Fiscal 2021 Overview

Business performance

Under the 20th Mid-Term Management Plan (20th MTP), which started in fiscal 2021, Ricoh aims to become a digital services company that is a work productivity innovator.

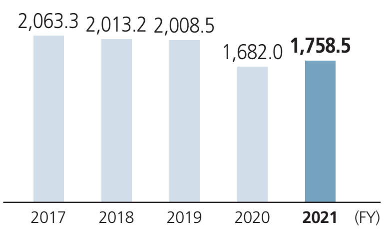
While the pandemic again affected the Office Printing and Commercial Printing businesses in the year under review, economic activity resumptions in Europe and the United States put us on track for a recovery, particularly in non-hardware. We reinforced our structure by optimizing our development, production, services, and other structures while taking major steps toward growth and reaching our 20th MTP goals. We endeavored to enhance corporate value by expanding in the office services business and other digital services areas and improving capital returns.

Consolidated sales for the term increased 4.5% from a year earlier, to ¥1,758.5 billion. This was despite various external factors hampering business activities. Among them were lost sales opportunities and production stoppages stemming from a global resurgence in COVID-19 infections, as well as container ship shortages and limited supplies owing to a lack of components. In the Office Printing business, non-hardware sales rose everywhere except in Japan. This was despite a hardware sales recovery delay due to product supply shortages. The Office Services business suffered from shortages of MFPs and IT products that we include in our services. Sales were up, however, on solid demand for software and other packages.

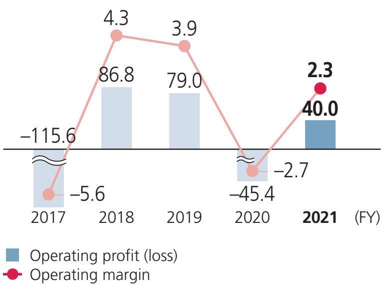
Supplies shortages, higher logistics costs, the spread of new COVID-19 variant infections, and other external factors dampened operating profit by a combined ¥57.0 billion. Our new business unit structure enabled us to overcome these challenges. That is because delegating decision making to those units encouraged them to reinforce their structures and better control expenses. As a result, operating profit increased ¥85.4 billion from a year earlier, to ¥40.0 billion.

We recorded a ¥30.3 billion profit attributable to owners of the parent, compared with a ¥32.7 billion loss attributable to owners of the parent in the previous year.

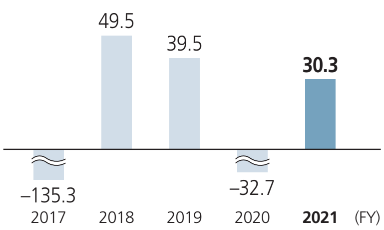
Sales
(Billions of yen)



Operating profit (loss)/ Operating margin
(Billions of yen/%)



Profit (loss) attributable to owners of the parent
(Billions of yen)



For more information, refer to the following pages: Business Overview by Business Unit P. 37-38

WEB Refer to our website: Annual securities report for the year ended March 31, 2022; Flash report for the year ended March 31, 2022

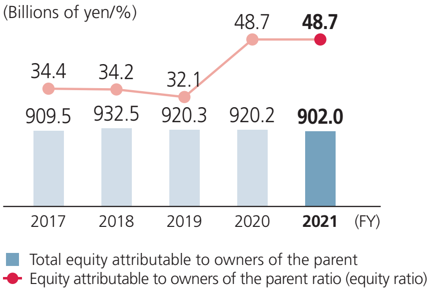
Financial position

Total assets decreased ¥34.6 billion from the end of fiscal 2020, to ¥1,853.2 billion. The yen depreciated significantly from the end of the previous term, producing translation differences for foreign assets. After excluding a foreign exchange impact, total assets declined ¥113.7 billion.

