

**Positioning
FY2020 &
Accelerating
Transformation**

May 8, 2020

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President and CEO
Ricoh Company, Ltd.

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- Thank you for sparing time to be here today.
- I will begin by offering condolences to those who lost family members or friends as a result of COVID-19. I wish speedy recoveries to sufferers from this terrible disease. I also salute medical professionals and public institutions for their valiant service on the pandemic frontlines.

The plans, prospects, strategies and other statements, except for the historical events, mentioned in this material are forward-looking statements with respect to future events and business results. Those statements were made based on the judgment of Ricoh's Directors from the information that is now obtainable. Actual results may differ materially from those projected or implied in such forward-looking statements and from any historical trends. Please refrain from judging only from these forward-looking 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 could cause those results to differ materially from those expressed in the forward-looking statements:

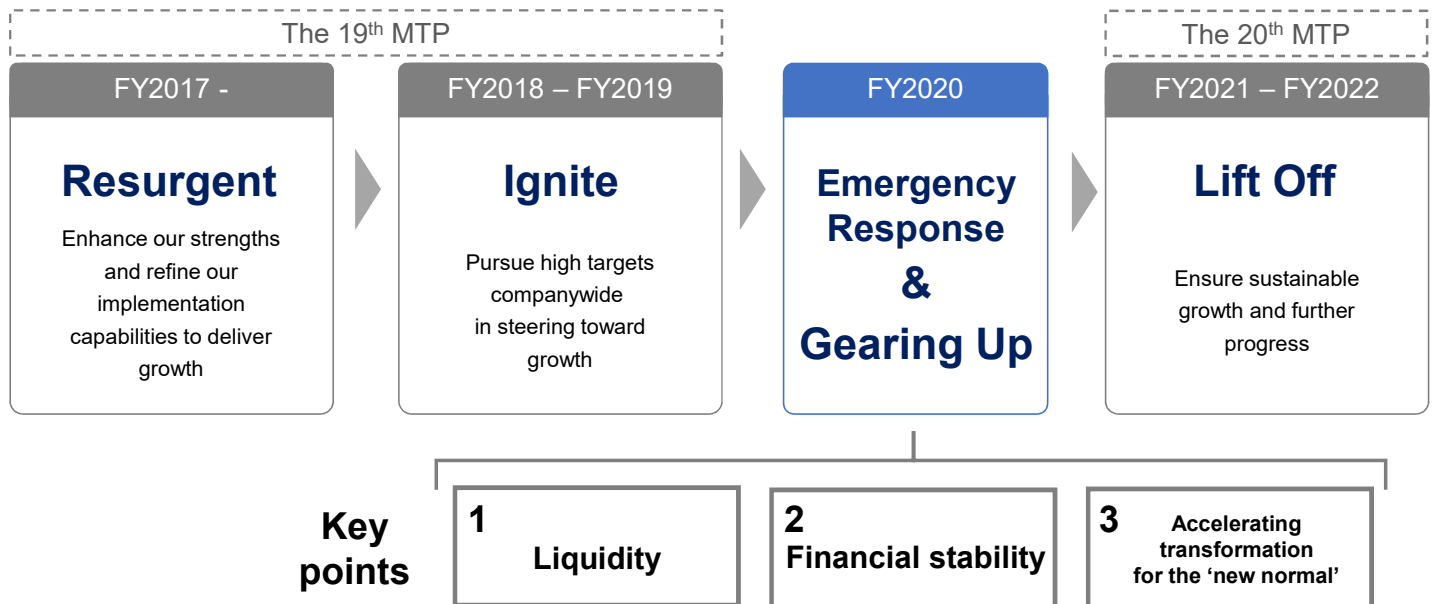
- a. General economic conditions and business trend
- b. Exchange rates and their fluctuations
- c. Rapid technological innovation
- d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that achieve market acceptance in hot competitive market

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Note: In this document, fiscal years are defined as follows:
FY2019 = Fiscal year ended March 31, 2020, etc.

