

Business performance

The pandemic hampered the global economy throughout fiscal 2020.

In our mainstay office equipment market, office attendance rates dived amid government-imposed lockdowns and regulations and constraints on economic activity, causing printing demand to plunge.

We accordingly positioned fiscal 2020 as a year of responding to the emergency resulting from the pandemic and gearing up for the future. We thus endeavored to (1) secure sufficient liquidity to cover performance fluctuations, (2) enhance financial stability, and (3) accelerate our post-pandemic evolution. Consolidated sales for the term decreased 16.3% from a year earlier, to ¥1,682.0 billion. Hardware sales were down in the Office Printing segment owing to lockdowns and other constraints on sales activities. Non-hardware sales also dropped amid declining office attendance rates of our customers, primarily in Europe and the Americas.

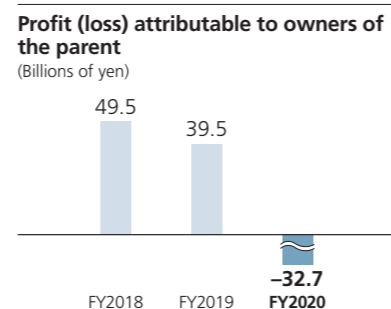
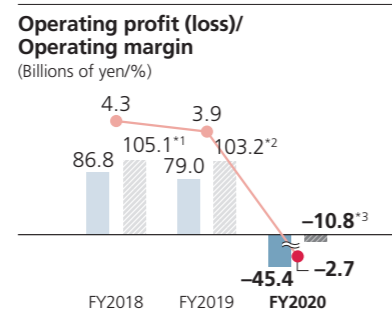
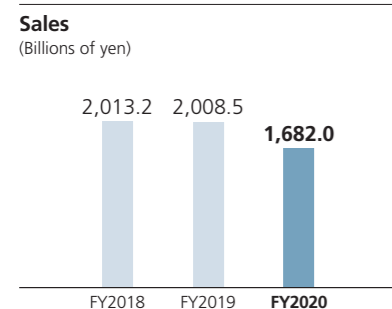
There has been a gradual recovery, notwithstanding some fluctuations because of the pandemic.

Consolidated subsidiary Ricoh Leasing Co., Ltd., became an equity method affiliate after a transfer of shares, leading to a significant sales drop.

We accordingly posted an operating loss of ¥45.4 billion, compared with an operating profit of ¥79.0 billion a year earlier. The red ink reflected the significant business impact of the pandemic and offset gains from measures to respond to the emergency and prepare for the future.

After excluding such special factors as structural reform-related and production reorganization costs, impairment losses, and government grants, the effective operating loss for fiscal 2020 was ¥10.8 billion. This figure represented a turnaround: from an operating loss of ¥31.5 billion in the first half of the year to an operating profit of ¥20.7 billion in the second half on a recovery from the pandemic and efforts to reinforce the business corporate structure and expand in Office Services.

The loss attributable to owners of the parent was ¥32.7 billion, from a profit attributable to owners of the parent of ¥39.5 billion in the previous fiscal year.



■ Operating profit (loss) ● Operating margin
▨ Operating profit or loss excluding special factors

*1 Operating profit after excluding ¥19.3 billion in structural reform expenses, ¥14.9 billion in Ricoh India-related costs, a ¥2.7 billion impairment loss, and an ¥18.6 billion one-time gain

*2 Operating profit after excluding ¥10.6 billion in structural reform expenses, a ¥15.6 billion pandemic impact, and a ¥2.1 billion one-time gain

*3 Operating profit after excluding ¥20.1 billion in expenses related to reinforcing the business structure, ¥5.0 billion in production reorganization expenses, ¥27.6 billion in impairment charges, and an ¥18.1 billion one-time gain

● For more information, refer to the following pages: Business Overview P. 19-20

■ WEB Refer to our website: Annual securities report for the year ended March 31, 2021; Flash report for the year ended March 31, 2021

