RICOH
imagine. change.

Creating Value

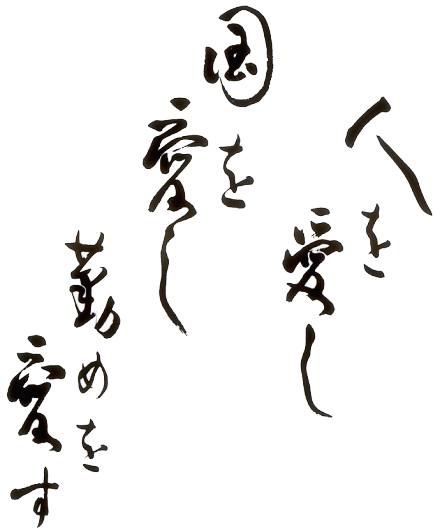
Ricoh Group Integrated Report 2020

Ricoh Way is our corporate philosophy and is our essential guide to each daily decision and activity

Founding Principles

The Spirit of Three Loves by Kiyoshi Ichimura, Founder

"Love your neighbor"
"Love your country"
"Love your work"



Mission
We are committed to providing excellence to improve the quality of living and to drive sustainability.

Vision
To be the most trusted global company.

Values
CUSTOMER-CENTRIC
Act from the customer's perspective

PASSION
Approach everything positively and purposefully

GEMBA
Learn and improve from the facts

INNOVATION
Break with the status quo to create value without limits

TEAMWORK
Respect all stakeholders and co-create value

WINNING SPIRIT
Succeed by embracing challenges through courage and agility

ETHICS AND INTEGRITY
Act with honesty and accountability

Kiyoshi Ichimura formulated the Ricoh Group's Founding Principles in 1946. They inform how we do business, encouraging us to constantly improve and contribute to the wellbeing of all stakeholders, including our families, customers, and society at large.

Founder, Kiyoshi Ichimura
(1900–1968)

Ricoh founder, Kiyoshi Ichimura, oversaw the business based on the principles of "Love your neighbor, Love your country, Love your work"—
The Spirit of Three Loves.

Editorial Policy

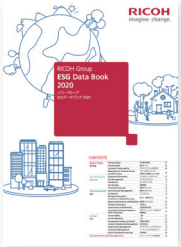
We are committed to disclosing timely information so stakeholders can learn about the Ricoh Group.

This Report aims to deepen understanding of the Ricoh Group's long-term efforts to improve corporate value by organizing and succinctly presenting its management policies and financial and ESG information.

This edition focuses on initiatives in fiscal 2020, which we have positioned as a year of emergency response and gearing up. Key focuses are on efforts to tackle a post-pandemic business climate and transform into a digital services company.

Integrated Report

Overviews the Ricoh Group's value creation endeavors



ESG Data Book

Presents key environmental, social, and governance figures

Website

Comprehensively discloses information on investor relations, ESG, technologies, product information, and other business activities

We have augmented the Integrated Report with the ESG Data Book and our website to strengthen overall ESG disclosure. We seek to gain stakeholder understanding and support about various aspects of our corporate activities while leveraging feedback to enhance our operations and corporate value. > P.04

Target readership
Current and future stakeholders of the Ricoh Group

Scope of coverage
Ricoh Company, Ltd. and its consolidated subsidiaries

Reporting period
This report covers fiscal 2019 (April 1, 2019 to March 31, 2020); however, some activities from fiscal 2020 are also included.

Guidelines
The following guidelines have been used for reference to ensure topics are appropriately selected and organized:

- GRI Standards > 1
- The Japanese Ministry of the Environment's Environmental Reporting Guidelines 2018
- United Nations Global Compact Communication on Progress Policy
- IIRC International <IR> Framework
- Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation

This version of the Integrated Report reflects suggestions from institutional investors and think tanks, on improvements to the previous report.

Major Organizational Changes

- **Transfer of shares in Ricoh Leasing Company, Ltd., on April 23, 2020**

Ricoh lowered its stake in Ricoh Leasing to 33.7% by transferring some of this shares in that consolidated subsidiary to Mizuho Leasing Company, Limited. Ricoh Leasing thereby became an equity method affiliate.

Forward-looking statements

The plans, prospects, strategies and other statements, except for the historical events, mentioned in this report are forward-looking statements with respect to future events and business results. These statements were made based on the judgment of Ricoh directors from the information that was obtainable at the time. Actual results may differ materially from those projected or implied. No assumptions concerning future events and business results should be made based on these forward-looking statements. The following important factors, without limiting the generality of the foregoing, could cause actual results to differ materially from those expressed in the forward-looking statements:

a. General economic conditions and business trends
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

No company's name and/or organization's name used, quoted and/or referenced in this report shall be interpreted as a recommendation and/or endorsement by Ricoh.

This report is not an offer or a solicitation to make investments. Please do not rely on this report as your sole source of information for your actual investments, and be aware that you yourself are responsible for decisions regarding investments.

Exchange rates referred to in this report

The translation of Japanese yen amounts into U.S. dollar equivalents as of March 31, 2020 and for fiscal 2019 is included solely for the convenience of readers outside Japan and has been made using the exchange rate of ¥108 to US$1, the approximate rate of exchange prevailing at the Federal Reserve Board at the end of March 2020.

Refer to our website

1 GRI Standards www.ricoh.com/sustainability/report/gr_guideline/

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Information Disclosure Outside This Report

Our website, ESG Data Book, and other vehicles present information not included in this report.

		Website Note: The PDF version of this report includes website links for content.	ESG Data Book	Other vehicles
ESG information	Environment	Vision and basic policy • Vision—Pursuing the Ideal Society (Three Ps Balance™) • Vision—The Comet Circle™ • Vision—Ricoh Group Environmental Principles	○	
		Strategy—19th Environmental Action Plan		
		Environmental Management System	○	
		Acquisition of ISO 14001 Certification	○	
		Promotion of sustainable environmental management • Goal of achieving a "zero-carbon society" • Goal of achieving a "circular economy" • Working on pollution prevention • Conservation of Biodiversity	○	
		Third-party verification of environmental and social data	○	
	Social	Ricoh Way and Human Resource Management	○	
		Occupational Safety and Health	○	
		Communication between senior executives and employees (Employee Council)		
		Human Rights • Basic policy • Strengthening human rights initiatives • Implementation of human rights due diligence	○	
		CSR throughout Our Supply Chain • Supply chain BCM (business continuity management) • Building relationship with suppliers based on trust	○	
		Global Policy for Social Contribution Activities	○	
	Governance	Internal Controls	○	Convocation notice
		Compliance	○	
		Risk Management	○	
		Financial irregularities at Ricoh India		
IR information		Investor Relations		Quarterly report Presentation of consolidated results
Technology		Technology Intellectual Property Ricoh Design		
Information security		• Information Security at the Ricoh Group • Security of RICOH Products and Services		
Customer satisfaction		• In pursuit of product safety and reliability • Turning customer feedback into products and services • Customer satisfaction survey in each area		
Company history		• Company History		
Company profile and data		Company Data Our Performance Against Major CSR Indicators		

Dramatic changes in the operating climate present opportunities to transform workplaces.

Jake Yamashita
President and CEO

I wish to express my deepest condolences to those who have lost loved ones due to the COVID-19 pandemic that emerged toward the end of 2019. I fervently hope for swift recoveries of all who have become ill or have otherwise suffered from the impact of this disease.

The broad impacts of expanding lockdowns and social distancing worldwide to stem infections have included shrinking economic activity and recessionary concerns. All those working on the frontlines of the battle against COVID-19 have our respect. I hope that the pandemic will abate and that recovery efforts progress. The Ricoh Group will do what it can to support such endeavors.

Leveraging Ricoh's unique capabilities to deliver fulfillment through work

In the 19th Mid-Term Management Plan that I announced when taking the helm at Ricoh in 2017, I presented a scenario that showed we would become unprofitable if we continued to follow the same strategy. We set about urgently implementing structural reforms from the top down. We overhauled our cost structure during the first year of the plan, resolutely screened businesses, invested for the future, reformed our management systems, and reinforced corporate governance. We pushed ahead with our growth strategy from the second year while enhancing the profitability of our Office Printing and bringing the Office Services business into the black.

In light of our achievements, in formulating our 20th Mid-Term Management Plan, we employed backcasting because we were keenly aware that we will celebrate Ricoh's centennial in 2036 and build our foundations for another century. We anticipate that if evolutions in artificial intelligence, robotics, and other technologies further automate work, we should see the elimination of dirty, dangerous, and demeaning situations at production sites and the bother, tedium, and mistake aversion of office environments. That would empower shifts to more creative work and lead to more fulfillment than ever. Ricoh is uniquely positioned to contribute to such progress, given that it has done so much to improve customer efficiency and productivity since helping pioneer office automation in the 1970s.

We engaged in extensive discussions in-house about the value we could deliver by 2030, heading toward our centennial. In keeping with our conclusions, we formulated our 20th Mid-Term Management Plan, covering fiscal 2020 through 2022, and began preparations to disclose it in March 2020. The COVID-19 pandemic broke out ›1 before our announcement.

Ricoh has to change more in a fast-changing world

The pandemic has transformed the social fabric. There are often movement restrictions, so many people must work effectively from home, and business processes are increasingly paperless. Thinking ahead to 2036, we expected work practices to change over the next three years or so, but the pandemic has made it impossible to project just a few months ahead.

I accordingly positioned fiscal 2020 as a year of emergency response while gearing up to attain the 20th Mid-Term Management Plan's objectives in just one year instead of three. I also look forward to undertaking the subsequent plan's tasks in 2021 and 2022 instead of 2023. In other words, we seek to implement six years' worth of efforts in just three years.

Slowdowns in economic activities and falling print volumes from customer's office closures are hitting Ricoh's operations hard. We understand we will not go back but instead be prepared for a "new normal." In predicting changes, we started restructuring our business in various ways, such as expanding our Office Services operations. In fiscal 2020, we will continue to grow out of being an office equipment manufacturer and transform to a digital services company. ›2

The pandemic has affected individuals and medical institutions directly. There have also been significant socio-economic impacts. With people's movements restricted, nobody could have predicted the impact on the flows of money, goods, or information. You can always count on the certainty of uncertainty in circumstances like these. So, we will make a range of assumptions and push ahead with risk-management preparations and act swiftly as soon as soon as an emergency arises. I believe that having a structure in place to respond flexibly to change instills confidence in managing processes.

Refer to these pages

1 Special Feature 1 Emergency Response and Gearing Up: Ricoh's Responses to the COVID-19 pandemic P.23-26

2 Special Feature 2 Emergency Response and Gearing Up: Transformation to a Digital Services Company P27-32

In May 2019, we transferred the Chinese production of U.S. MFP models to Thailand for two months to reduce our vulnerability to Sino-American trade friction. This move proved effective because we had already reinforced business continuity planning as part of our global production strategy, manufacturing the same core models at multiple sites. While that production approach is more costly, such ongoing preparations enabled us to minimize the pandemic's impact and respond swiftly to change. These challenging times have driven home the importance of experiencing and understanding reality, working out what is going on and what happens next, and preparing.

We presented our outlook for fiscal 2020 when we announced our operating results for the first quarter of fiscal 2020 in August this year. Before that, we analyzed our assumptions for MFP print volume recovery in key countries by amassing a range of data and feedback that our engineers obtained from visiting customer sites. In light of the findings, a team of executives assessed measures for the future and engaged in deliberations that included outside directors. At the same time, as the results announcement, we were able to present our emergency response and accelerated initiatives to generate ¥70 billion in earnings.

It will be vital for Ricoh to create new business approaches that accommodate workplaces and people rapidly. While Ricoh has to overcome tremendous challenges as a company, I am confident that our actions now will put us in good stead for tomorrow. We will do our utmost companywide to progress.

We will standardize new work practices for new times

The pandemic has transformed work. I myself began teleworking. From April through May 2020, I was at the office for just four days. Since then, I have worked from home two days a week and at headquarters for two days, spending one day visiting one of Ricoh's facilities around Tokyo.

We decided in view of our experience to make teleworking a standard business practice because living with COVID-19 would become the norm. We are optimizing mixes of working at the office and from home in line with job requirements rather than across the board to ensure that all employees can work as flexibly and efficiently as possible. We issued guidelines for Ricoh Group companies within Japan on creating new work setups.

It is also worth noting that we conduct management meetings and report sessions remotely, and I sense the business is running faster. Once upon a time, I would often have to ask people to wait two weeks to give me a 30-minute report because of my workload or a business trip. If you are teleworking, you can handle things as soon as you have made the time or increase reporting frequency. The same thing is happening among operational managers, and I get the impression that our entire business is becoming speedier. There are no seats in teleconferences, and the names of people speaking become prominent, not their titles. Such a situation seems to be leveling the playing field for deliberations.

That said, it is hard to convey passion from a distance. In the years ahead, it will become more valuable for people to deal with each other face to face as their work becomes less task-based and more creative. When that happens, the positioning of offices and communications will also change. Ricoh's mission as a digital services company will be to tackle the challenges of change and deliver our practical experience to customers.

Teleworking has also profoundly affected managers. That is because they have to assign the right jobs to people who are not right in front of them and help them get things done. Therefore, I believe that it will become important to trust those working remotely rather than fret about them.

So, the pandemic has highlighted a number of problems and posed some key questions about redefining work, lifestyles, and societies for the

better. This crisis has also been an opportunity to reflect on what we have taken for granted.

I am confident that being able to work when and where we need and sharing insights with customers will enable us to materialize our vision for 2036 of Fulfillment through Work.

Setting goals for resolving global issues and problems with society

Recent years have seen demand rise for ESG initiatives and contributions to the Sustainable Development Goals.

Ricoh has endeavored since its establishment to resolve social issues through business so it could drive its own growth and materialize sustainable economies. In keeping with that approach and meeting stakeholder expectations, we identified the Ricoh Group's material issues.

From fiscal 2020, we identified seven material issues in resolving social issues through business and strengthening our management infrastructure. We set 14 ESG targets >1 linked to each issue. Financial and ESG goals are inseparable. We will attain them by making them integral to our management and business strategies. Based on that stance, from fiscal 2020, we revised the formula for bonuses to hold directors and executive officers responsible for reaching ESG benchmarks. >2 We are educating employees to become aware of how their tasks relate to Sustainable Development Goals. Empowering our employees to discuss how their work benefits customers, society, and the environment will instill pride and give a sense of fulfillment to employee families and others.

One material issue is to decarbonize the economy. We accordingly revised our 2030 target for reducing greenhouse gas emissions in keeping with an international goal of limiting global warming to 1.5°C above pre-industrial levels. In 2022, we seek to reach our target by lowering our emissions by 30% from our 2015 levels.