A year of “Emergency Response & gearing up” to prepare for “Lift Off”



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- At a briefing on March 27, I reviewed our 19th Mid-Term Management Plan and outlined the successor plan.
- I stated at the time that we would disclose targets for the new initiative when announcing our results for fiscal 2019.
- The COVID-19 pandemic has since wreaked global havoc and the situation has been changing day by day
- Lockdowns and social distancing have become the norm for many people the world over. This situation has accelerated the uptake of teleworking for countless people.
- Our 20th Mid-Term Management Plan, which we have dubbed Lift Off, assumed a gradual shift toward teleworking over its three years. The COVID-19 pandemic made such work a comparatively instant reality.
- To date, we have plotted progress from our Resurgent and Ignite initiatives through to Lift Off. But in fiscal 2020 we face a monumental crisis. We wish to position this term to tackle that crisis and compress three years of change into one and gear up for Lift Off.
- Lift Off will now be two years, starting in April 2021. I aim to announce plan details once we have a full picture of the future impact of COVID-19.
- It is during this period that we have three key priorities. These are to maintain our liquidity and financial stability and accelerate our transformation toward a new normal.
- My focus today is on these priorities.

Securing liquidity to deal with a 30% drop in annual sales

FY2019
IR presentation
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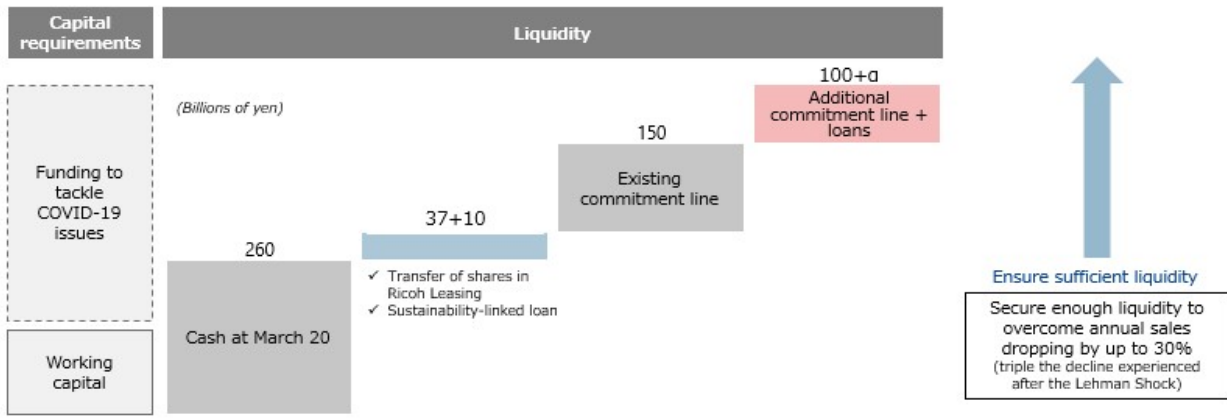
- Uncertain impact of COVID-19 pandemic on business results
- Making corporate survival a top priority and needing to ensure liquidity in the event of performance downturns

Assuming triple the decline experienced after the global financial crisis



Key initiatives

- Ensure liquidity
 - ✓ Secure additional commitment line (current ¥150 billion + additional ¥100 billion)
 - ✓ Consider additional borrowing
- No change in policy of generating additional ¥100 billion in shareholder returns



- First, I will explain how we are securing sufficient liquidity to tackle performance swings.
- We have enough liquidity to deal with a 30% drop in annual sales. That represents around triple the decline we experienced after the 2008 global financial crisis.

Improving financial stability and reducing both risk assets and debt through the de-consolidation of Ricoh Leasing

(billions of yen)

Asset		Liabilities & Equity	
Lease asset	10,013	Debt	9,334
		Shareholder's equity*	9,325
Total assets: 2.7 trillion JPY		Equity ratio 34.2%	

➔

Asset		Liabilities & Equity	
Lease asset	2,243	Debt	1,796
		Shareholder's equity*	9,202
Total assets: 1.7 trillion JPY		Equity ratio 52.8%	

Balance Sheet as at March 2019
Balance Sheet as at March 2020
(excluding Ricoh Leasing asset)