Financial position

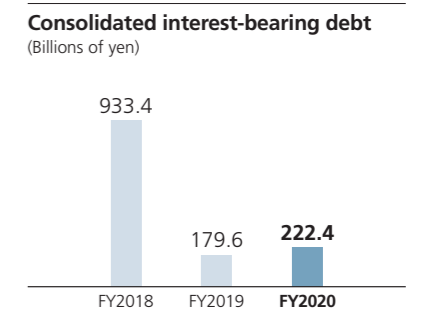
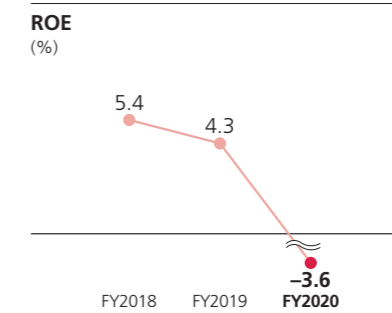
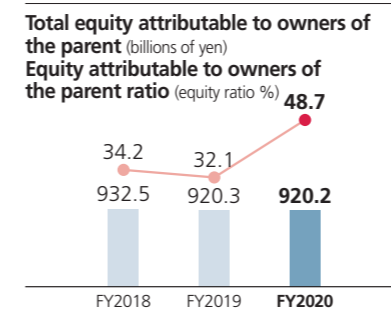
Total assets decreased ¥979.7 billion from the end of fiscal 2019, to ¥1,887.8 billion. The deconsolidation of Ricoh Leasing reduced assets by around ¥1 trillion.

Total liabilities were down ¥895.1 billion from the end of fiscal 2019, to ¥964.0 billion. This was despite bonds and borrowings increasing to prepare for a deteriorating business climate owing to the pandemic and reflected a decline in liabilities directly related to assets held for sale from the partial transfer of Ricoh Leasing shares. The deconsolidation substantially lowered interest-bearing debt (corporate bonds and

loans) by around ¥870.0 billion.

At the end of the term, total shareholders' equity was down ¥84.6 billion from a year earlier, at ¥923.8 billion. This reflected a repurchase of treasury stock following a resolution of the Board of Directors on March 3, 2021, and a drop in noncontrolling interests from Ricoh Leasing becoming an equity-method affiliate.

As a result of these factors, total equity attributable to owners of the parent decreased ¥100 million to ¥920.2 billion. The equity ratio remained stable, at 48.7%.

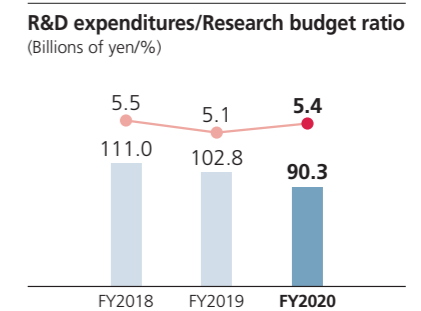
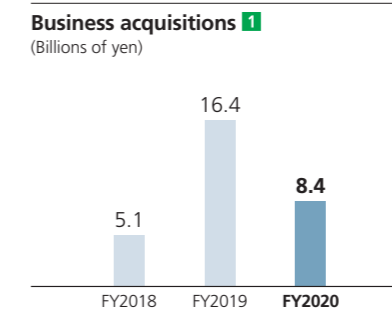
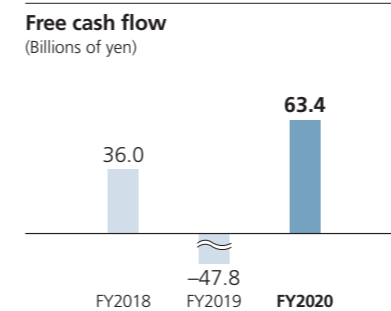


■ Total equity attributable to owners of the parent
● Equity attributable to owners of the parent ratio (equity ratio)

Free cash flow

We posted a free cash flow of ¥63.4 billion, with an increase of ¥111.2 billion in cash inflows compared to a year earlier. This was despite a loss for the term owing to the pandemic and reflected a decrease in trade and other receivables from an improvement in working capital and a decrease in lease

receivables owing to the deconsolidation of Ricoh Leasing. Other factors were lower cash outflows for the term owing to a one-time injection from the partial transfer of Ricoh Leasing shares and a drop in capital expenditures from that company becoming an equity-method affiliate.



■ R&D expenditures
● Research budget ratio

■ INFO

■ Business acquisitions

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

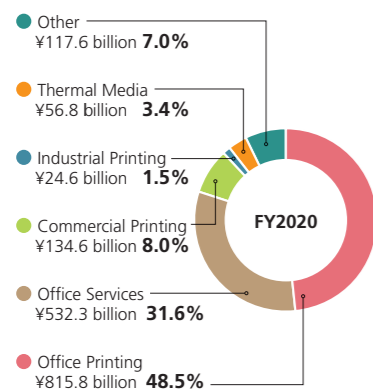
Note: We retroactively revised figures for fiscal 2019 as a result of a switch to new segmentation in the year under review.

Business Overview

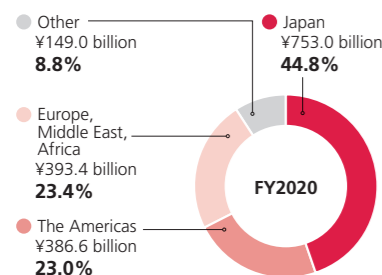
Financial highlights

Figures comply with International Financial Reporting Standards.