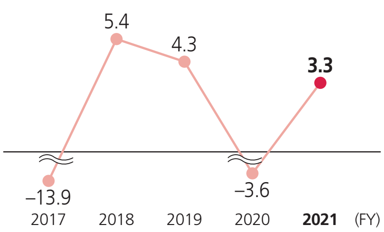
Total liabilities were down ¥16.5 billion, to ¥947.4 billion. After excluding the impact of foreign exchange rate fluctuations, these liabilities were down ¥49.4 billion. Trade and other payables decreased by ¥18.6 billion owing to shorter payment terms after reviewing conditions with suppliers. Accrued pension and retirement benefits declined ¥24.7 billion. This was due largely to higher discount rates from interest rate rises.

Total equity decreased by ¥18.0 billion, to ¥905.8 billion. Equity declined ¥92.7 billion in line with treasury stock repurchases that the Board of Directors approved on March 3, 2021. We retired ¥137.2 billion in treasury stock on February 28, 2022, comprising these and the shares repurchased before March 2021. As a result of the yen's depreciation, exchange differences on translation of foreign operations rose by ¥46.8 billion. Total equity attributable to owners of the parent was down ¥18.2 billion, to ¥902.0 billion. The equity ratio stayed stable, at 48.7%.

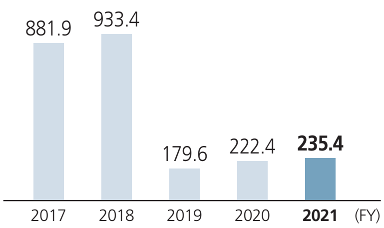
Total equity attributable to owners of the parent/Equity attributable to owners of the parent ratio (equity ratio)
(Billions of yen/%)



ROE
(%)



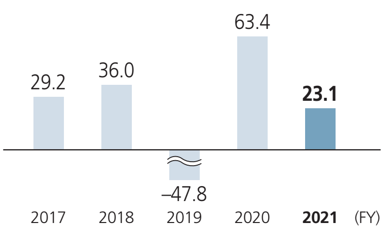
Consolidated interest-bearing debt
(Billions of yen)



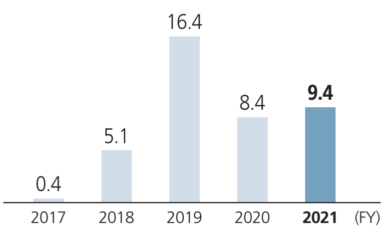
Free cash flow

Net cash provided by operating activities was ¥82.4 billion, down ¥44.5 billion from a year earlier. This was despite a significant earnings improvement, and reflected an increase in inventories. Net cash used in investing activities decreased ¥4.2 billion, to ¥59.3 billion. This reflected ongoing business expansion investments that offset higher cash inflows from sales of property, plants and equipment. The free cash flow was thus ¥23.1 billion, down ¥40.2 billion.

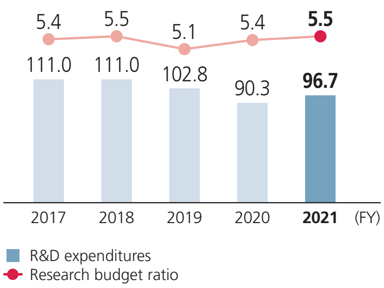
Free cash flow
(Billions of yen)



Business acquisitions 1
(Billions of yen)



R&D expenditures/Research budget ratio
(Billions of yen/%)



INFO

1 Business acquisitions
Amount recorded under cash flows from investing activities in the consolidated statements of cash flows

Business Overview by Business Unit

Fiscal 2021 financial highlights

Figures comply with International Financial Reporting Standards.

Sales by business

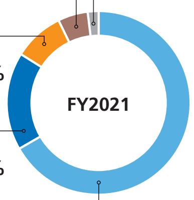
Other
¥35.5 billion 1.7%

RICOH Industrial Solutions
¥119.2 billion 5.5%

RICOH Graphic Communications
¥187.0 billion 8.8%

RICOH Digital Products
¥364.9 billion 17.1%

RICOH Digital Services
¥1,428.1 billion 66.9%



Note: Sales include those from external customers and intersegment transactions.