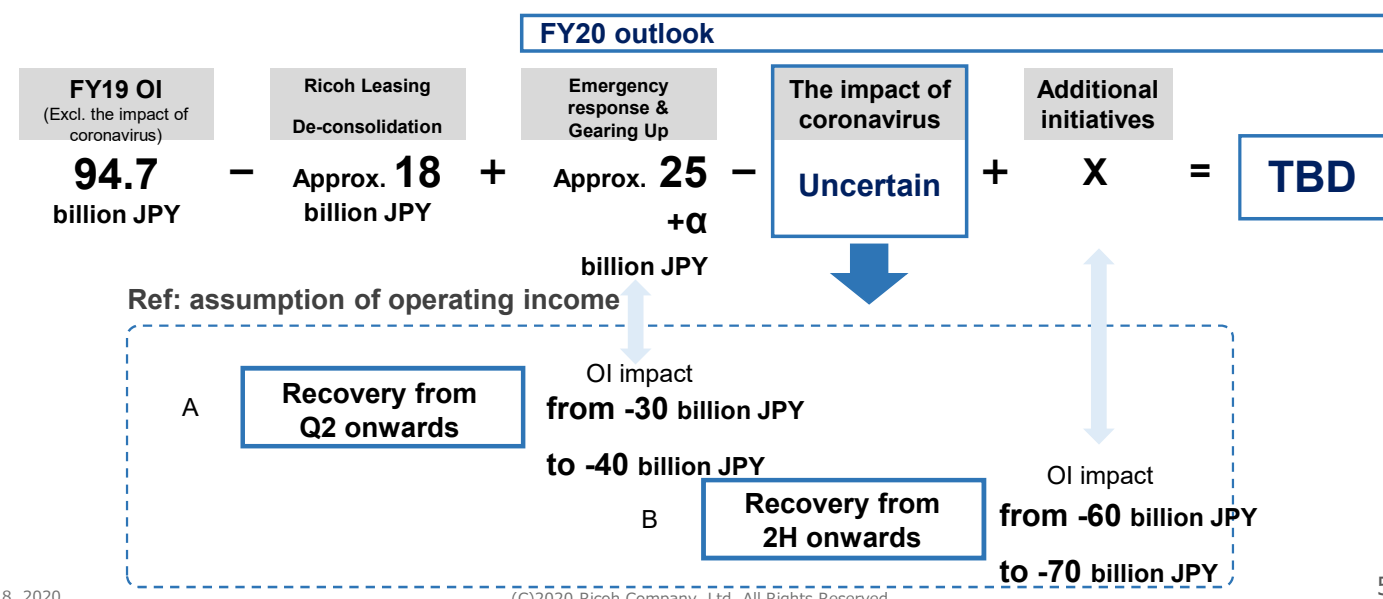
*Shareholder's equity: Equity attributable to owners of the parent
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- Next, we are endeavoring to improve our financial stability.
- In March this year, we declared that we would remove Ricoh Leasing from consolidation. We made that move in April, thereby reducing our risk assets and debt.
- At the end of March this year, we had cash holdings of 260 billion yen and around 180 billion yen in interest-bearing debt. So, we are essentially debt-free.
- We therefore lifted our equity ratio from 34.2% at the close of fiscal 2018, to 52.8% a year later.

- The impact of coronavirus is uncertain – both its magnitude and duration
- Implementing initiatives to recover profit, yet unable to see FY2020 outlook



- I will now discuss the outlook for fiscal 2020.
- In fiscal 2019, our operating profit after stripping out the impact of the COVID-19 pandemic was 94.7 billion yen. Notwithstanding various unforeseen factors, we are disappointed to not reach our mid-term management plan target of 100 billion yen.
- Our goal for fiscal 2020 would exclude 18 billion yen from the deconsolidation of Ricoh Leasing and include more than 25 billion yen from tackling the COVID-19 crisis and accelerating change.
- The full impact of COVID-19 remains uncertain. China is emerging from the pandemic. Several other countries and territories are poised to follow suit. In some cases, lockdowns and social distancing measures may start easing during this month. We have accordingly made two assumptions in light of this situation.
- Under Assumption A, we project a negative impact on operating profit of 30 billion yen to 40 billion yen if the business climate gradually improves from the second quarter of the fiscal year.
- Under Assumption B, the negative operating profit impact would be 60 billion yen to 70 billion yen if there is a gradual turnaround from the second half.
- It is tough at this stage to pinpoint business climate changes. Still, if Assumption B materializes we would undertake additional initiatives.
- We have yet to formulate our target for fiscal 2020, and we look to announce that figure at the appropriate time after assessing the business impacts of global lockdowns and social distancing in April and May and once these measures ease.