Sales by product category



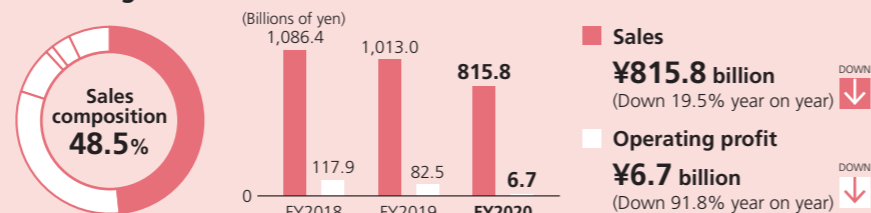
Sales by geographic area



Previous segments	New segments
Office Services	Ricoh Digital Services
Office Printing	Ricoh Digital Products
Commercial Printing	Ricoh Graphic Communications
Industrial Printing	Ricoh Industrial Solutions
Thermal Media	
Industrial Products	

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

Office Printing



Business outline

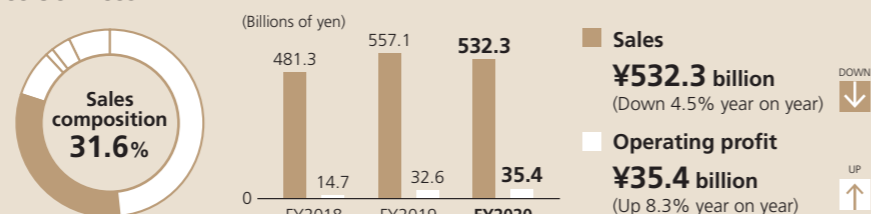
In this core business, we supply MFPs and other imaging equipment and related services. Our offerings include office multifunctional printers, for which we have the top market share worldwide.

Business report

Office Printing sales were down 19.5%, to ¥815.8 billion in fiscal 2020. Sales of hardware and related consumables were off owing to the pandemic, with lockdowns and other movement restrictions causing sales and deliveries to slump, while print volumes were down amid declining office attendance rates, particularly in Europe and the United States. Operating profit plunged from ¥82.5 billion a year earlier, to ¥6.7 billion. This was despite progress in

streamlining operations to lower costs. Key downside factors were a drop in gross profit from reduced sales and expenditure on measures to permanently reinforce the corporate structure. Another factor was the absence of one-time gains posted in the previous year. We were profitable for the year after experiencing a loss in the first half amid plunging sales and gradually recovering in the second half.

Office Services



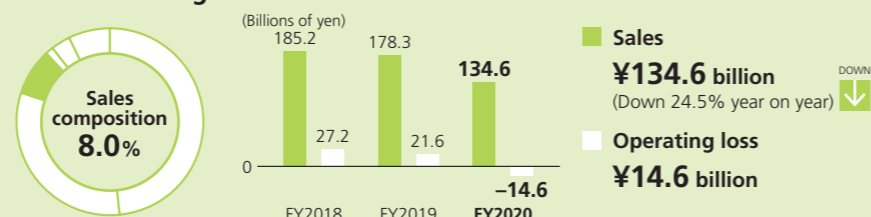
We help resolve customer office issues by offering total solutions that combine building IT environments with support for network operations environments and users. For example, we supply products and services that assist with new work practices.

Office Services sales decreased 4.5%, to ¥532.3 billion. Although sales were up for IT services and applications, including packaged solutions, sales were down for IT hardware in the absence of the previous year's demand associated with transitions to Windows 10TM*. Operating profit was ¥35.4 billion, up from ¥32.6

billion a year earlier. This stemmed from progress in improving profitability by expanding sales of solutions packages. The operating margin rose from 5.9%, to 6.7%, as we made steady progress in transforming from being primarily an office equipment manufacturer into a digital services company.

* Windows is a trademark or registered trademark of Microsoft Corporation in the United States and other countries.

Commercial Printing

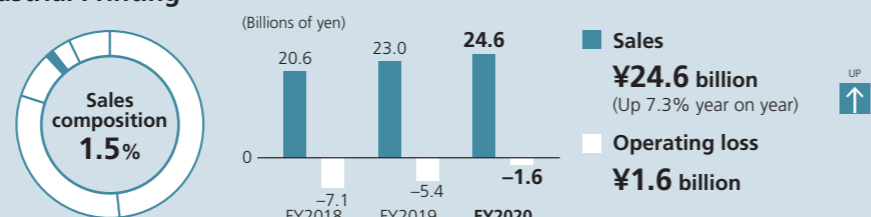


We serve printing industry customers by offering digital printing-related products and services that can handle high-mix, low-volume printing.