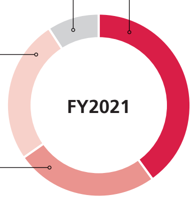
Sales by geographic area

Other
¥159.5 billion
9.1%

Japan
¥705.2 billion
40.1%

Europe, Middle East, Africa
¥450.1 billion
25.6%

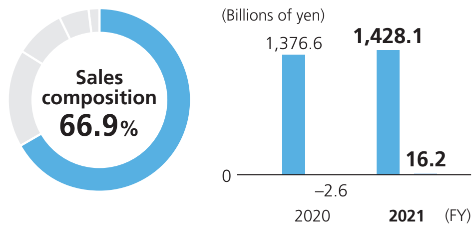
The Americas
¥443.6 billion
25.2%



Previous segments	Current segments
Office Services	RICOH Digital Services
Office Printing	RICOH Digital Products
Commercial Printing Industrial Printing	RICOH Graphic Communications
Thermal Media Industrial Products	RICOH Industrial Solutions

* Effective April 1, 2021, we adopted a business unit structure and changed business segments.

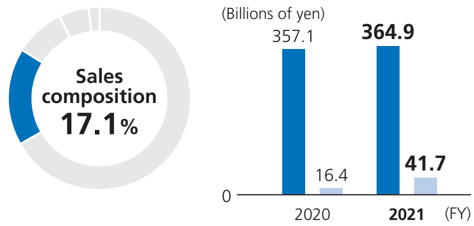
RDS RICOH Digital Services



Sales UP
¥1,428.1 billion
(Up 3.7% year on year)

Operating profit UP
¥16.2 billion

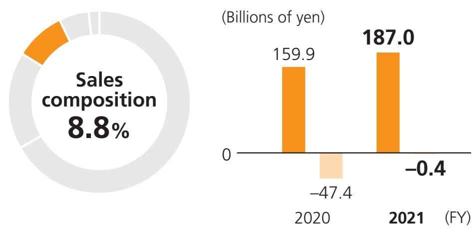
RDP RICOH Digital Products



Sales UP
¥364.9 billion
(Up 2.2% year on year)

Operating profit UP
¥41.7 billion
(Up 153.7% year on year)

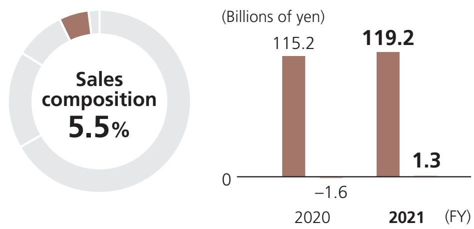
RGC RICOH Graphic Communications



Sales UP
¥187.0 billion
(Up 17.0% year on year)

Operating loss UP
¥0.4 billion

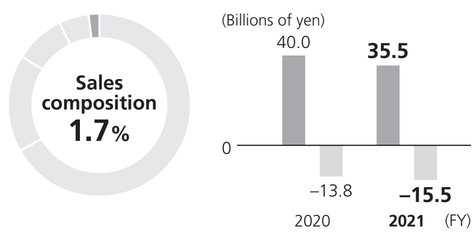
RIS RICOH Industrial Solutions



Sales UP
¥119.2 billion
(Up 3.5% year on year)

Operating profit UP
¥1.3 billion

Other



Sales DOWN
¥35.5 billion
(Down 11.3% year on year)