Driving an economic recovery in a world living with COVID-19 will also necessitate a green recovery to address climate change. I am convinced that

Refer to these pages

1 ESG/SDGs
P.19-20

2 Revision to the formula for calculating Directors' bonuses linked to key performance indicators
P50

economic recovery efforts and climate change measures should proceed hand in hand.

Clarifying objectives is essential to accelerate such action. This was true, for example, when Ricoh became the first company in Japan to join RE100, a collaborative global initiative of businesses committed to 100% renewable energy. While there did not seem to be a specific path to reach such a target, as a manager, I knew that it was essential to set clear goals 50 years into the future. When you have a target, people begin thinking about what they want and need to do. When that happens, you work out how to get there, and you can then bring people together to collaborate in materializing your goal.

Renewable energy is essential in tackling climate change. As of September 2020, 38 Japanese companies were RE100 members. With more like-minded organizations on board, we can collaborate to materialize our goals.

I would also note that technology can play a huge role in resolving issues. I believe that we can reach our goals by drawing on the Ricoh Group's technologies and those of the rest of the world.

We will evolve further by turning crises into opportunities

In March 2020, Ricoh announced that it would become a digital services company. The COVID-19 pandemic, while terrible in so many respects, has also presented opportunities to leverage our accumulated know-how to capitalize on changing work practices for so many people.

The deconsolidation of Ricoh Leasing eliminated most of the balance sheet structure and financial stability issues that beset us in the past few years. Structural reforms that we undertook under the 19th Mid-Term Management Plan have solidified our infrastructure, including in financial position and human resources terms. I believe that we can overcome the challenges of fiscal 2020, which we have positioned, as I mentioned earlier, as a year for emergency response and gearing up and reach our reform goals in one year.

The Ricoh Group is steadily expanding and transforming. We look forward to benefiting our stakeholders in the process.

Fulfillment through Work: Our Vision for 2036

When we set about pioneering office automation, our stated goal in-house was to have machines handling manual tasks, with people performing creative work. That is because we believe that work that creatively adds value is fulfilling.

We made Fulfillment through Work central to our vision for 2036. That is because, in the course of serving the working needs of our customers, we have helped them streamline tasks and enhance productivity. In so doing, we have empowered their workers to gain a sense of satisfaction, achievement, and self-realization.

Corporate philosophy	**Ricoh Way** > P.01 **Founding Principles** The Spirit of Three Loves / **Mission** / **Vision** / **Values**
Value proposition goal	**Fulfillment through Work** Fulfillment is a sense of satisfaction, achievement, and self-realization gained through work. The Ricoh Group will continue to be a company that helps people attain fulfillment.
Value proposition	**EMPOWERING DIGITAL WORKPLACES**
Value proposition delivery	**Digital services company** > P.27 We provide services that support the creativity of people who work and change workplaces.

Our Value Proposition and Digital Services

In 2017, Ricoh created EMPOWERING DIGITAL WORKPLACES as a new brand proposition for its customers. This means connecting people to information faster and more conveniently to improve communication and creativity and enable them to leverage digital technology to cultivate the distinctiveness and vitality of people and organizations.

Our customers include workplaces and the people in them. We deliver value by empowering customers to harness digital technology to enhance the quality and quantity of their output.

The underpinnings of this approach are the Ricoh Way, imagine. change., Fulfillment through work, and other elements of the Ricoh Group's ongoing business endeavors.

We seek to materialize our value proposition by becoming a digital services company. This approach will enable us to survive and prosper well into the future by growing out of being an office equipment manufacturer and transforming to being an entity that collaborates with customers to create new value and deliver new services.

We will continue to transform how we deliver value by anticipating social climate, market, and customer changes, contributing to worker creativity and offering services that change workplaces for the better.

Leaping ahead amid a tumultuous global situation

Overviewing fiscal 2019 ›1

Refer to these pages
1 Business Overview
P.33-34

Business performance

In fiscal 2019, ended March 31, 2020, the outlook became increasingly uncertain due to intensifying trade friction and rising geopolitical tensions. A spread of COVID-19 infections prompted governments in numerous countries to impose lockdowns or call for social distancing. This caused the economic climate to deteriorate rapidly toward the end of the fiscal year, particularly overseas.

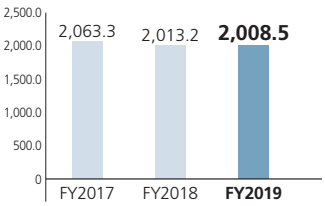
Fiscal 2019 was Ricoh's 19th Mid-Term Management Plan's final year and the Ricoh Ignite growth strategy's second year. We strived to reinforce core business profitability and expand business growth, executing growth strategies in preparation for the Ricoh Lift Off strategy from the 20th Mid-Term Management Plan starting in fiscal 2021 while endeavoring to improve returns on capital and reform corporate governance.

Consolidated sales for fiscal 2019 accordingly declined 0.2%, to ¥2,008.5 billion, reflecting the impact of what was by the fourth quarter, a global pandemic. Although sales rose in the Office Services and Industrial Printing segments, they were down in the Office Printing, Commercial Printing, and Thermal Media segments. Sales rose in Japan, owing primarily to Office Services gains. Notwithstanding Europe's growth in that segment, overseas sales were down from the previous year due to a downturn in Office Printing caused by the pandemic across the Americas, Europe, and other regions.

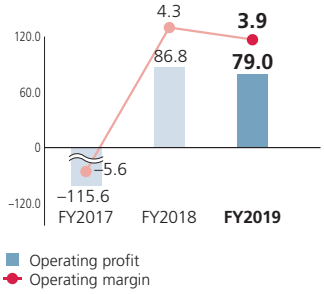
As a result of these factors, Ricoh posted ¥79.0 billion in operating profit, down 9.0% from the previous year. Despite a decline in selling, general and administrative expenses through progress in structural reforms and expenditure constraints, there was a drop in gross profit from a decline in sales amid the pandemic.

Profit attributable to owners of the parent was ¥39.5 billion, down 20.2% from the previous year. Key factors were lower operating profit and a higher corporate income tax expenses associated with the conclusion of an agreement to transfer shares in Ricoh Leasing.

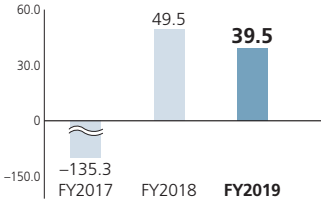
Sales
(JPY billion)



Operating profit/Operating margin
(JPY billion/%)



Profit attributable to owners of the parent
(JPY billion)



Refer to our website

Annual securities report for the year ended March 31, 2020
www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial_data/securities_report/pdf/AnnualSecuritiesReport_120th.pdf
Flash report for the year ended March 31, 2020
www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial_data/financial_result/data/32/q4_report.pdf

Financial position

Total assets were up ¥142.5 billion, to ¥2,867.6 billion at year-end compared to the previous year. This was because Ricoh began recognizing right-of-use assets by applying International Financial Reporting Standard (IFRS) 16 (Leases), while other financial assets were up.

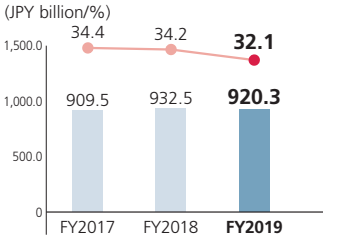
Total liabilities were up ¥152.9 billion, to ¥1,859.1 billion. This was due mainly to a surge in lease liabilities due to the application of IFRS 16 (Leases) and a rise in related subsidiaries' liabilities in line with the finance business expansion.

Total Ricoh shareholders' equity at the end of the term was down ¥10.4 billion from the previous year, at ¥1,008.5 billion. Total equity attributable to owners of the parent was ¥920.3 billion, down ¥12.2 billion from the previous year. The equity ratio remained stable, at 32.1%. The return on equity was down 1.1 percentage point, to 4.3%. This was due to a drop in profit attributable to owners of the parent company.

Based on the conclusion of an agreement to transfer some Ricoh Leasing shares to Mizuho Leasing Company, Limited in March 2020, Ricoh Leasing-related assets and direct-related liabilities were recorded as assets held for sale and as liabilities related directly to assets held for sale.

Total equity attributable to owners of the parent/Equity ratio

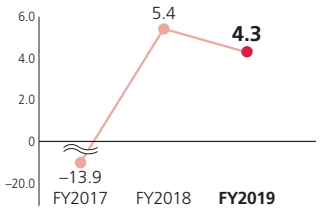
(JPY billion/%)



Total equity attributable to owners of the parent
Equity ratio

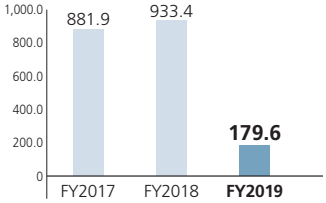
ROE

(%)



Consolidated interest-bearing debt

(JPY billion)

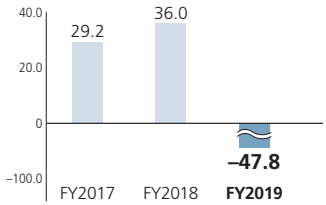


Cash flows

In fiscal 2019, Ricoh posted a negative free cash flow of ¥47.8 billion, compared with a positive free cash flow of ¥36.0 billion the previous year. This was despite efforts to reinforce profitability through structural reform activities and gains from business reviews. This reflected a range of expenses, including strategic investments in expanding digital services and one-time income from the sale of shares held in the previous fiscal year.

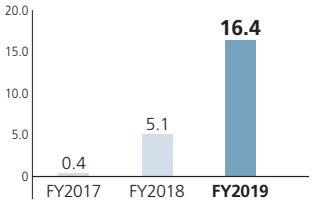
Free cash flow

(JPY billion)



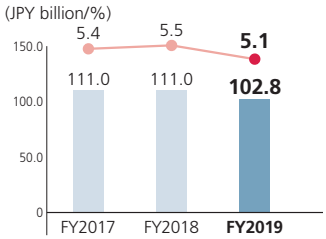
Business acquisitions > 1

(JPY billion)



R&D expenditures/ Research budget ratio

(JPY billion/%)



R&D expenditures
Research budget ratio

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

Reviewing 19th Mid-Term Management Plan

Overview of 19th Mid-Term Management Plan

Following the global financial crisis of 2008, Ricoh failed to sufficiently address business climate changes, and its performances long languished. The resulting concerns prompted management to formulate the 19th Mid-Term Management Plan to transform the Ricoh Group over three years through fiscal 2019.

Under this initiative, we rolled out the "RICOH Resurgent" strategy in 2017 to do away with our long-held strategy of prioritizing market share and machine-in-field expansion. Instead, we embarked on reforming our cost structure and boosting our office products and services' profitability. At the same time, we leveraged Group strengths to focus on growth businesses that could drive market expansion, invest in the future, and improve our management systems.

In February 2018, we announced RICOH Ignite as our growth strategy. We made Sustainable Development Goals (SDGs) central to management under this initiative, formulating business strategies linked to five materiality efforts. These are to create knowledge, enhance productivity, improve the quality of life, decarbonize economies, and materialize circular economies. We established key performance indicators to help materialize SDGs for each business and launched an administrative framework managing it all. We have undertaken business initiatives to contribute to progress in these five materiality efforts and help attain SDGs while enhancing corporate value.

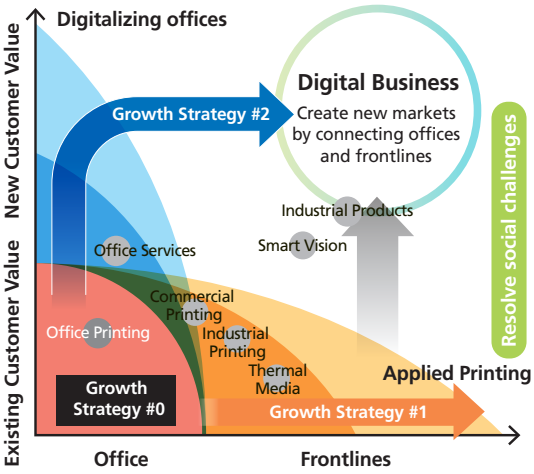
Deploying growth strategies

We formulated growth strategies #0, #1, and #2 to leverage our strengths under RICOH Ignite. Growth Strategy #0 entails expanding customer value in the core Office Printing business and streamlining operations to become more profitable. We have also been combining the optical, image processing, mechanical, electrical, chemical, control, and other technologies that we have accumulated over the years to broaden the value that printing can provide. We created Growth Strategy #1 and #2 to draw on advanced combinations of these technologies with our printing technology and our base of 1.4 million corporate customers worldwide and cultivate fields that can become new earnings sources.

We pursued operational excellence under Growth Strategy #0 and became more profitable by undertaking extensive structural reforms, cutting costs, and price management. We launched advanced MFPs as platforms for delivering new added value at the same time as evolving the value we provide to customers.

Under Growth Strategy #1, while we enhanced profitability in the Commercial Printing, Industrial

Three growth strategies leveraging strengths



Results of the growth strategies

Growth Strategy #0	Office Printing	Extensively restructured and cut costs and managed pricing to regain profitability
Growth Strategy #1	Commercial Printing Industrial Printing Thermal Media	Strengthening profitability of commercial printing and industrial printing businesses to become growth drivers
Growth Strategy #2	Office Services Industrial Products Smart Vision Finance, etc.	Capturing changes in customer needs and building a growth track by providing added value to our strong customer base

Printing, and Thermal Media businesses we did not undertake sufficient strategic investments to materialize the growth we sought. Growth fell particularly short of expectations in the Industrial Printing business.

Under Growth Strategy #2, we identified earnings prospects in the Office Services business and made it profitable. We translated market opportunities into growth and undertook strategic investments as needed in keeping with market needs in each country and our capabilities and strengths. We also expanded the scale of our business while enhancing profitability. We thus boosted the profitability of our Industrial Products and Smart Vision businesses.

Progress under 19th Mid-Term Management Plan

Through the RICOH Resurgent and RICOH Ignite initiatives under the 19th Mid-Term Management Plan, the Ricoh Group strengthened its operational structure and progressed with further business structure reforms, thereby enhancing its ability to generate profits. The COVID-19 pandemic caused the business climate to deteriorate rapidly. However, consolidated operating profit in fiscal 2019, the last year of the 19th Mid-Term Management Plan, was ¥79 billion. This was, unfortunately, short of the ¥100 billion target. Return on equity was 4.3%, against a targeted 6.9%.