From an Office automation equipment manufacturer to a

Digital services company

A company that supports workers' creativity and provides services to meet changing workplaces

Expected changes in society, markets and customers

- ✓ Greater emphasis on a more sustainable economy
- ✓ From paper to electronic data in the document market
- ✓ The borders of when and where we work will disappear
- ✓ Shift in importance to feeling valued and new ways of working (workstyles)
→ increase in gig workers and sole traders
- ✓ Routine tasks will be automated and thereby reducing manpower
→ people shift to focusing on more creative work



The spread of COVID-19 has forcibly accelerated a change to working practices

What we now need to accelerate is to:

(1) Grow out of being a manufacturer

(2) Provide digital services

- I will now talk about how we will accelerate our post COVID-19 transformation.
- In my March 27 presentation, I declared that we would evolve from an office automation into a digital services company. I explained four respects in which Ricoh could turn encumbrances as a producer of office automation equipment into strengths as a services provider.
- In exploring our new mid-term management plan, we used backcasting to determine how we should act now.
- One assumption is that the document market is switching away from paper to electronic data. Another is that delineations between where and when people work will dissipate. Also, work practices and values will change tremendously.
- In fact, we have seen the COVID-19 pandemic materialize some of these changes already, and there is no turning back.
- We need to immediately accelerate progress in two respects. One is to shift away from being an office automation manufacturer. The other is to provide digital services.

Seeing the world of work now that we anticipated happening during “Ricoh Lift Off” has accelerated a change to our value proposition

Value proposition centered on an MFP



**Provide vertical solutions
for each workplace**

A manufacturer that
makes best-in-class
devices



A company with a deep
understanding of the issues
associated with customers'
business process

<Ricoh's initiatives>

1 Comprehensively reform the value chain, which was optimized for our MFP business

- Prioritize development and production focus to provide best-in-class devices
- Expand procurement and supply OEMs
- Improve productivity in sales and service operations
- Optimize locations and organizational structure etc.

16 billion JPY

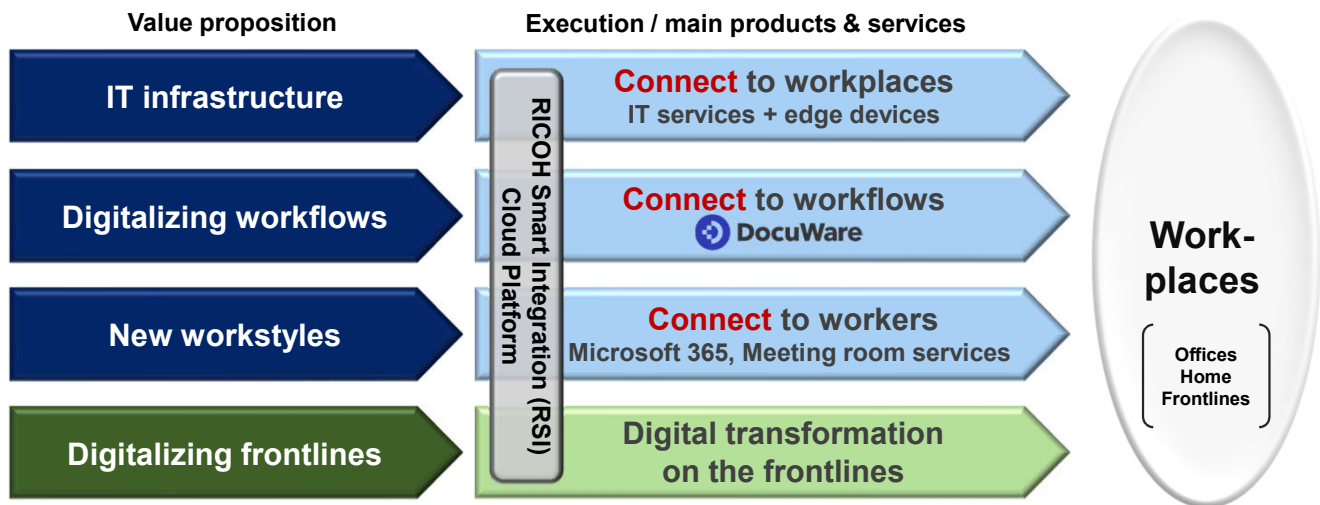
2 Promote efficiency through our digital revolution

- Digitalize business processes in headquarters
- Strengthen digital manufacturing etc.