Operating loss DOWN
¥15.5 billion

Business outline	Business report
Digital Services business: We sell office imaging equipment and consumables. These include MFPs and printers, with leading global market shares. We draw on our global customer base to offer IT-related solutions that support customers' overall workflow reforms and work practice innovations. We also provide other services to digitally resolve management issues and enhance customer productivity.	Segment sales increased 3.7%, to ¥1,428.1 billion. In the Office Services business, package deployments remained robust in Japan and Europe despite global shortages of such IT products as PCs, servers, and network equipment, which reduced sales opportunities. In the Office Printing business, materials shortages hampered a recovery in sales of MFPs, printers, and other edge devices. Non-hardware sales nonetheless recovered as people returned to offices in line with progress with COVID-19 vaccination uptakes. Segment operating profit was ¥16.2 billion, from an operating loss of ¥2.6 billion a year earlier. This turnaround reflected improved profitability and margins in the office services business. Other key contributions were from the Office Printing business, for which we reinforced our maintenance services setup and undertook other structural reforms and reduced costs.
Digital Products business: We develop and produce (including on an OEM basis) office MFPs, in which we are the global market leader, as well as printers and other imaging equipment and edge devices that support digital communication.	Segment sales rose 2.2%, to ¥364.9 billion. We are striving to cut costs by lowering variable expenses and revamping our manufacturing structure. In fiscal 2021, while materials price hikes hampered efforts to reduce variable expenses, we progressed steadily with efforts to standardize parts and leverage AI to automate production. As for revamp of our manufacturing structure during the term, we extensively digitalized design tasks, consolidated and reorganized production plants, and collaborated extensively with other companies to cut development costs. While production suffered greatly from parts and materials shortages and the pandemic's impact near overseas production sites, operating profit increased ¥25.2 billion, to ¥41.7 billion. Factors included such structural reforms as reducing product costs, improving development and production efficiency, and gains on U.S. subsidiary land sales.
Commercial Printing business: We provide digital printing-related products and services for high-mix, low-volume printing to our customers in the printing industry. **Industrial Printing business:** We manufacture and sell industrial inkjet heads, inkjet ink, and industrial printers for diverse applications. These include building materials, furniture, wallpaper, signage displays, and apparel fabrics.	Segment sales were up 17.0%, to ¥187.0 billion. Our Commercial Printing business recovered on resumptions of economic activity in the key U.S. and European markets. Non-hardware sales enjoyed a particularly solid improvement. Growth was significant in industrial printing, especially in inkjet heads, in which we are a powerful competitor. We progressed steadily in cost reduction by deploying digital development and production processes while streamlining service activities. We posted an operating loss of ¥0.4 billion, a significant improvement over the ¥47.4 billion in red ink of a year earlier. The loss in the previous term reflected impairment losses on goodwill, property, plant and equipment, and intangible assets relating to the Commercial Printing business.
Thermal Media business: We manufacture and sell thermal paper for point-of-sale, barcode, delivery, and other labels for food products, and thermal transfer ribbons for clothing price tags, brand tags, and tickets. **Industrial Products business:** We provide precision device components and other products that employ optical and image processing technologies.	Sales climbed 3.5%, to ¥119.2 billion. In the Thermal Media business, demand has risen solidly on growth in e-commerce, which has driven demand expansion worldwide for delivery labels. Against this backdrop, we have drawn on the materials technologies we amassed to expand our business steadily over the years. This is notably by supplying thermal paper, thermal transfer ribbons, and other products that ensure outstanding heat and abrasion resistance, deliver superior print definition and storage capabilities, and are environmentally friendly. In the Industrial Products business, we are expanding our customer base by providing stereo cameras and other optical devices to the automotive sector, in which safety driving assistance systems are increasingly ubiquitous. Automotive customer production adjustments significantly affected the Industrial Products business. Operating profit was ¥1.3 billion, from an operating loss of ¥1.6 billion a year earlier.
Smart Vision business: We are strengthening our platform business, which brings together our 360° RICOH THETA cameras with software and cloud services to streamline real estate, construction, and architectural site work. **Other businesses:** We are expanding new business opportunities in various fields. These include digital camera-related businesses, our business with PLAiR, a new plant-derived material that is an alternative to plastic, healthcare business, and social infrastructure and environmental businesses.	Sales for the term decreased 11.3%, to ¥35.5 billion, owing primarily to Ricoh Leasing Company, Ltd., becoming an equity-method affiliate. After excluding this factor, we benefited from solid sales of new products in the camera business and sales increased from the previous year. We posted a ¥15.5 billion operating loss in this segment, stemming partly from up-front investments in new businesses. In keeping with our commitment to helping resolve social issues, we are capitalizing on new opportunities by creating business models that leverage digital technology and our expertise in patents and other aspects of intellectual property. We leverage open innovation to create new value we could not generate ourselves.