From fiscal 2017, we embarked on structural reforms in which we transitioned away from expanding sales in our core Office Printing business to become more profit-centric. We focused on changing our structure and rationalizing fixed and other costs accordingly. We integrated and shut down operations to enhance asset efficiency and stepped up business selectivity by deconsolidating the leasing, semiconductor, logistics, and tourism businesses. We undertook painful reforms to break from previous management practices, notably by booking impairment charges and changing our policy of supporting Ricoh India. As a result of these endeavors, we generated structural reform savings of ¥106.6 billion under the 19th Mid-Term Management Plan, exceeding our initial target of ¥100 billion.

Key indicators

(JPY billion)

	Actual	Targets
Structural reform savings	**106.6**	**100**
Total free cash flow after excluding finance business over three years	**209.7**	**100**
ROE (%)	**4.3**	**6.9**

At the same time, we strengthened cash flow creation to invest sustainably in growth. We sought to generate ¥100 billion in free cash flow, excluding the finance business, during the three years of the 19th Mid-Term Management Plan. We significantly exceeded that goal, producing ¥209.7 billion on efforts to boost profitability and undertake business and asset selectivity.

Efforts to bolster ESG

Under the 19th Mid-Term Management Plan, we stepped up social and environmental initiatives that have been a focus given the 2015 Paris Agreement and SDGs. We identified several material social issues for the Ricoh Group to address. On the environmental front, we set targets to help attain a decarbonized, circular economy over the medium and long terms.

We set about contributing to decarbonization because of the Paris Agreement by announcing that we would effectively eliminate greenhouse gases from our value chain by 2050. We became the first Japanese company to commit to RE100, recognizing that harnessing renewable energy is vital to reaching our goals. We have presented a clear corporate stance to stakeholders while engaging extensively in initiatives. We have additionally helped revitalize society overall. A good example is our founding membership of the Japan Climate Initiative, spearheading a range of global warming efforts in Japan. We were among the first to support the Task Force on Climate-Related Financial Disclosures (TCFD), an international information disclosure framework for climate change policies that have become an essential focus for ESG investment in recent years. Such initiatives have raised our profile in Japan and abroad as a leader in the drive for a better environment.

We strive to make jobs more attractive by fostering diversity while reinforcing work-life management initiatives. We aim to build a diverse workforce with work environments that empower employees to have meaningful corporate roles. We have encouraged employees to use our childcare support and other programs. The rates among male and female employees using these programs and returning to work have remained almost 100%. We have initiated and expanded teleworking as part of efforts to provide flexible work practices. Our enhancements to such support programs have resulted in a steady rise in average service years for female employees, which have exceeded that of their male colleagues since 2015. We received a Special Encouragement Award in Nikkei DUAL's "Dual-earner Family-friendly Companies Grand Prix 2019."

We are striving to bolster sustainability across our global value chain in keeping with international demand. In August 2019, we became the first Japanese company to participate in the Business for Inclusive Growth (B4IG) initiative, which the French government, the OECD and companies around the world launched to tackle inequality issues in workplaces and in supply chains. We joined the Responsible Business Alliance, which promotes social responsibility in global supply chains. We have already started improving work environments and bolstering conservation efforts in-house and among suppliers.

We endeavor to solidify corporate governance to deliver sustainable growth while generating value. To that end, we reviewed the director's terms of office and set up five committees. These include the Investment, ESG, and Risk Management committees. We also deployed a stock compensation program for directors.

One outcome of our efforts is that our Investment Committee advises on acquisition investment decisions. While investments in acquisitions did not reach the ¥200 billion targeted under our growth strategies, we pressed ahead and created the Investment Committee as part of governance reforms in order to focus on returns on invested capital and make solid investment decisions.

The ESG Committee convenes quarterly to review and strengthen environmental targets in keeping with international demands and management risks and opportunities based on the TCFD. It has established a framework to discuss management strategies together with ESG and make swift decisions.

Under the 19th Mid-Term Management Plan, we put in place management systems and strengthened our activities to enhance corporate value over the medium and long terms.

Environmental initiatives

Major initiatives determined during 19th MTP		Actuals in fiscal 2019	
April 2017	Becomes the first Japanese company to join RE100, a collaborative, global initiative of influential businesses	•Zero-carbon society Reduction rate of GHG emissions for Scope 1 and 2	23.4% (Compared with fiscal 2015)
August 2018	Commits to recommendations of Task Force on Climate-Related Financial Disclosures (TCFD)	•Renewable energy rate	12.9%
October 2018	Signs Japan Climate Action Summit declaration		
July 2019	Discloses information based on TCFD framework		
March 2020	Certified by Science-Based Targets for setting emissions reduction goals that help limit global temperature rise to 1.5°C above pre-industrial levels	•Circular economy Resource conservation rate of products	22.0%

Social initiatives

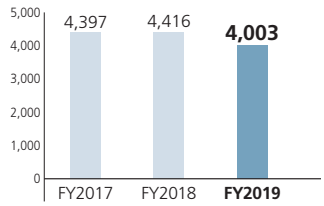
August 2019	The first Japanese company to participate in the Business for Inclusive Growth initiative
November 2019	Joins Responsible Business Alliance

Governance initiatives

Basic stance	Achievements in fiscal 2019
Bolster enterprise and shareholder value by taking prudent risks and stepping up risk management	•1-year term of service for Board of Directors members •Established appraisal system for internal Board of Directors members •Implemented share-based reward system •Established Risk Management Committee/Investment Committee/ESG Committee
Strengthen supervisory and auditing functions	•Halved both external and non-operational Board of Directors members •Strengthened independence of audit process •Regular audits of balance sheets of overseas subsidiaries by headquarters •Strengthened internal audit and reviewed process of selection for auditors of overseas subsidiaries
Solid disclosure and dialogue	•Established governance study committee •Strengthened investor relations/shareholder relations function (Hosted Investor Relations Day)

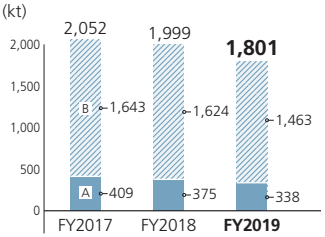
Energy consumption > 1

(TJ)



CO_2 emissions during product use (Scope 1, 2 and 3*)

(kt)

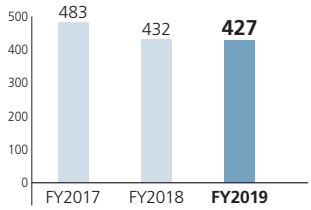


A Scope 1 and 2
B Scope 3

* Procurement, usage, and logistics categories

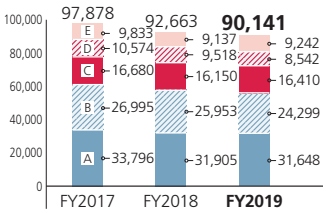
CO_2 reduction contribution > 3

(CO_2 (kt))



Total number of employees

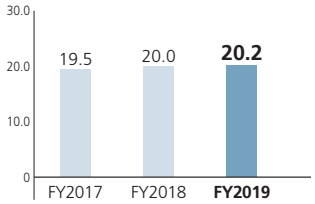
(People)



A Japan
B The Americas
C Europe
D China
E Asia Pacific

Average years of service

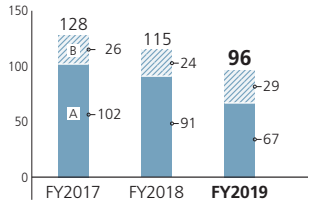
(Years)



* Ricoh Co., Ltd.

Number of industrial accidents (Ricoh Group (Japan))

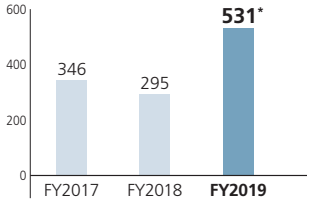
(Number of accidents)



A Non-manufacturing
B Manufacturing

Total contributions to society > 2

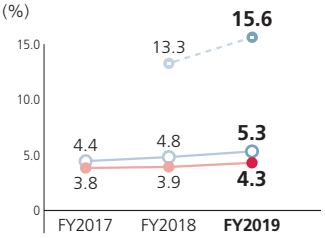
(JPY million)



Note: From fiscal 2019, we added activities outside working hours to employees' total participation time (converted to monetary amount).

Ratio of females in managerial positions

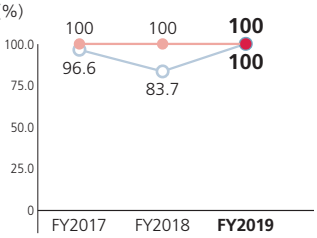
(%)



Ricoh Co., Ltd.
Ricoh Group (Japan)
Ricoh Group (Global)

Childcare leave program usage rate at Ricoh

(%)



Female
Male

* Ricoh Co., Ltd.

Refer to our website

1 Environmental performance data: Energy Conservation www.ricoh.com/environment/data/pfm_energy.html#energy
2 Social contribution activities and achievements www.ricoh.com/csr/community/performance.html
3 Sustainable environmental management indicators—Evaluation of Contribution— www.ricoh.com/sustainability/environment/management/reduction.html

Medium-term growth approach

Environmental stance and initiatives

Since its foundation in 1936, the Ricoh Group has grown with its customers by supplying innovative products and services around the world. We formulated the Ricoh Way based on our Founding Principles of *Love your neighbor, Love your country, Love your work,* as our corporate philosophy and guide to our decisions and activities. Our mission commits us to provide excellence to improve the quality of living and to drive sustainability.

To date, the Group has built one of the best foundations in the industry, focusing on copiers and MFPs and deploying sales and services, generating significant growth by deepening its ties with customers the world over. Since the beginning of 2020, however, the global economic downturn risks have increased due to the COVID-19 pandemic. The economic climate has also continued to change amid Sino-American trade friction, slowdowns in emerging economies, and foreign exchange fluctuations.

At the same time, evolutions in artificial intelligence, fifth generation (5G) mobile telecommunications technology, and other advances, as well as the expansions of the sharing and gig economies, are changing customer value perceptions and work practices. They are also transforming demand trends. We recognize that it will be challenging to continue expanding earnings based on past approaches. We also believe that there will be opportunities for new business expansion.

Over the medium and long terms, we see two major social trends worldwide that will likely accelerate faster than we previously expected due to the impact of the COVID-19 pandemic. The first trend is that companies are facing growing pressure to help resolve social issues. No matter how profitable they may be, businesses that fail to help materialize SDGs cannot hope to build their marketplace reputations or generate sustainable growth. Second, the lifestyles and values of individuals have diversified considerably. The Internet of Things (IoT) and other advances have removed constraints on where people work, driving the acceleration of personalized work practices.

Such changes in the operating climate have made it a pressing challenge to reform existing systems and business processes and align them with future business environments. Ricoh recognizes the need to transform itself for tomorrow.

Challenges	Ricoh Group initiatives
Deteriorating results in a global recession	Implement measures to stabilize performance in the near term amid the impact of the COVID-19 pandemic
Business climate changing dramatically over the medium and long terms	Enhance corporate value over the medium and long terms given changing conditions as mindsets and work practices evolve
Growing demand to make the entire supply chain compatible with environmental, social, and governance requirements and SDGs	Accelerate efforts to meet stakeholder expectations regarding environmental, social, and governance requirements and SDGs

Our next mid-term management plan approach

Refer to these pages
1 ESG/SDGs
P.19-20

The COVID-19 pandemic has affected the Ricoh Group's activities in various ways since February 2020. We have positioned fiscal 2020 as a period of emergency response and gearing up. During that term, we will urgently implement measures that had otherwise been planned for the next three years. We will position ourselves for growth under our next mid-term management plan, RICOH Lift Off, for two years from fiscal 2021.

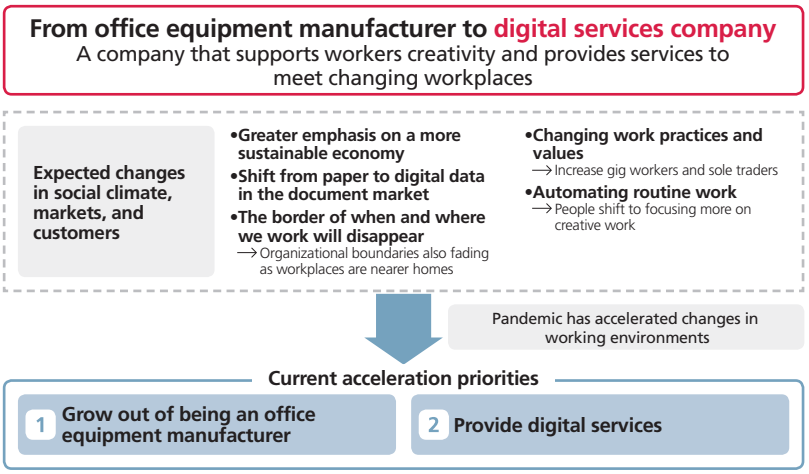
Before formulating RICOH Lift Off, we reassessed the Ricoh Group's materiality goals to enhance sustainable corporate value. We identified seven materialities >1 to resolve social issues through business and reinforce our business infrastructure.

We identified four materiality issues to resolve social issues through business (transform work, improve the quality of life, decarbonize the economy and materialize a circular economy), and are pursuing sustainable growth. We will collaborate with stakeholders and partners to strengthen our operational structure and continue to innovate for the three priorities to reinforce the business infrastructure (enhance stakeholder engagement, value open innovation, and pursue diversity and inclusion).

We will transform our operational structure to become a digital services company to resolve social issues through business. The COVID-19 pandemic has forced people to change their work practices.

This situation spotlighted the need for digitalization, not just in offices and on the frontlines, but also for those working at home and among business partners and customers. We will help resolve social issues by building IT infrastructures in workplaces, digitalizing workflows, and connecting offices and frontlines to deliver services that materialize new working practices.