9 billion JPY

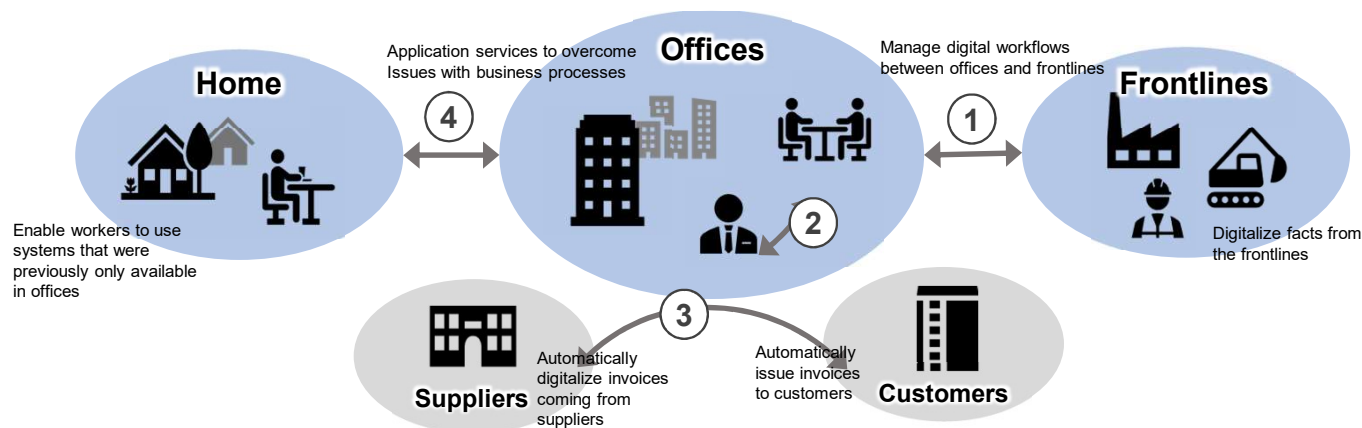
- I will first explain our deemphasis of manufacturing. This may seem like a kneejerk response to a crisis, but I realized some time back that we would ultimately have to take that path. To be absolutely clear, I would like you to know that we are determined to remain the world's top make of MFPs, and will keep manufacturing edge devices.
- Note that in fiscal 2019 we were the No. 1 player for the second straight year in the global market for color A3 MFPs, increasing our share in the process. We managed prices and avoided deep discounting and deepened our confidence that customers would choose our offerings if highly appealing.
- We aim to become a company that combines devices like these with services to deliver customer solutions. While MFPs are still central to our value proposition, we will become a company that delivers value by resolving workplace issues.
- We will broadly deploy two initiatives. The first is to simplify our supply chain, which we had optimized for our MFP business. By focusing on providing best-in-class devices and leveraging our resources we will expand original equipment manufacturing procurement and supply. We will accordingly optimize our business site and organizational resources.
- Our second initiative will be to drive our digital transformation. We will emphasize digitizing head office, divisional, and regional headquarters processes, adopting internal practices that we can offer to customers. Also, we look to launch a state-of-the-art digital data-based plant in Guangdong, China. The opening has been delayed somewhat owing to COVID-19.
- These two initiatives should add a total of 2.5 billion yen to earnings in fiscal 2020.

Ricoh's digital services include **IT infrastructure**, connecting **workflows** through digitalizing and providing **new workstyles**



- I will now talk about our efforts to provide digital services.
- These include building information technology infrastructures for workplaces and digitizing workflows for new work practices.
- We believe that we can play an important role in simplifying the adoption and use of these setups. Our value proposition goes beyond supplying devices to also include making it easy for customers to swiftly employ deployed services.
- We also consider it important to supply customers with knowledge we gain from analyzing collected data, and would like to offer a service in that regard.
- As you can see in the slide, the chart shows our value propositions and the corresponding key products and services.

