing data on a shared platform, and analyzing the data and employing it in new initiatives. Our digital manufacturing vision is to use digital technology and data to deliver new added value by transforming frontline and office productivity and work practices.

We set about accelerating digital manufacturing by preparing operations subject to production process innovation, systematically classifying 13 production areas based on quality, cost, and delivery attributes and 44 model worldwide operations. We visualize process data that devices and systems gather from these model operations in terms of quality, cost, and delivery for management, administration, and frontlines

levels to integrate key performance indicators for them.

Ricoh Manufacturing (China) Ltd. in Guangdong Province is a state-of-the-art digital manufacturing facility that we established in June 2020. The plant has deployed the Internet of Things, robots, automated equipment, and other digital technologies to enhance efficiency. It has thus been able to trim back office headcount by 11%, for annual savings of ¥4.5 billion.

Because the operations there were launched during the pandemic, local personnel led the way in taking full advantage of digital tools. This enabled us to relocate facilities without having to send employees from Japan to assist, instead providing remote technical support for equipment relocations, inspections, and training.

Today		Tomorrow
Management	• Asking each domestic and overseas plant for information about production conditions • Instructing each department and making decisions based on performance reports	Swift decision-making based on real-time data
Administration	• Plant workers seeking information about production situations on each line • Supporting between plants and from remote locations by traveling to sites	Teleworking becoming the norm, with real-time monitoring and remote management revolutionizing work style
Frontlines	• Setting up multiple managers and supervisors at production sites to monitor daily production and obtain information on site	Unmanned production areas and collaborative production between humans and robots reducing shop floor headcounts

New Office Printing growth initiatives

Providing new interface devices

In the Office Printing business, we are pursuing growth while reinforcing our operational structure. One of the initiatives has been to provide new interface devices that support diverse work practices.

We took advantage of our teleworking expertise to launch a range of unique meeting devices and services that support high-quality communication. To maximize productivity for people working from home, we provide personal printers and scanners, helping to ensure comfortable and secure work environments.

To connect people with frontline operations, we offer self-service devices that assist with remote communications and meet the demand of non-contact, non-face-to-face communications and save labor.

We look to generate new growth by delivering devices and services that connect people with the cloud in various situations.

Strengthening collaboration with other companies, including by expanding original equipment manufacturer (OEM) offerings

Markets are shrinking, and it has become essential to invest in efficient development initiatives. We will therefore collaborate extensively with other companies in areas in which we have competitive edges, leveraging our proprietary technologies in the process.

We will augment our position in peripheral equipment, drawing on such industry-leading technologies as staple-free stapling and compact folding units, to expand our OEM provision of flagship A3 color MFPs. At the same time, strategic collaboration with external parties will be pursued in areas of less priority.

Beyond technologies and products, we will step up collaboration in various fields, including to provide reuse and recycling infrastructure and expertise.

For more information, refer to the following pages: ❶ Internal initiatives P. 30 ❷ Internal Digital Transformation Initiatives P. 37