We can leverage the infrastructure resources we accumulated as an office automation equipment manufacturer to strengthen our ability to deliver digital services in keeping with changes in the business climate. Given technological progress with the likes of 5G mobile telecommunications, artificial intelligence and the Internet of Things, and changing customer mindsets and work practices, we believe that now is the right time to evolve from an office equipment manufacturer into a digital services company. Under the 20th Mid-Term Management Plan, we will make this transformation central to enhancing corporate value. We will strengthen and grow the value of each business. > 2



Refer to this page
2 Special Feature 2 Emergency Response and Gearing Up: Transformation to a Digital Services Company
P.27

Enhancing capital returns

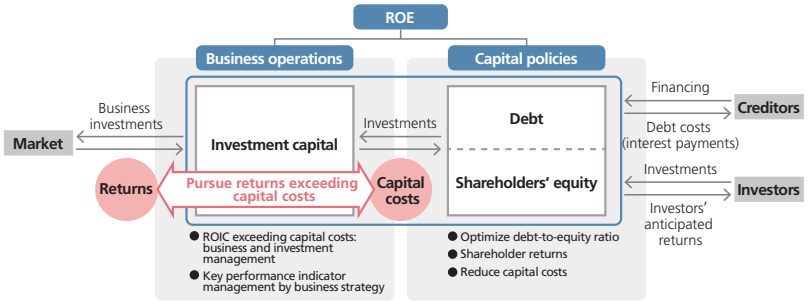
We are undertaking management reforms to enhance capital efficiency further. We look to materialize growth and improve capital returns by using the return on invested capital (ROIC) as a basis for operational management and suitable capital policies.

Under our next mid-term management plan, we will continuously enhance corporate value, targeting a return on equity (ROE) of around 9% in order to place a greater focus on efficiently generating profits from investments in business activities.

We will manage operations accordingly to boost ROIC to at least 7%. From fiscal 2020, we rolled out a framework to calculate ROICs quarterly and use them in assessing performance, notably for managing tree-based ROIC key performance indicators and measures.

To date	From 20th Mid-Term Management Plan
Earnings-centric business management	Business management reflecting balance sheets and capital returns
Inadequate links between companywide results and business management	Link business management to companywide ROIC gains
Unclear capital returns of businesses	Evaluate businesses based on capital returns

Returns on capital-centric business operations and capital policies



Our capital policy stance emphasizes generating cash flow, allocating funds from operating activities to areas such as R&D, capital expenditure, strategic investments, and shareholder returns.

We look to moving on from the 19th Mid-Term Management Plan, which focused on payout ratios, toward one which focuses on total return ratios as a benchmark of returns that meet shareholders' expectations. As well as delivering stable shareholder returns, we will consider dynamic capital policies as appropriate for surplus funds generated by efforts to enhance capital profitability.

It is in keeping with that stance that management announced a policy in March 2020 of producing additional shareholder returns. Given the dramatic changes in the business climate due to the pandemic, we look to determine the specific means and timing for delivering those added returns in light of the financial market and economic conditions.

ESG/SDGs

We pursue a sustainable society which involves the Three Ps Balance, a balance between Prosperity (economic activities), People (society), and the Planet (the environment). In keeping with that approach and our commitment to helping reach the SDGs, we have identified seven new materialities for fiscal 2020. We have set 14 materiality-related ESG targets, broken down for each business and function, and will deploy specific measures, further reinforce ESG and SDG initiatives, and disclose results.

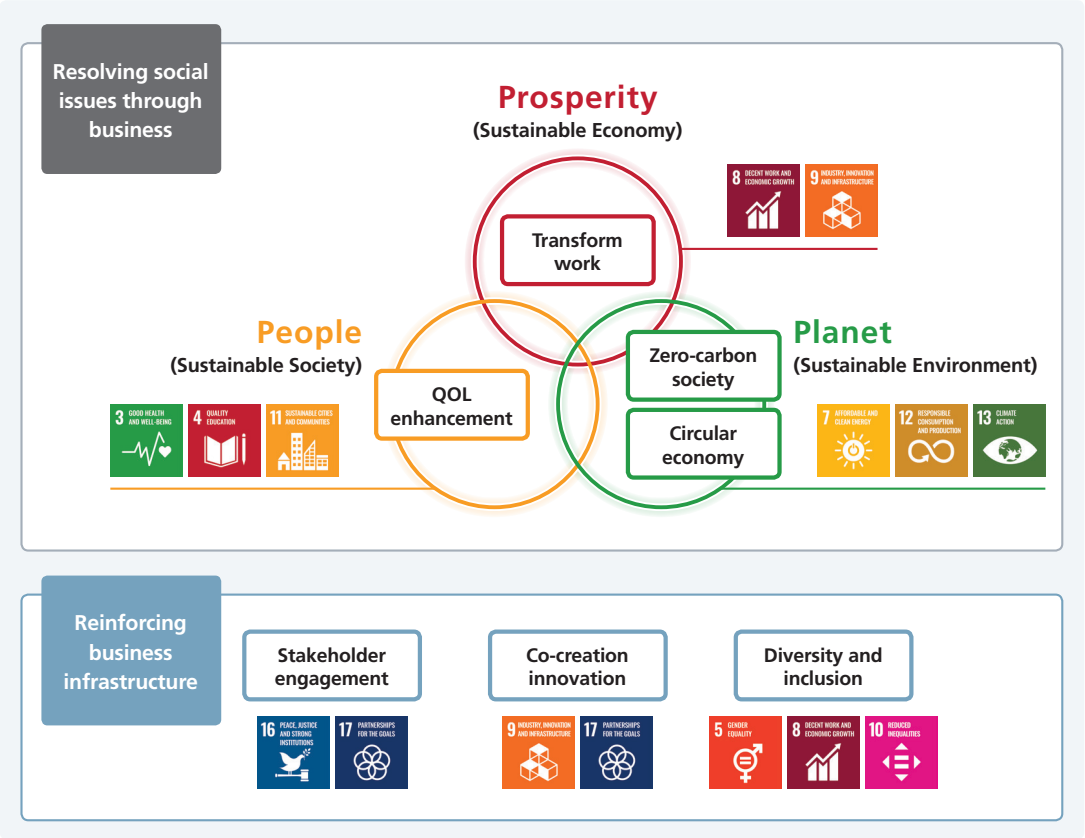
To achieve a zero-carbon society, one of the materialities, we revised our greenhouse gas emissions reduction targets by 30% by 2022 compared to 2015. This challenging objective is eight years earlier than we initially planned. It satisfies the Science-Based Targets Initiative's criteria for setting goals that limit the global temperature rise to 1.5°C above pre-industrial levels.

We seek to transform work practices by supporting digitalization for small and medium-sized enterprises, where worker shortages and other productivity improvement challenges have become a social issue in Japan. We will leverage our results from customer surveys to push ahead with activities based on assessment scores.

We will help materialize a circular economy by targeting a resource conservation rate of 30%. This effort is in light of growing demands in recent years to tackle plastic waste, and we will incorporate more recycled plastics in our products.

We have set targets in Japan and internationally on the diversity and inclusion front to increase female managers' percentage and employee engagement scores. We are developing activities with specific targets based on stakeholder expectations and business strategies that are continuously enhancing corporate value.

Our financial and ESG objectives are inseparable and integral to our management and business strategies. We employ the internationally renowned Dow Jones Sustainability Indices (DJSI) to benchmark ESG and SDG initiatives and achievements. From fiscal 2020, we revised our formula for calculating director bonuses by adding a DJSI rating. We also linked executive officer remuneration to reaching ESG targets, clarifying directors' and executive officers' responsibilities regarding ESG and SDG endeavors. We will educate all employees to fully understand and explain the connections between their jobs and ESG and SDGs and strive to bolster groupwide initiatives in these areas.



Group initiatives and ESG targets for seven materialities

Resolving social issues through business

Materialities	2030 targets	Resolving social issues and business strategies	ESG objectives (April 2020 through March 2023)	
			Key performance indicators	Targets
Transform work (8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure)	Help transform work for all customers providing value	**Social issue** Companies need to transform work practices, improve productivity through IT, and enhance employee satisfaction to be able to develop sustainably. **Business strategy** Transform work for customers by providing digital technologies and services. **Key business areas** Office Printing and Office Services	Customer survey scores	Top score rate 30%
			Expand value provided to customers	
QOL enhancement (3 Good Health and Well-Being; 4 Quality Education; 11 Sustainable Cities and Communities)	Help improve livelihoods of 30 million people	**Social issue** In developed and developing countries and cities and rural areas, there is a need to eliminate gaps in the quality of healthcare, education, and regional services. **Business strategy** Help improve healthcare, education, and regional services by leveraging digital technologies and expertise cultivated through office solutions. **Key business areas** Healthcare and Smart Social Infrastructure	Number of people with improved livelihoods	10 million
Zero-carbon society (7 Affordable and Clean Energy; 13 Climate Action)	Reduce greenhouse gas emissions by 63% for Scope 1 and 2 and 20% for Scope 3	**Social issue** Reinforcing and accelerating countermeasures to combat the impact of major climate changes. **Business strategy** Pursue Science-Based Targets 1.5C certification, significantly reducing greenhouse gas emissions and providing products and solutions that help decarbonize economies overall. **Key business areas** Office Printing, Office Services, and Environment and Energy	Greenhouse gas Scope 1 and 2 reduction rates	30% (from 2015)
			Greenhouse gas Scope 3 reduction rates	10% (from 2015)
Circular economy (12 Responsible Consumption and Production)	Efficiently use resources and conserve 50% of product resources across entire value chain	**Social issue** To make natural resources sustainable, the challenge is to use fewer natural resources and strengthen recycling efforts. **Business strategy** Reinforce 3Rs (reduce, reuse, and recycle), cut plastics usage and employ more alternatives, and provide print-on-demand services to help customers use resources more efficiently. **Key business areas** Office Printing, Office Services, Commercial Printing, Industrial Printing, and Thermal Media	Product resource conservation rates	30%

Reinforcing business infrastructure

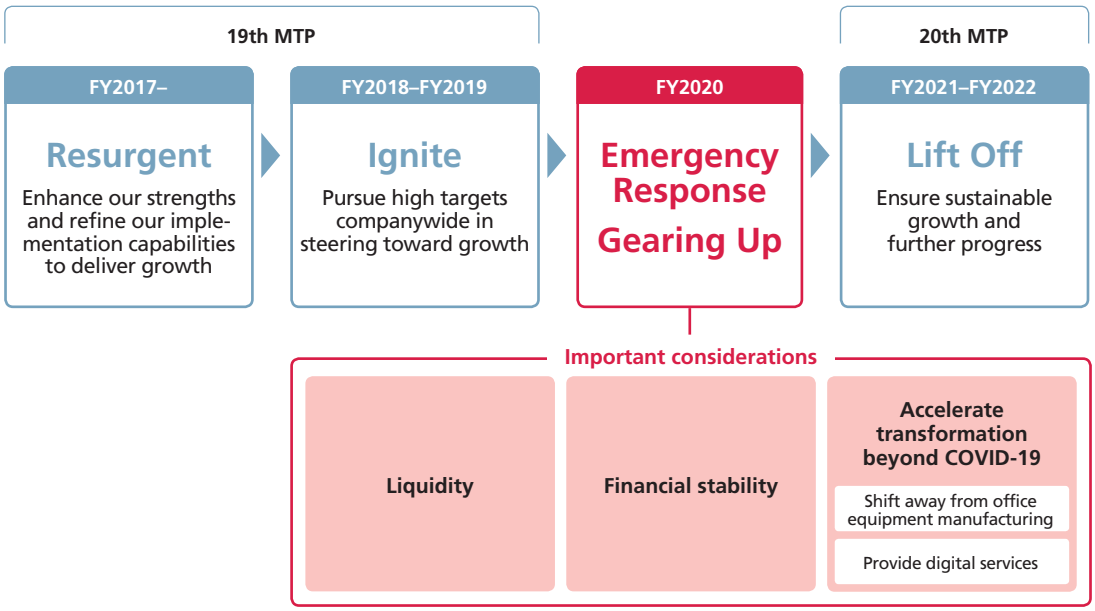
Materialities	Social demands and management strategies	ESG objectives (April 2020 through March 2023)	
		Key performance indicators	Targets
Stakeholder engagement (16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals)	**Social demand** Companies must strengthen sustainability across their global value chains to ensure sustainable social development. **Management strategy** Strengthen collaboration with business partners and build relationships that mutually benefit Ricoh, our business partners, and society.	Responsible Business Alliance certification of production sites	Six key production sites certified
		Supplier Code of Conduct signature rate	Signed by key suppliers
		International security standards	Security bolstered based on standards of International Organization of Standardization/International Electrotechnical Commission and National Institute of Standards and Technology
		Supplier, dealer, and development partner assessment scores	
		Key ESG rating assessments of top management	Including Dow Jones Sustainability Indices and Climate Disclosure Leadership Index
Co-creation innovation (9 Industry, Innovation and Infrastructure; 17 Partnerships for the Goals)	**Social demand** Innovation in a range of industrial sectors is vital for sustainable development. **Management strategy** Emphasize co-creation with universities, research institutes, other companies, and other partners to streamline research and technology development to resolve social issues and collaborate to generate new value.	Create new value through co-creation	
Diversity and inclusion (5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities)	**Social demand** Providing decent work and respecting diversity are essential for sustainable development and innovation. **Management strategy** Respect employee diversity in keeping with management policy of employing self-motivated people and create positive work environments.	Ricoh Family Group engagement scores	Above 50th percentile in each region
		Percentage of female managers	At least 15% worldwide (at least 7% in Japan)

Outlook and initiatives for fiscal 2020

Positioning in fiscal 2020

While the COVID-19 pandemic has transformed the world during fiscal 2020, we hope there will be no other changes on that scale for the remainder of the year. However, we expect an acceleration of trends, including a surge in teleworking and lower print volumes, that we had forecast emerging during the next mid-term management plan period.

We positioned fiscal 2020 as the year to tackle the crisis stemming from the pandemic and gearing up for the future. We are securing sufficient liquidity to cover performance fluctuations and enhancing our financial stability to accelerate our post-pandemic evolution into a digital services company. During fiscal 2020, we will do our best to deploy those measures we intended to take three years to roll out so that we can position ourselves for growth under RICOH Lift Off. As a Group, we will tackle business climate challenges urgently to serve society.



Securing liquidity

We have made our corporate survival a top priority, given our challenging outlook. We secured ¥320 billion in liquidity as of the end of June 2020, made up of cash generated through fiscal 2019, proceeds from Ricoh Leasing shares' transfer, and funds from sustainability-linked loans.

We are preparing to augment an existing commitment line of ¥150 billion with another ¥100 billion commitment line and undertake additional borrowing. Such moves should provide sufficient liquidity to withstand any significant changes in the business environment.

Improving financial stability

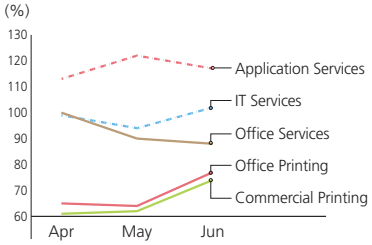
April 2020 saw us complete a partial transfer of Ricoh Leasing shares that we announced in March 2020, de-consolidating that subsidiary. This change consequently reduced risk assets and interest-bearing debt on our balance sheet and enhanced our financial stability.