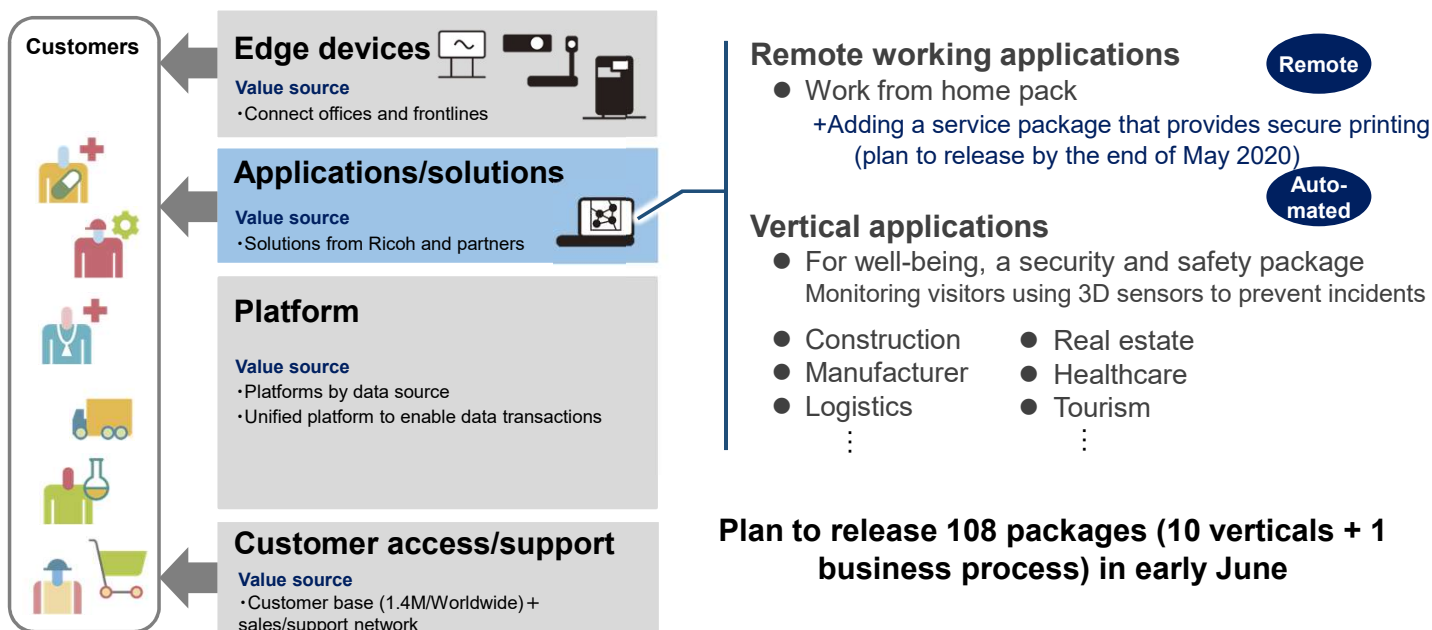
Revealed by coronavirus: The importance of workplace digitalization.



Reduce stress between ① from frontlines and offices, ② from process to process, ③ from offices and offices and ④ from offices and home

Key words are “Remote” and “Automated”

- Here we highlight the importance of workplace digitization, which the pandemic has revealed as a key social issue.
- People suddenly having to work from home have often had no remote access to office systems, forcing them to commute just to check on invoices and statements from business partners.
- Frontline sites that do not employ digital tools are also problematic. Real estate professionals, for example, have to physically inspect properties. At building sites, people have to personally check progress.
- So, digitizing processes at homes, offices, frontlines, and at business partner and customer workplaces would make it far easier to accomplish tasks.
- Key priorities are to get things done remotely and automate tasks as much as possible.
- I sense that the pandemic has changed everything in these respects. We must tackle these challenges now. There is no going back.

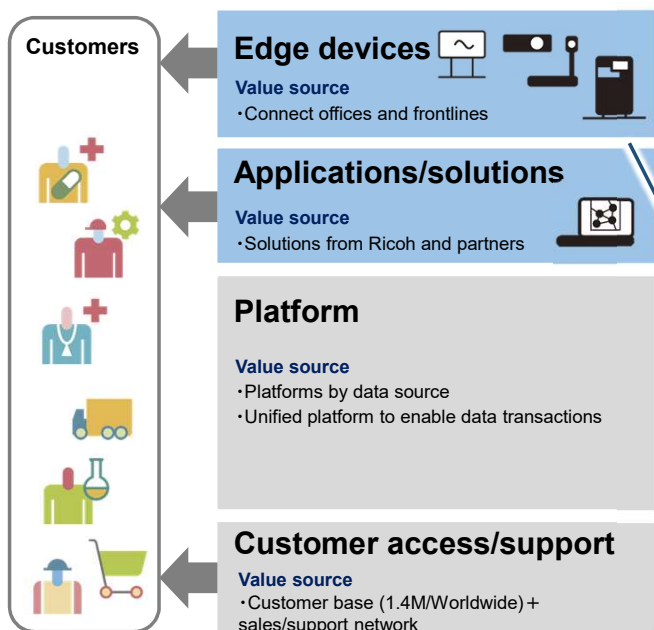
Extracted from Growth strategy "Ricoh Ignite" issued on Feb. 6th, 2018