Commercial Printing sales fell 24.5%, to ¥134.6 billion. This was due largely to declining hardware sales in the key European and American markets, which suffered from business deal postponements owing to sales activity restrictions and from lower customer investment appetites because of the pandemic. Another downside factor was reduced commercial print volumes owing to declining economic activity. From the second quarter, sales of consumables and other offerings gradually recovered on an upturn in print demand for customer events and resumption of business activities. The operating loss was ¥14.6 billion, down from ¥21.6 billion a year earlier.

This reflected a gross profit downturn from lower sales of transaction printer-related consumables and other products and an impairment loss on development and other fixed assets. After excluding the impairment loss, operating profit would have been ¥11.8 billion. The impairment loss included a third-quarter charge in light of a future earnings forecast review because of the performance impact due to the pandemic. It also encompassed a fourth-quarter charge from a future earnings review to reflect a change in related expense allocations that stemmed from reorganizing the production structure in keeping with the transition to a business unit setup.

Industrial Printing

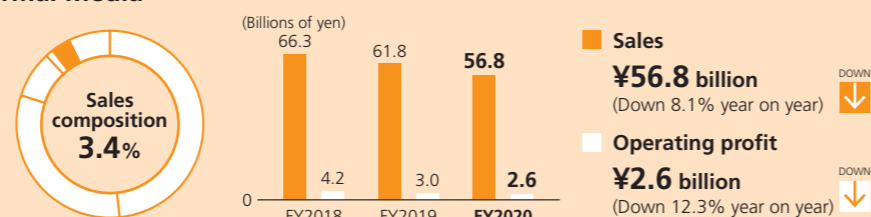


We manufacture and sell industrial inkjet heads, inkjet ink, industrial printers, and other offerings for such diverse tasks as printing furniture, wallpaper, automobile exteriors, and apparel fabric.

Industrial Printing sales increased 7.3%, to ¥24.6 billion. Sales of inkjet printheads to customers in Europe and the United States were down owing to the pandemic. Offsetting that impact were a recovery in sales of inkjet printheads in the key Chinese market and higher U.S. sales of industrial print-

ers. We incurred an operating loss of ¥1.6 billion for the year because of increased product development spending to drive business. This loss was lower than the ¥3.7 billion recorded in the previous term, reflecting a return to profitability in the fourth quarter.

Thermal Media

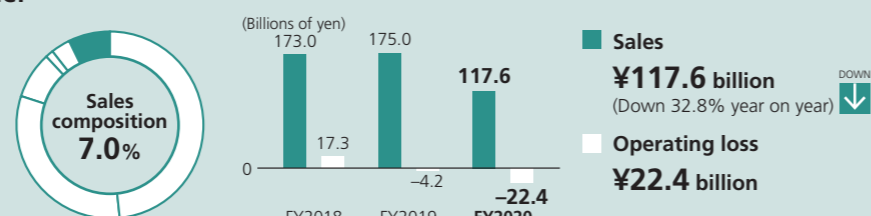


We manufacture and sell thermal paper for point-of-sale labels for food products, barcode labels, delivery labels, and thermal transfer ribbons for clothing price tags, brand tags, and tickets.

Thermal Media sales for the year under review decreased 8.1% from a year earlier, to ¥56.8 billion. This reflected lackluster demand for event and transportation tickets following lockdowns and other movement constraints amid the pandemic and because of smaller labels despite rising e-commerce

demand. Operating profit was ¥2.6 billion, from ¥3.0 billion a year earlier, with efforts to reduce raw material costs by stabilizing supplies and enhancing processes to lower cost ratios partially offsetting the impact of the pandemic.

Other



The Other segment comprises Industrial Products, Smart Vision, and Other, which includes other business segments. We draw on the technological capabilities of the Ricoh Group to provide a wide range of products and services in everything from the industrial to consumer sectors.

During the year, the Industrial Products business expanded sales of products for automated driving and advanced driving support, primarily for the automotive sector. In Smart Vision, we launched the THETA 360.biz official partner program. We released the AI Staging beta version, which leverages artificial intelligence to automatically arrange computer graphics of furniture in 360° panoramas.

This offering makes properties more appealing by enhancing living space views to prospective property buyers and renters. Segment sales for the term decreased 32.8%, to ¥117.6 billion. We posted an operating loss of ¥22.4 billion. This owed largely to Ricoh Leasing becoming an equity-method affiliate. After excluding the deconsolidation impact, earnings were basically unchanged.