At the end of June 2020, we were virtually debt-free in net interest-bearing debt terms. We had around ¥217 billion in interest-bearing debt against ¥320 billion in cash. As of that time, our equity ratio was 49%, from 32% at the end of March 2020.

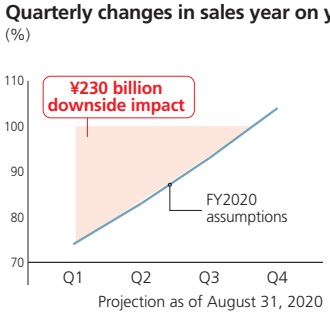
Impact of COVID-19 pandemic

We expect the pandemic to be long-lasting. Given the vastly different impacts and recovery extents and periods across countries and regions, we have estimated that in fiscal 2020 the pandemic will cut ¥230 billion from sales and ¥115 billion from operating profit.

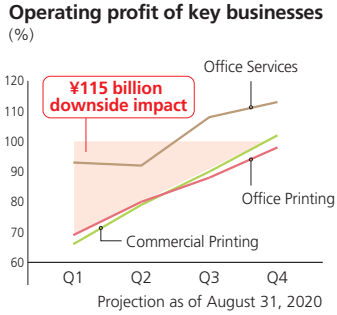
Monthly sales in first quarter of fiscal 2020 compared to previous year



Quarterly changes in sales year on year



Operating profit of key businesses



Accelerating transformation into a digital services company

Although we had planned to transform into a digital services company during the 20th Mid-Term Management Plan, we accelerated this transformation due to the pandemic's impact.

In fiscal 2020, we look to generate ¥70 billion in earnings by augmenting savings from the ¥250 billion in emergency cost-cutting actions and gains from the ¥450 billion in permanent measures.

The permanent actions will add ¥15 billion to top-line growth by providing customer solutions, particularly in Office Services. To date, we have expanded operations in Japan by focusing on industry and business solutions packages. In fiscal 2020, we will accelerate efforts to boost global sales of these offerings.

Categories		Actions		Full year
Emergency actions	Selling, general and administrative (SG&A) expense cuts	•Trim SG&A expenses •Cut costs through work practice reforms •Offer furlough program for overseas sales staff	•Optimize spending given activity declines •Continue furloughs of overseas sales staff •Review benefits and allowances	¥**25** billion
Permanent actions	SG&A expense cuts and structural reforms	•Review development themes aimed at making Ricoh the world's best manufacturer, notably by digitalizing headquarters business processes	•Step up selection and concentration •Overhaul back offices by integrating enterprise systems •Streamline headquarters	¥**30** billion
	Cost of goods sold reductions	•Reinforce digital manufacturing •Enhance service operations productivity	•Optimize production sites to become digital services enterprises •Accelerate global deployment of failure prediction and remote maintenance	
	Sales boost efforts		•Tailor services businesses to local needs •Keep rolling out products and services for new times	¥**15** billion
				¥**70** billion

Fiscal 2020 results forecasts

For the year, we expect sales to decline around ¥220 billion from a year earlier, to ¥1,780 billion. We project ¥10 billion in operating profit, with emergency and permanent actions enabling us to offset the pandemic's significant downside impact.

(JPY billion, unless otherwise stated)

		FY2020 forecast	Change
Sales		**1,780.0**	–11.4%
Gross profit		**600.8**	–16.7%
Selling, general and administrative expenses		**590.8**	–8.1%
Operating profit		**10.0**	–87.3%
Profit attributable to owners of the parent		**3.6**	–90.9%
ROE		**0.4%**	–3.9 ppt
Exchange rate	USD/JPY	**105.65 yen**	–3.15 yen
	EUR/JPY	**119.62 yen**	–1.28 yen
R&D expenditures		**92.5**	–10.2
Capital expenditures (Property, plant and equipment)		**48.0**	–38.5
Depreciation (Property, plant and equipment)		**46.0**	–16.5

As of August 2020

Special Feature 1

Emergency Response and Gearing Up: Ricoh's Responses to the COVID-19 Pandemic

We wish to express our deepest condolences to those who lost loved ones to COVID-19. We hope for speedy recoveries to all who became ill from this disease and those who have otherwise suffered from its impact.

We also convey our gratitude to the healthcare professionals and others working on the frontlines to overcome the pandemic.

Tackling the Pandemic

The COVID-19 pandemic hampered health and economic activity, fueling recessionary concerns.

Given the unprecedented socioeconomic changes stemming from this situation, the Ricoh Group positioned fiscal 2020 as a year to address the resulting crisis while accelerating change throughout our operations to drive growth in the years ahead.

Notwithstanding uncertainties about the future, we are striving at all levels to transform our business to become more robust and profitable, swiftly delivering the new value needed in a post-COVID world, and leap ahead. > 1

Production Impact

The outbreak of COVID-19 in China prompted Ricoh to halt or adjust our production there from February through early March. Local operations returned to nearly normal levels by mid-March. Temporary reductions in parts supply affected some product offerings in Japan, although operations were normal by June. While government-imposed restrictions led to significant production downturns at European plants, we minimized that impact by drawing on inventories to supply customers. We maintained regular production levels at plants in North America and Thailand.

Sales Impact

The pandemic has impacted earnings due to restrictions on people's movements having reduced office print volumes, while the risks of a global economic downturn have lowered companies' purchasing appetites and caused them to constrain spending.

Simultaneously, emergency declarations in many countries and regions caused a surge in demand for creating an infrastructure that enables people to work from home. We have received numerous global inquiries about our service to build Group teleworking environments.

Ricoh Japan Helping Build Telework Environments

Setting up telework infrastructures became urgent for many companies, given government requirements. The subsidiary company Ricoh Japan Corporation combined information and communications technology equipment with associated services to create the Telework Pack. The Telework Pack helps small and medium-sized enterprises create the conditions for employees working from home, maintains business continuity, and ensures employee safety. For a limited period, we offered some services for free. Ricoh Japan helps customers swiftly create telework setups by bringing together solutions that make working from home simple and secure, by combining secure mobile PCs, cloud services, web conferencing systems, and building virtual private network (VPN) environments.

Refer to our website

1 **Our global efforts to overcome coronavirus** www.ricoh.com/news/features/covid-19-response/

Decisions Based on Comprehensively Assessing and Swiftly Acting on Situations

The battle against COVID-19 has transformed societies and significantly affected our operations. Given uncertainties, it is accordingly vital for management to assess situations and act swiftly and comprehensively.

Hidetaka Matsuishi,
Director, Corporate Executive Vice President and CFO

Preventing the Spread of Infections and Maintaining Business Continuity

We set up the committee to coordinate the Group's response to the pandemic on January 28, 2020, as COVID-19 infections spread around China. The Internal Management and Control director oversees this body, which determines regional alert levels and issues guidelines accordingly for preventing the virus's spread, thus preserving employee safety and health. It also contributes to business continuity in keeping with a plan that Ricoh formulated in 2009 in response to the A/H1N1 epidemic and is revising in light of emerging information about COVID-19. Many companies in Japan have produced business continuity plans that draw on lessons learned from the Great East Japan Earthquake of 2011. However, we are one of the few organizations that crafted plans to tackle infectious diseases, demonstrating our risk management's effectiveness under crisis conditions.

After setting up the committee, we continued to tackle the COVID-19 outbreak and abided by government recommendations. In mid-February, we issued guidelines for conducting in-house and external events and Group training. Later that month, we concluded that Group employees in Japan would, in principle, work from home. In this and other ways, we addressed the continually changing situations promptly.

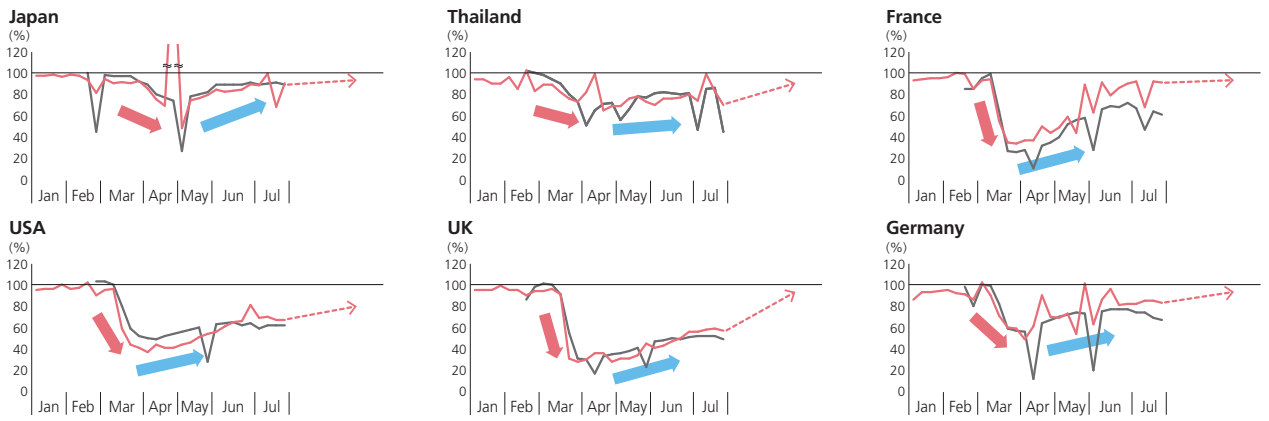
Timing	Global developments	Ricoh Group initiatives
January 2020	Infection spreads in China	The committee to coordinate the Group's response to the pandemic established
Early February 2020	Infection spreads worldwide	Guidelines issued on conducting in-house and external events and Group training
Late February 2020	Japanese government issues infection containment request	Management resolves that Group employees in Japan primarily work from home
March 2020	World Health Organization declares that the COVID-19 outbreak is a pandemic, prompting Western nations to declare States of Emergency	
April 2020	Japan declares a State of Emergency	Some employment rules provisionally relaxed (notably for eligibility to work from home and the number of workdays)

Implementation of Emergency and Permanent Measures

Because of the pandemic's business impact, management met up to three times a week to deliberate on minimizing the impact on results, accelerate changes for the future, and consider other management matters, focusing on executive officer-led emergency response projects. Management has also engaged in extensive discussions with outside directors, making decisions at a three-fold pace.

It is crucial to evaluate the customers' and societal situations as accurately as possible when deliberating. We scaled reforms to match the foreseen impact of the pandemic. We factored in variables such as office attendance rates and changes in MFP print volumes and sales conditions in major countries. We also took emergency steps, such as trimming expenses. We have also swiftly implemented permanent measures to transition from an office equipment manufacturer into a digital services company ahead of the previously envisioned pace under the 20th Mid-Term Management Plan. Examples include selecting and focusing on development themes, production site optimization, and rolling out products and services geared to the new normal.

Envisioned MFP print volume recoveries in major countries



Projected recoveries in MFP print volumes and office attendance rates in major countries

Note: Office attendance rates data sourced from Google Community Mobility Report. Rates of change in movements of people to the workplace are prior to the pandemic. Data is for each Tuesday.Print volumes based on Ricoh's @Remote data. Rates of change in MFP print volumes based on previous corresponding periods last year.

Balancing employee safety and business continuity

Moves Before and After the Japanese Government's State of Emergency Declaration

The Japanese government responded to rising COVID-19 infections around the country by announcing a basic countermeasures policy on February 25, 2020. The government recommended that companies offer telework and flextime.

Our COVID-19 General Countermeasures Committee held an emergency meeting on February 27. It announced that Ricoh Group employees in Japan would telework, in principle, from March 2 to help the government's policy succeed. We upheld our commitment to teleworking in response to the government's April 7 state of emergency declaration, which recommended that people stay home as much as possible. We maintained our teleworking and flextime program even after the lifting of the order on May 25. With some exceptions for employees whose jobs necessitate commuting, almost all of our employees now telework. The average occupancy rate for four primary Ricoh offices in metropolitan Tokyo when the state of emergency was in force in May was around 7%.

The training was done remotely for new Ricoh employees who started in April this year, while all hiring interviews were also conducted remotely.

Our Pioneering Work Practice Reforms

Work practice innovations instituted since fiscal 2017 have enabled us to keep employees safe and healthy while maintaining business continuity. In fiscal 2016, we initiated a teleworking program for employees needing to balance their childcare and nursing care duties and work commitments. We instituted a remote work program in fiscal 2018 for all employees to foster flexible work practices. We additionally overhauled internal communication tools, created IT environments, and expanded our satellite office network.

For 2020, we planned to close our head office during the Summer Olympics, having all employees working from home during that time. While the games were postponed due to the pandemic, our preparations eased the transition to teleworking. New employee training and hiring is done remotely. The year-end financial results announcement date was scheduled to happen during the emergency period, but we could complete the preparations and issue the statement on time by leveraging remote working.

Even at business sites deemed incompatible with teleworking, all offices endeavored to balance employee safety and health and business continuity. Around half of the customer engineers who maintain equipment at customer sites for Ricoh Japan commuted to work. Most sales department employees handled deals from home. Such endeavors resulted in an average office attendance rate of 15% at Ricoh's Tokyo locations during May this year.

Through the companywide work style innovations that we have been working on, we maintained operations without significant disruptions while keeping employees safe and healthy amid the pandemic.

Representatives of Ricoh Japan and Meijishoko Co., Ltd., discussing a business deal remotely

Cultivating Businesses that Tackle COVID-19

We have cultivated a range of initiatives to help the world overcome COVID-19. >1

Producing and Supplying Face Shields

Healthcare professionals worldwide are on the front-lines of the battle against the pandemic.

We responded to the medical facemask shortage by using 3D printers to produce and supply face shields.

Ricoh UK Products Ltd., a manufacturing and business development unit in central England, employs 3D printers and molds to mass-produce face shields and provide them to National Health Service. We undertook similar initiatives in Argentina, New Zealand and Italy. In Japan, our Atsugi Plant manufactured 8,000 face shields that Ricoh Japan donated to medical institutions around the country designated by the government to treat infectious diseases.

Using THETA 360.biz to Introduce Facilities and Products

The pandemic prompted many people to refrain from going to open school campuses and business showrooms. Many prospective buyers similarly became reluctant to visit real estate properties or stores.

Ricoh responded by offering THETA 360.biz free for 60 days, making it possible to present virtual tours of schools, facilities, and products.