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- The chart here illustrates what we're doing in Japan, where we plan to roll out several services from June this year.
- The graphic on the left presents elements from the RICOH Ignite growth strategy that we announced in February 2018. We have made steady progress since then.
- The edge devices that we make or procure are extremely important. They enhance the productivity of customer businesses and capture important data alongside working customers.
- Our platforms are Empowering Digital Workplaces in Japan and Ricoh Smart Integration overseas. They are steadily winning customer acceptance.
- We will gradually launch applications and solutions for a post pandemic era.
- We recently rolled out a work from home pack, and look to release a package that provides a secure home printing environment. We created this solution in collaboration with Cisco Systems.
- We have bolstered our industry and business solutions. A good example is a security and safety package that uses 3D sensors to monitor visitors to nursing homes and keep intruders out. This is a very useful tool for such institutions, which suffer from chronic labor shortages.
- So, remote and automated solutions are very valuable.
- Key social issues in Japan are a digital divide between small and medium-sized enterprises and a need for regional revitalization. Enterprises need to harness digital technology to create teleworking environments.
- Ricoh will conclude an agreement with the Japan Chamber of Commerce and Industry in May this year to collaborate in using information and communications technologies to enhance productivity, supporting such efforts at small and medium-sized enterprises.

Extracted from Growth strategy “Ricoh Ignite” in Feb. 6th, 2018


Remote working service



- A packaged service to provide laptops, printers as well as a guidebooks, training and support

- Large insurance company in UK had to shift all employees to remote working due to the virus.
- Ricoh UK provided all devices (Thousands of tablets, smartphones and headsets)
- Established the IT network and security protocols

Virtual classroom service



- A package of devices and software to provide remote classrooms

- Ricoh Italy provided the service on a 30-day free trial basis to schools/universities
- Teachers can easily host a classroom session through the video conferencing system
- Students can access the classroom from their computers, tablets or smartphones

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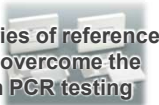

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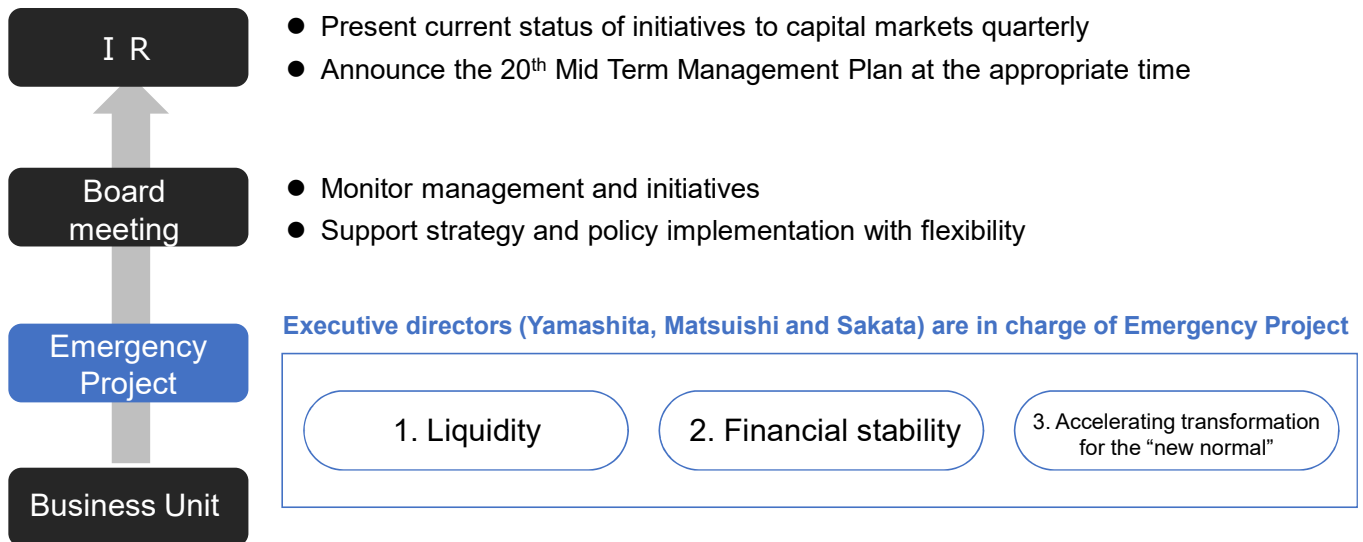
- I will now highlight success stories in presenting examples of digital services provided overseas.
- Cities around Europe imposed lockdowns owing to the COVID-19 pandemic. In one case, we supplied thousands of tablets, smartphones, and headsets to a leading British insurer that had to have employees work from home. We also provided security protocols and training tools, completing the entire infrastructure for this transition in just two weeks. We earned top marks for undertaking such a big project in such little time.
- Even in Europe, where teleworking is more common than in Japan, packaged services are considered effective tools for making it easy to start working that way. We look to offer such services.
- Also, we cater to distance learning demand around the world. In Italy, we provide 30-day free trials of hardware and software packages for such learning to schools and universities
- It is naturally vital to keep educating children when they are unable to be near other owing to infection risks. As I mentioned a little earlier, service packages help because they can ease deployment and operations. The value that services deliver beyond just supplying devices is extremely valuable anywhere. The pandemic has created a new opportunity to contribute to social progress.