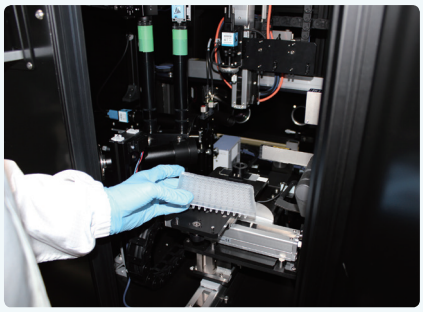
Users can navigate locations in 360°, enjoying far greater realism than from regular flat images. The service introduces facilities and products to prospective customers who cannot visit in person.

Supplying DNA Standard Plate for New Coronavirus

We launched the RICOH Standard DNA Series DNA standard plate in Japan to assess PCR tests' accuracy.

This offering leverages proprietary bioprinting technology to inject a specific number of DNA molecules containing unique COVID-19 gene sequences into a genetic test container by controlling the number of DNA molecules. Thus, it is possible to measure whether a device or reagent can detect viruses in concentrations as low as 100 molecules.

The RICOH Standard DNA Series helps enhance PCR tests' accuracy, reducing false-negative results, and preventing the spread of infection. >2



Refer to our website

1 **Our global efforts to overcome coronavirus** www.ricoh.com/news/features/covid-19-response/
2 **The manufacturing of reference DNA plates** www.ricoh.com/technology/institute/research/tech_dna_reference_plate.html

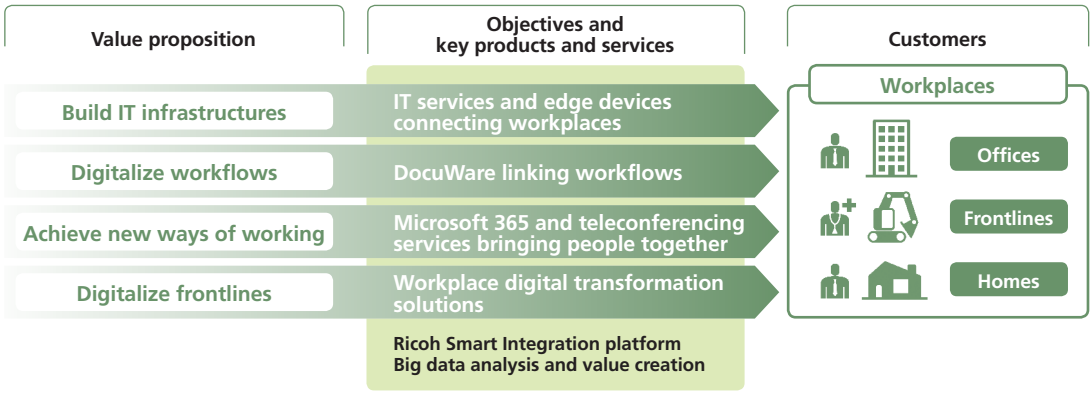
Special Feature 2

Emergency Response and Gearing Up: Transformation to a Digital Services Company

Delivering value to customers through digital services

Ricoh seeks to become a digital services company to help working people become more creative and change workplaces through its offerings. We build workplace IT infrastructures and materialize new work practices through services that digitalize and link workflows.

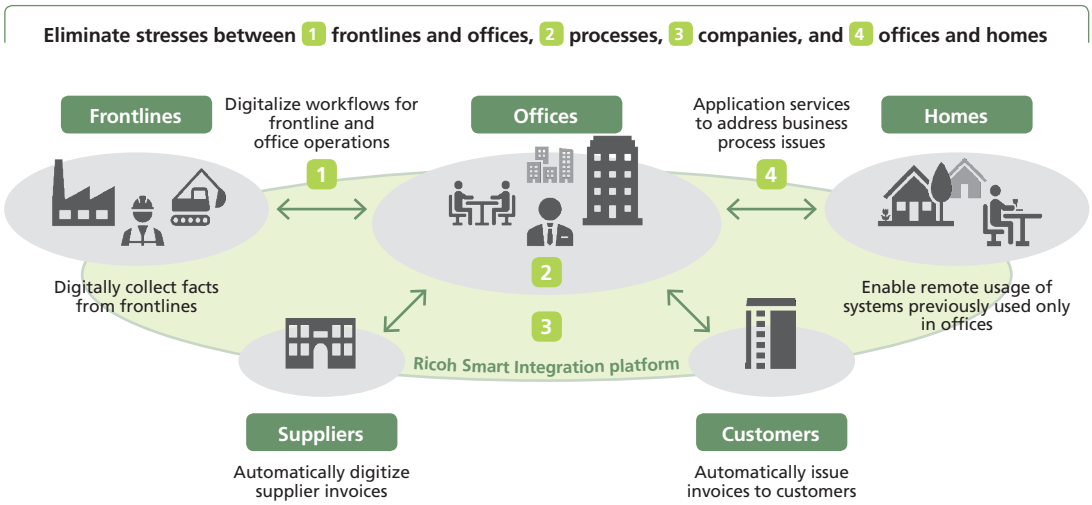
This approach enhances customer output quality and quantity and is part of our commitment to Empowering Digital Workplaces, we seek to bring people, offices and frontlines together to transform work and materialize a sustainable economy.



The significance of digitalizing workplaces

The pandemic has highlighted a range of workplace issues and stresses. Working from home became necessary to prudently distance people from each other. However, many companies found themselves unable to promptly create environments that enabled employees to work as they would in offices. There were also instances where specific staff would have to travel to offices solely to pick up and process paper invoices and statements sent there. Some jobs require workers to be on the frontlines, such as to escort people around properties or ensure progress at construction sites.

We believe that digital technologies can resolve such issues. Digitalizing and connecting homes, offices, frontlines, business partners, and customer workplaces make it possible to automate processes, work remotely, or perform tasks with fewer people. We accordingly seek to eliminate stress between workplaces and businesses.



Our strengths for becoming a digital services company

By combining the capabilities we have acquired to strengthening our Office Services business with the assets we have cultivated as an office equipment manufacturer, we will turn it into a strength as a digital services company.

One key strength is our 1.4 million worldwide printing customer base. Working directly with customers gives us a "last mile" edge over other platforms and leading system integrators to deliver new services that customers need. We stay close to our customers through the 11,000 field service engineers who maintain our equipment. We resolve customer issues through our 16,000 digital experts, from software developers to systems engineers. We are collaborating with roughly 4,000 global partners to become a digital services company.

Manufacturing edge devices for digital services is also critical, and we will continue manufacturing world-class hardware.

Our competitive edge
Customer base (office printing) ● Corporate customers: 1.4 million ● Devices in field: 4 million (direct only)
Widespread customer contacts ● Field technicians: 11,000
Digital professionals ● 16,000
Optics, materials, image processing, and other core technologies
IT partners globally ● 4,000

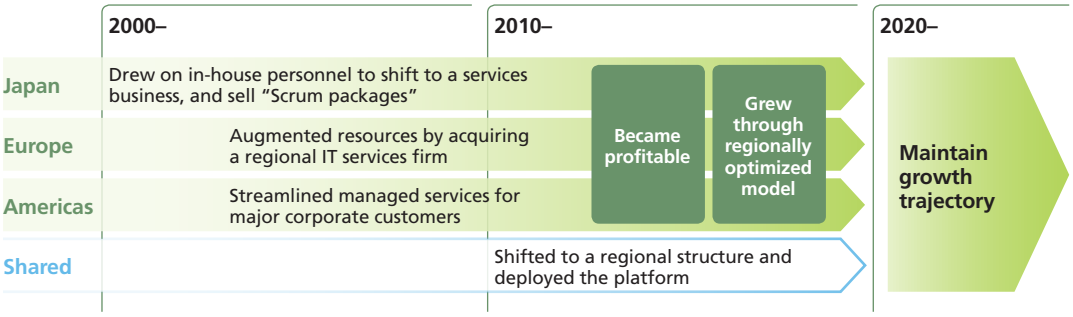
Expanding Office Services business

We look to further expand our Office Services business by selling packages that help customers set up teleworking to respond to the pandemic.

Our many decades of working closely with small and medium-sized enterprises underpin our solid performance in this area. Japan is our Office Services business's largest market. Over almost 30 years of cultivating that business, we have provided a wide range of products and services, including packaged services, primarily for such enterprises. Our superior maintenance services network is growing as a customer-centric human infrastructure that far exceeds our competitors.

Customers expected services for free in the past. Mindsets have changed over the past few years, as we have cultivated the acceptance of paid services. The normalization of payment for appropriate services has enabled us to recoup fixed costs and enhanced profitability, thereby building a formidable competitive position.

We are also deploying our customer-centric services model for small and medium-sized enterprises in key international markets. We are not merely replicating our domestic business model, we respect national and regional market characteristics and customer trends and have acquired or allied with local services providers to expand our capabilities and drive growth.



Providing digital services to customers

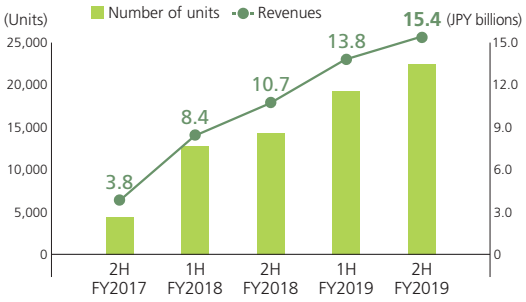
Initiatives in Japan

Sales of business solutions-based Office Services exceeding Office Printing revenues

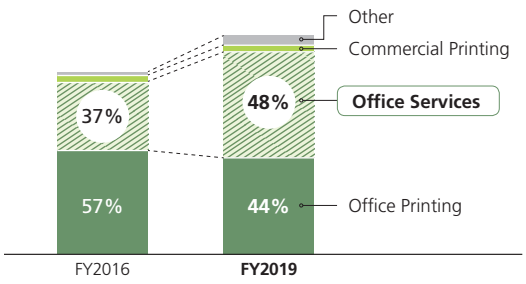
Our Scrum packages have become popular among small and medium-sized enterprises in Japan. These offerings integrate a range of applications and Ricoh products to deliver solutions for three common tasks across seven sectors, including construction, manufacturing, and healthcare. Revenues and unit shipments have soared since fiscal 2017.

Domestic Office Services business sales consequently outstripped those of the Office Printing business in fiscal 2019.

Scrum package revenues and unit shipments



Sales



Offering RICOH Digital Processing Service as an industry business solution

In June 2020, we launched the RICOH Digital Processing Service as a solutions lineup to improve operational efficiency and productivity in today's challenging business climate for small and medium-sized enterprises.

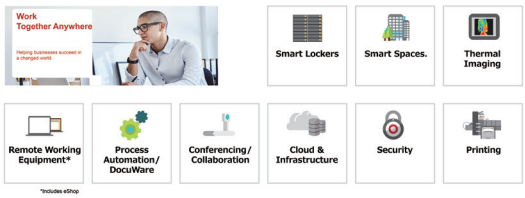
This service employs Scrum packages, assets, and other offerings as integrated solutions that support new workstyles by digitizing sector- and task-specific workflows. We have rolled out more than 100 packages for back-office and other common tasks in the construction, real estate, manufacturing, welfare, and eldercare sectors. We enhance productivity for all workplaces, whether they be offices, homes, or frontline sites, through labor-saving automation.

Initiatives in Europe

Catering to diverse needs through work together, anywhere

We are bolstering our IT services capabilities in Europe. In April 2020, as a response to the COVID-19 pandemic, we brought out work together, anywhere packages. > 1

Nine key packages are currently available, including remote work devices and teleconferencing, which has received high praise among customers for ease in setup. Many packages draw on the Network Operation Centre, which provides shared services.



Refer to our website

1 Work together, anywhere Helping businesses succeed in a changed world www.ricoh-europe.com/campaigns/work-together
Intelligent Business Platform Unlock the value of your data from a secured, easy-to-use cloud-based portal
www.ricoh-usa.com/en/services-and-solutions/enterprise-content-management-workflow-services/intelligent-business-platform

Remote work at Ricoh

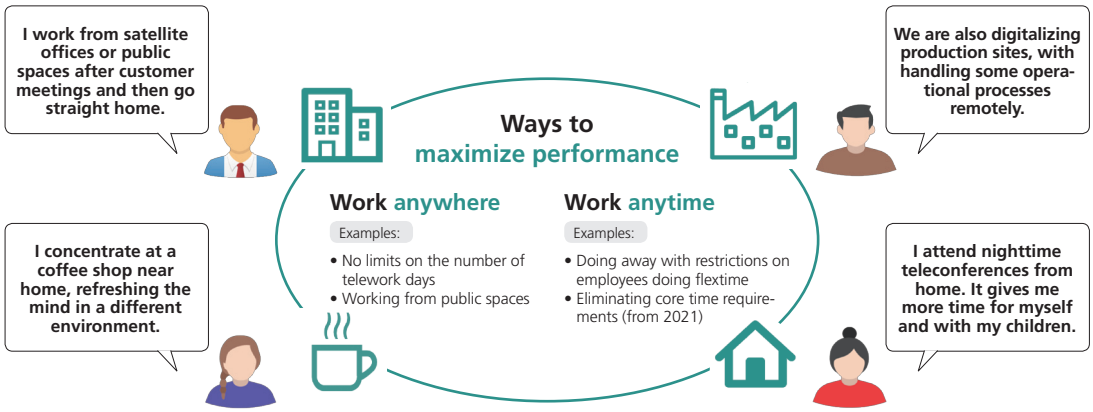
Standardizing teleworking and other remote work

The Ricoh Group has progressed with initiatives to fully adopt teleworking to help stem the spread of COVID-19 infections. In July 2020, we surveyed Ricoh's employees about changes in productivity, lifestyle, and health. More than 80% of respondents noted that they had maintained or improved their productivity even when working from home. High proportions of employees reported positive lifestyle and health results.

We made remote working from the home standard during these challenging times based on the survey. As part of our efforts to change work practices, we look to enhance productivity, lifestyles, and health by empowering our employees to work when and where they see fit. We aim to materialize our Fulfillment through Work ethos as we progress toward our centennial in 2036.

As well as issuing new work practice guidelines for domestic Group employees, we have gradually reformed our personnel system. For example, we lifted restrictions on who could telework, and the number of days employees could work remotely. We incorporated employee feedback to establish optimal office attendance rates by job category and implement practices that flexibly combine working from offices or remote. The policy is based on job requirements instead of a uniform standard companywide.

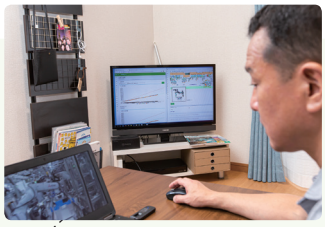
We continue to promote new work practices, accelerate internal digital transformation, provide customers with the know-how they have cultivated through practice, and support the shift to new ways of working in response to the new normal.



Running plant operations remotely

The Atsugi Plant in Kanagawa Prefecture has deployed digital manufacturing extensively. It has consequently automated some production lines, including using robotics. It also now digitally records operation statuses, process parts inventories, and automated guided vehicles' performances. Plant personnel checks and analyzes this data in real time from home. They predict equipment irregularities swiftly and monitor some operations from afar, sending instructions to on-site colleagues.

With this setup in place, more than 30% of employees now work from home, primarily overseeing indirect tasks to maintain site quality and operations. While expanding remote work, the plant takes advantage of freedom from distance constraints to strengthen collaboration with production sites elsewhere in Japan and abroad.



Remotely monitoring plant operations from home and instructing colleague at a plant

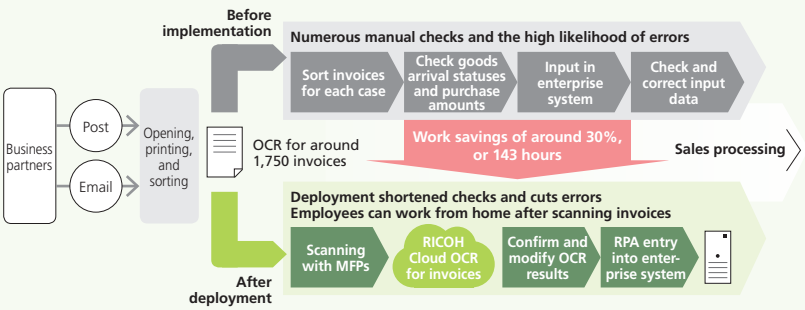
Helping customers transition to digital processes by developing new technologies and deploying them in-house

Enhancing business processes through digital transformation

We are driving a companywide digital transformation. From 2018, we embarked on a digital revolution encompassing all employees as part of our fundamental management policies. We have rolled our business process reforms that draw on robotic process automation (RPA) and artificial intelligence (AI) for indirect and all other operations, including development and production sites. The goal is not merely to automate tasks but also to create a structure where all workers can continuously improve business processes.

By digitally acquiring data, visualizing business processes, and analyzing issues, quality control personnel leverage RPA for various tasks, including measuring the power consumption of MFPs, printers, and other equipment, significantly alleviating the employee workloads. In back offices, we are automating operations by combining RPA with AI and optical character recognition (OCR). Production sites are using AI technologies to inspect parts exteriors and in other applications. Our employees will ultimately become fully adept at using digital technology to implement new work approaches that deliver the optimal output to customers. >1

Using AI and RPA to process invoices at month-end



Invoice processing was mostly done at month-end, consuming much time because of the need to handle and check printed items manually. Using MFPs, AI, and RPA has shortened this business process: AI incorporating proprietary form analysis and automated image processing technology identifies and digitizes invoice information. RPA can automate data input and confirmation checks. This setup has cut monthly hours for this process by around 30% and made it possible to process information at home or elsewhere remotely, contributing to workstyle reforms.

Seiji Sakata
Corporate Executive Vice President and Chief Technology Officer

1 Digital twin
A technology that reproduces information from physical spaces in real-time in cyberspace and uses simulations and other tools to predict real-world changes.

Driving workplace innovations through business and technologies

The Ricoh Group seeks to reform workplaces through innovation and sustainably improve corporate value. We must accordingly manage two key elements. These are operational perspectives for developing existing businesses and technical perspectives for creating innovative businesses based on insights into tomorrow. While the Office Printing business is largely profitable, our growth depends heavily on reinforcing our Office Services prowess. We will bolster our capabilities to make this business area pivotal, not just for offices. We will also resolve overall workplace issues, including at homes and on the frontlines, and resolve social issues through our ESG, SDG, and other commitments.

Our ability to swiftly deliver digital services that resolve issues is dependent on identifying the essential regional and business needs of customers and bring together services and products that match those requirements. We will build systems for developers to maintain close ties with customers and create services for them. At the same time, we will develop common platforms for materializing services.

The technical strategy underpinning our medium-term growth is to employ a digital twin >1 that fosters evolutions in workplace practices and digital printing for a mass customization era to drive human-centric digitization. Thus, we will make AI and fifth-generation (5G) mobile telecommunications technologies top priorities and cultivate people who can employ digital technology in various situations.

Refer to our website

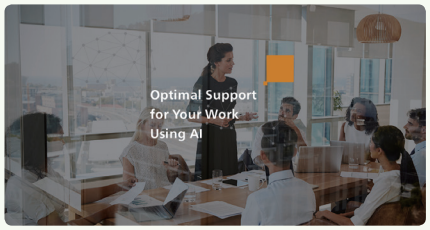
1 Image Recognition and Analysis Technology for Visual Inspection www.ricoh.com/technology/tech/073_imagerecognition

Developing AI to deliver top-class support to customers

In 2017, we established the Applied AI Research Center to incorporate AI in products and transform internal business processes. In October 2018, we set up an companywide training school that nurtures high-level data scientists and fosters data usage on the frontlines. Service developers incorporate AI in work processes, drawing on specialist AI organizations where needed to further AI use in services.

AI is progressing at lightning speed through the use of open tools. It is a very specialized field, as world speed and performance records are continually broken. Optimizing AI performance and resolving issues, thus necessitate drawing on the capabilities of AI itself and collecting masses of high-quality data that match objectives and enable AI to learn.

Edge devices for collecting data are also essential to improve services. Ricoh uses proprietary imaging, vibration, and other sensing technologies to obtain data previously out of reach. An excellent example of this is our road surface monitoring service, which uses proprietary stereo cameras to obtain distance information and improves data quality by measuring road surface depths that would be otherwise hard to determine visually. We will use data we have acquired with optimized AI technology to provide customer value in various workplaces. > 2



Optimizing worker support with AI

We will leverage our digital services to help workers overcome challenges, thus providing new value to workplaces. Here, we present service development approaches that draw on AI as digital brains and showcase human resources and systems capabilities.

www.ricoh.com/technology/ai

AI technologies supporting digital services

Tunnel monitoring system > 3

The aging of many tunnels has thrust safety management into the spotlight as a social issue. We contribute to social infrastructure safety by filming tunnel wall surfaces using multiple unique depth-of-field cameras* and use AI to produce documentation.

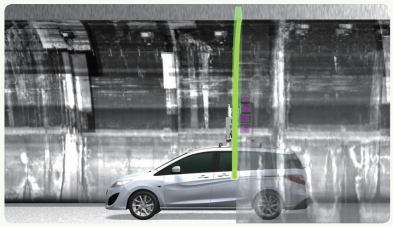
*Cameras enlarge the range in which captured images seem in focus without sacrificing resolution or brightness

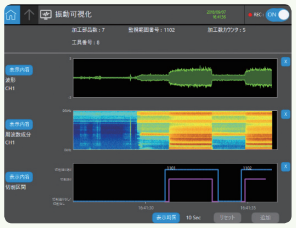
Machine tool vibration-imaging technology > 4

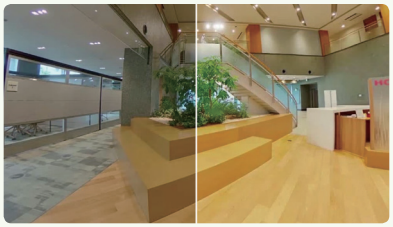
In manufacturing, efforts are progressing to visualize processes and enhance productivity. Machine vibrations offer numerous insights into process states. We use special sensors to obtain vibrations from machine tools and then analyze them using AI. We improve productivity and production quality by presenting process states in real-time.

Image enhancement technology for 360° images > 5

Virtual property tours have become increasingly popular in recent years. The COVID-19 pandemic has made them even more ubiquitous in order to prevent the spread of infections. We have further enhanced the resolution and quality of RICOH THETA 360° camera images by training the AI engine using images from our high-quality GR compact digital camera, thereby imploving the attractiveness and impact of virtual tours.


Walls inside tunnels


Vibration visualization system display


Original (left) and enhanced images (right)

Refer to our website

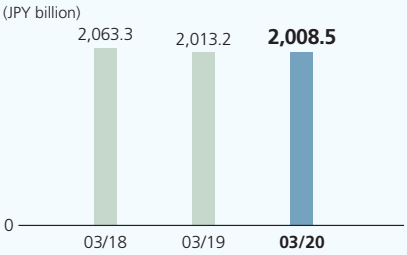
2 Making infrastructure safer with efficient road surface inspection technology
www.ricoh.com/about/empowering-digital-workplaces/initiatives/efficient-road-surface-monitoring/
3 Tunnel Monitoring System www.ricoh.com/technology/tech/087_tunnel_monitoring
4 Vibration Visualization for Machine Tools www.ricoh.com/technology/institute/research/tech_Vibration_Visualization
5 AI-Based Image Enhancement Technology for 360-degree Images www.ricoh.com/technology/tech/088_image_enhancement

Business Overview

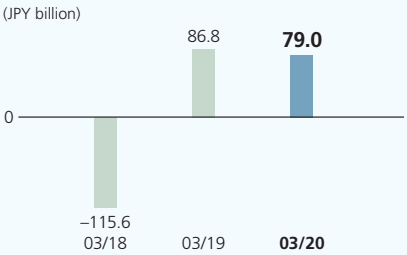
Financial Highlights

Figures comply with International Financial Reporting Standards.

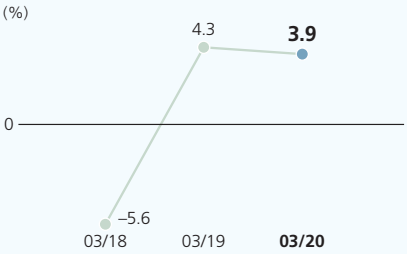
Sales



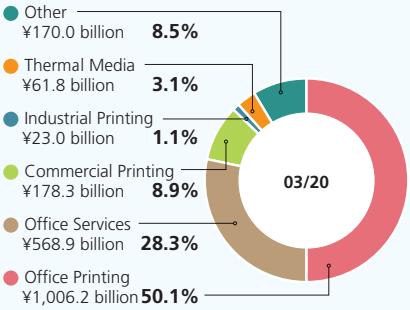
Operating Profit



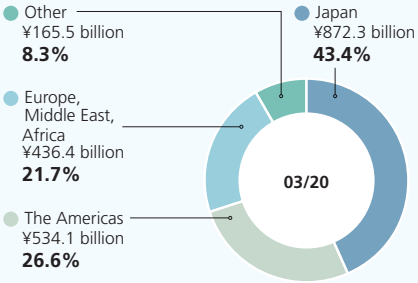
Operating Margin



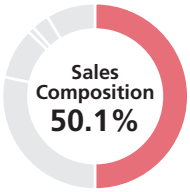
Sales by Product Category

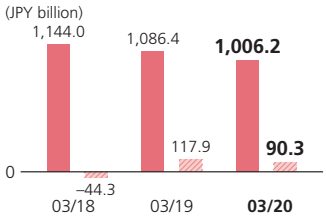


Sales by Geographic Area



Office Printing

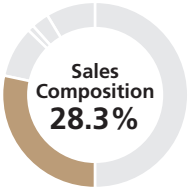


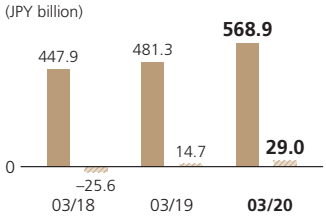


Sales
¥1,006.2 billion DOWN
(Down 7.4% year on year)

Operating Profit
¥90.3 billion DOWN
(Down 23.4% year on year)

Office Services

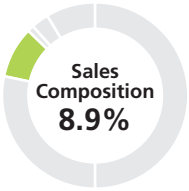


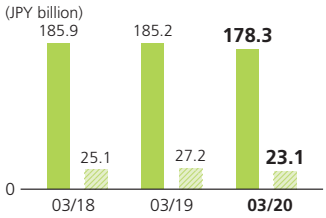


Sales
¥568.9 billion UP
(Up 18.2% year on year)

Operating Profit
¥29.0 billion UP
(Up 97.4% year on year)

Commercial Printing

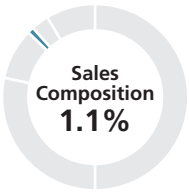


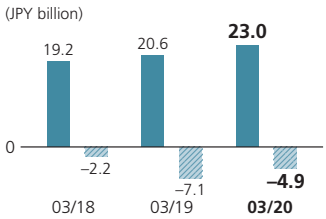


Sales
¥178.3 billion DOWN
(Down 3.7% year on year)

Operating Profit
¥23.1 billion DOWN
(Down 15.0% year on year)

Industrial Printing

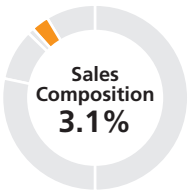


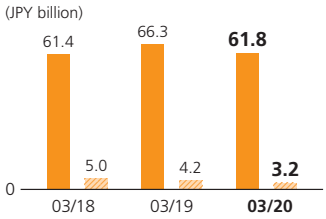


Sales
¥23.0 billion UP
(Up 11.2% year on year)

Operating Loss
¥4.9 billion
(— year on year)

Thermal Media

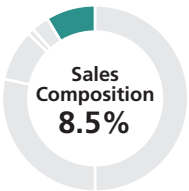


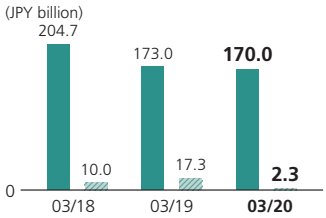


Sales
¥61.8 billion DOWN
(Down 6.7% year on year)

Operating Profit
¥3.2 billion DOWN
(Down 24.0% year on year)

Other





Sales
¥170.0 billion DOWN
(Down 1.7% year on year)

Operating Profit
¥2.3 billion DOWN
(Down 86.5% year on year)