Digital needs addressed on the frontlines

“Remote” and “Automated” are required even in frontlines

Frontlines	Needs	Value proposition	Products/services
Real estate	<ul style="list-style-type: none"> Need to experience a property without going on-site 	<ul style="list-style-type: none"> Provide remote property viewings by digitalizing 360 degree images of rooms using THETA 	Virtual Tour Services 
Social infrastructure	<ul style="list-style-type: none"> Prioritize maintenance based on road conditions 	<ul style="list-style-type: none"> Capture road surface data using our stereo camera mounted on motorcar 	Road inspection system 
Hospitals	<ul style="list-style-type: none"> Need to minimize secondary infections by accurately identifying infected individuals 	<ul style="list-style-type: none"> Provide DNA standard template to improve accuracy of PCR testing 	Standard DNA series of reference DNA plates that overcome the challenges with PCR testing 
Schools	<ul style="list-style-type: none"> Need to have a highly interactive classroom experience, even during lockdown 	<ul style="list-style-type: none"> Provide packaged services that include hardware and software to enable remote classrooms 	Virtual Classroom Services 

- I would also like to touch on the rising need for digital technology in frontline workplaces as a result of COVID-19.
- In the real estate sector, the pandemic has made it hard for agents to take customers to properties for inspection. Virtual tour services leveraging 360-degree images from our THETA camera have been very well received in that regard. People looking for properties can view exteriors and go virtually from room to room from the comfort of home.
- For social infrastructure, we created a road inspection system that employs a vehicle-mounted stereo camera to detect road surface irregularities and leverages artificial intelligence analysis to comprehensively compute benchmarks so operators can prioritize maintenance based on those conditions.
- Reports on inspection results can go swiftly to offices, bringing frontline and office workflows together. Quite a few local government bodies are using our system.
- Finally, I would like to mention the RICOH Standard DNA Series of reference plates, which assists hospitals dealing with prospective COVID-19 cases by dramatically enhancing the accuracy of PCR tests. We made this series available on April 30 this year.



- As I mentioned at the start of my presentation, we have positioned fiscal 2020 as vital for accelerating change for Ricoh’s future. Our executive directors have spearheaded an emergency project. Goals of that initiative are to secure sufficient cash flows for business continuity and growth and help us become a digital services company, undertake additional measures, and address new needs.
- We will uphold governance through the Board of Directors and modify and add strategies and measures as circumstances change.
- As we did in fiscal 2017, when we implemented RICOH Resurgent, we will brief the capital markets each quarter about progress with our initiatives and additional steps we are taking.
- Finally, I would like to touch on our plans. The business outlook is very unclear, so we seek to disclose our forecasts for fiscal 2020 at the right time after the first quarter.
- I mentioned that our next mid-term management plan will be for two years from fiscal 2021, and I will report on that initiative when the business climate outlook becomes clear.
- In becoming a digital services company we will sustainably deliver value by keeping our finger on the pulse of change to help resolve social issues. I look forward to your ongoing encouragement and support for our efforts.

RICOH
imagine. change.