Business Outline	Key Products and Services	Business Report
In this core business, we supply color MFPs and other imaging equipment and related services. Our offerings include color office multifunctional printers, for which we have the top market share worldwide.	MFPs, copiers, printers, printing machines, wide format printers, facsimile machines, scanners, and other hardware, as well as related consumables, services, support, and software	Sales in fiscal 2019 declined 7.4%, to ¥1,006.2 billion. Through the third quarter, unit sales of A3 color MFPs rose 3% from the previous term, reflecting the impact of new models. Hardware sales declined in the fourth quarter, however, as the COVID-19 pandemic constrained customer business activities and caused sales of related consumables to fall. Operating profit dropped from ¥117.9 billion, to ¥90.3 billion. This was because the pandemic caused sales and gross profit to decrease, offsetting progress in cutting operating expenses on the strength of structural reforms.
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.	Personal computers, servers, network-related equipment, related services, support and software, document-related services, and solutions	Sales for the term increased 18.2%, to ¥568.9 billion. In Japan, we sold personal computers, deployed IT systems, and offered support solutions in line with demand for transitioning to Windows 10. We also offered industry- and business-specific solutions packages. Toward the end of the year, sales surged from packages that help companies create teleworking frameworks to overcome the impact of the COVID-19 pandemic. Overseas, we expanded sales of IT services and other offerings in Europe, the Middle East, and Africa. Segment operating profit jumped from ¥14.7 billion a year earlier, to ¥29.0 billion, as profitability improved with sales expansion.
We serve printing industry customers by offering digital printing-related products and services that can handle high-mix, low-volume printing.	Cut-sheet and continuous feed production printers, related supplies, services, and support software	Sales dropped 3.7%, to ¥178.3 billion. We enjoyed double-digit growth year on year in sales of hardware through the third quarter on the strength of products introduced during that period, principally in Europe and the United States. Hardware sales declined from the fourth quarter, however, owing to the COVID-19 pandemic. Sales of consumables for transactional printers were also down, reflecting plunging demand for those systems. Operating profit was ¥23.1 billion, down from ¥27.2 billion a year earlier, owing to lower sales of transactional printer consumables and a gross profit decline.
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.	Inkjet heads, inkjet modules, and industrial printers	Segment sales for the year increased 11.2%, to ¥23.0 billion. This was because while the COVID-19 pandemic hampered sales activity in the key Chinese market in the fourth quarter, revenues grew on higher demand overseas for new advanced industrial inkjet heads and expanded sales of industrial printers. The operating loss was ¥4.9 billion, down ¥2.1 billion from a year earlier, reflecting higher product development expenses to fuel business growth and such transient factors as new product inventory allocations.
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 paper and thermal media	Sales declined 6.7%, to ¥61.8 billion. Prime downside factors were intensifying competition in the Chinese market, customer cost-cutting measures, and the COVID-19 pandemic in the fourth quarter. Segment operating profit was ¥3.2 billion, from ¥4.2 billion a year earlier, as the downside impact of the pandemic overshadowed progress in reducing raw materials costs to stabilize their supplies while improving processes to lower cost rates.
This segment encompasses the Industrial Products, Smart Vision, and Other businesses. 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.	**Industrial Products:** Industrial optical components and modules, electrical units, and precision equipment parts **Smart Vision:** Digital cameras, 360° cameras, and related services **Other:** 3D printing, the environment, healthcare, and financial services	Sales dropped 1.7%, to ¥170.0 billion. This reflected the impact of Ricoh Logistics System transitioning to an equity method affiliate, which offset a steady expansion in the finance business and higher sales of optical modules in the Industrial Products business. Sales would have risen if not for the removal from consolidation of that subsidiary. Operating profit fell from ¥17.3 billion, to ¥2.3 billion, in the absence of the previous year's gain on sales of shares in Ricoh Logistics System. After excluding that factor, operating profit would have been basically unchanged.

ESG_Environment

Balancing conservation and business growth

The Ricoh Group considers it important to undertake environmental conservation and profit generation simultaneously. We practice environmental management, through which we proactively endeavor groupwide to lower our environmental impact and improve the Earth's regenerative capabilities. >1

To achieve a sustainable society, we have positioned achieving a zero-carbon society and realizing a circular economy as our material issues, >2 and set environmental goals for 2030 and 2050 in the areas of preventing global warming and conserving resources through the backcasting method. We accordingly formulated specific measures under mid-term management plans, >3 undertaking activities in each field. From fiscal 2020, we framed environmental targets as ESG goals based on our management strategy, linking them to executive officer remuneration to clarify environmental management responsibilities.

Ricoh Group environmental declaration

We proactively reduce environmental impact and strive to improve the Earth's self-recovery capabilities to achieve a zero-carbon society and a circular economy through business.

Achieving a zero-carbon society

We are pushing ahead with extensive energy conservation activities while employing renewable energy with the aim of reducing GHG emissions across the entire value chain to virtually zero by 2050. In view of an acceleration in recent years of a global decarbonization shift, we now seek to cut our greenhouse gas emissions by 63% from the 2015 level by 2030, compared with a previous reduction target of 30%.

The new target met Science Based Targets Initiative >1 criteria for setting goals that help limit the rise in global temperature to 1.5°C above pre-industrial levels.

We concluded a sustainability-linked loan agreement with the MUFG Bank, Ltd., to help achieve our objectives by securing preferential interest rates aligned with our attainment of environmental targets.

1 Science Based Targets Initiative
This international initiative certifies that companies' greenhouse gas reduction goals are in keeping with scientific evidence

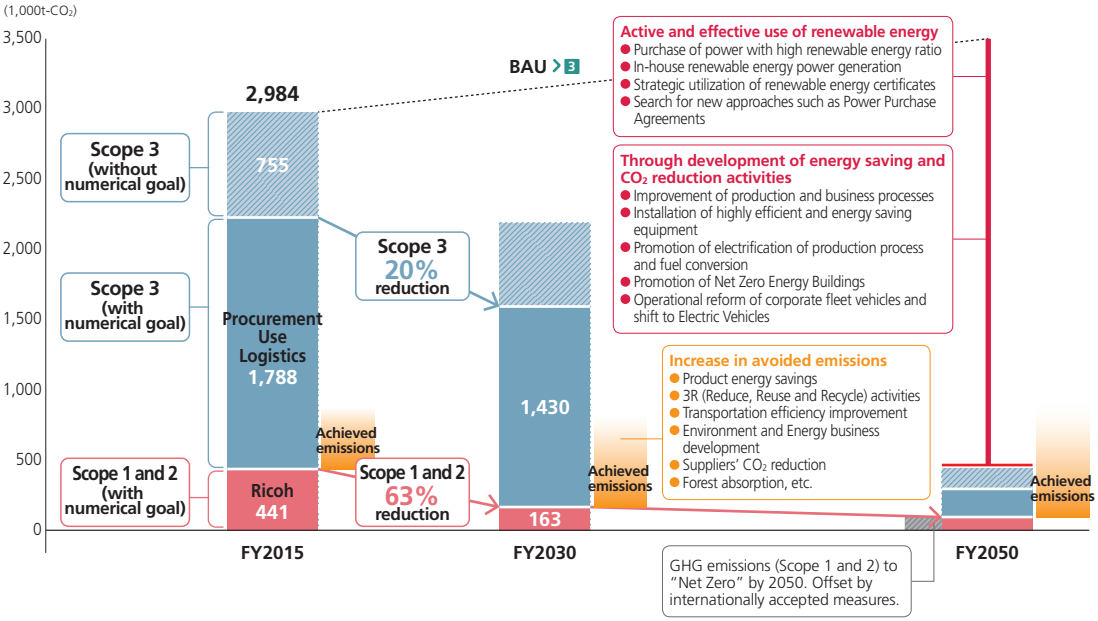
2 GHG Scope 1, 2 and 3
- GHG Scope 1: All direct GHG emissions from our manufacturing plants, offices, vehicles etc.
- GHG Scope 2: Indirect GHG emissions from the consumption of electricity and heat that we purchase
- GHG Scope 3: Emissions in the supply chain from business activities (excludes GHG Scope 1 and 2)

3 BAU
Business As Usual

Ricoh Group environmental goals (preventing global warming)

[Goals for 2030]
- GHG Scope 1 and 2: 63% reduction >2 compared to the 2015 level
- GHG Scope 3: 20% reduction >2 compared to the 2015 level (procurement, use, and logistics categories)
- Source at least 30% renewable electricity

[Goals for 2050]
- Targeting zero GHG emissions across the entire value chain
- Switch to 100% renewable electricity



Refer to our website

1 Environment www.ricoh.com/sustainability/environment
2 Materiality www.ricoh.com/sustainability/materiality/
3 Ricoh Group's 19th Environmental Action Plan (three years through March 31, 2020) www.ricoh.com/sustainability/environment/plan/plan19th

Decarbonization endeavors and achievements in fiscal 2019

We will improve production processes, deploy highly efficient facilities, and review logistics processes to propel intensive energy conservation activities through the entire supply chain while providing 100% renewable energy for the electricity that our businesses consume.

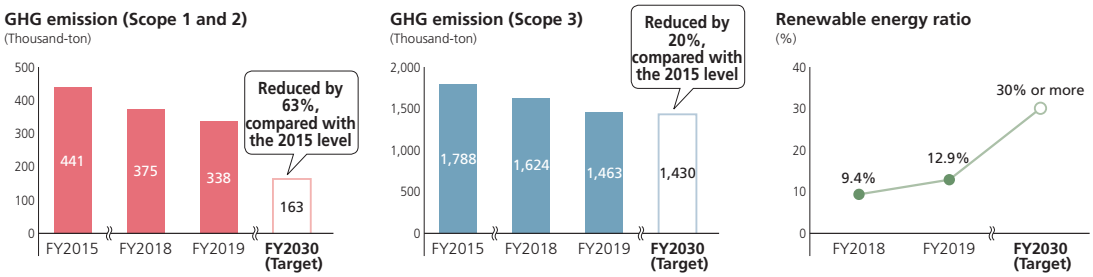
From fiscal 2019, all facilities in China, Thailand, and Japan that assemble A3 MFPs, our primary products, sourced all of their electricity (corresponding approximately to 37 gigawatts) from renewables. Five of our domestic sales sites have obtained ZEB (Net Zero Efficiency Building) >4 certification so far. Overseas business sites are expanding renewable energy usage by installing solar panels in their buildings and obtaining renewable energy certification.

Because of these efforts, Scope 1 and Scope 2 greenhouse gas emissions totaled 338,000 metric tons in fiscal 2019, down 9.8% from a year earlier and 23.4% from 2015. Our renewable energy ratio 12.9%, up 3.5 percentage points from the previous year.

RE100 CLIMATE GROUP | CDP

4 Net Zero Energy Buildings (ZEBs)
These structures consume less energy every year. A ZEB conserves more than 100% of its standard primary energy. The savings for Nearly ZEB and ZEB Ready are 75% or 50% or more.

[Results of fiscal 2019]



* Procurement, use, and logistics categories

Social leadership

● Supporting Uniting Business and Governments to Recover Better statement >4

In June 2020, Ricoh expressed its support for Uniting Business and Governments to Recover Better, a joint statement from companies in the Science Based Targets Initiative and the UN Global Compact-led Business Ambition for 1.5°C. The statement recognizes that while the COVID-19 pandemic has greatly affected economies, recovery efforts should not hamper national endeavors to tackle climate change.

● Exchanging climate change views with Japanese Minister of the Environment

In June 2020, Ricoh President and CEO, Jake Yamashita was among representatives of companies participating in the Japan Climate Initiative >5 who gathered to exchange views with Shinjiro Koizumi, Minister of the Environment, about policies for a green recovery from the pandemic. Mr. Yamashita stressed that economic and ecological turnaround efforts should progress together. He highlighted the challenges of procuring renewable energy in Japan and sought the government's assistance in that respect.

● Shortlisted for RE100 Leadership Awards >5

In September 2020, Ricoh was the sole Japanese company shortlisted for the RE100 Leadership Awards, which recognize leadership among RE100 companies in transitioning to wholly renewable energy.

5 Japan Climate Initiative
This is a network of 500 companies, local governments, nongovernment organizations, and other entities (as of September 2020) tackling climate change.

Information disclosure based on TCFD framework >6

The Ricoh Group views climate change as a management risk and a growth opportunity.

In fiscal 2020, we continued to analyze scenarios as we did in the previous year. We have addressed a rising number of natural disasters every year by holding workshops with representatives from sustainability management, general affairs, risk management, corporate planning, purchasing, and manufacturing divisions to explore supply chain risks and responses, including for our sites. We accordingly added flood

Refer to our website

4 Uniting Business and Governments to Recover Better www.ricoh.com/info/2020/0610_2/
5 RE100 Leadership Awards www.ricoh.com/info/2020/0914_1/
6 Information disclosure based on TCFD framework www.ricoh.com/sustainability/environment/management/tcfd

damage risks at domestic and overseas sites to our assessment list. We also included risks and opportunities for infectious diseases associated with climate change in view of the great impact of COVID-19.

The Risk Management, ESG, and Group Management committees, in which executives participate, are looking into countermeasures based on evaluation findings.

Implemented scenarios

Transition risks: 2°C (IPCC RCP2.6) and 1.5°C scenarios
Physical risks: 4°C scenario (IPCC RCP8.5)

Risks and actions

Financial impacts: Large, medium, and small (hundreds of millions through tens of billions of yen)
Urgency: High, medium, and low (less than one year through more than five years) risk materialization time frames

		Impact on Ricoh	Financial impacts	Urgency	Actions
Transition risks	**Application of carbon tax and emissions trading regimes to suppliers**	•Higher procurement costs from supplier carbon pricing (carbon tax and emissions trading) * Minor carbon pricing impact on the Ricoh Group	Medium	Low	● **Conserve resources** • Reduce new resource inputs by selling recycled machines and using recycled materials ● **Support suppliers** • Cut procurement costs by supporting supplier decarbonization efforts
	Swift changes in consumer and investor behavior in decarbonized societies	•Higher costs from responses to meet 1.5°C target and reach RE100 goals early	Small	Medium	● **Decarbonize** • Deploy measures to save energy and use renewables to help reach the Science Based Targets 1.5°C target (such as by strategically renewable energy certificates) • Finance through sustainability-linked loans
Physical risks	**Rapid increases in natural disasters**	•More storm and flooding damage than expected at the key production sites owing to exceptionally abnormal weather •Greater losses from production halts and lost sales opportunities as a result of supply chain fragmentation	Medium	High	● **Reduce business continuity planning exposure to floods, heavy rains, and typhoons** • Implement disaster measures at production sites • Formulate business continuity plans for procurement and logistics
	Infectious disease epidemics	•Production planning impacts of parts supply fragmentation •Inventory shortages from lower plant capacity utilization rates •Fewer sales opportunities because of face-to-face selling challenges	Medium	Low	● **Solidify business continuity planning to tackle infectious diseases** • Digitize business processes and deal negotiations • Decentralize manufacturing sites and automating processes • Increase parts and product inventories
	Forest resource declines	•Destabilized supplies of paper materials as a result of greater forest damage, notably from wildfires and pests, and higher paper procurement costs	Small	Low	● **Pursue green procurement** • Use certified paper from managed forest resources ● **Conserve resources** • Reduce base paper usage with silicon linerless labels and rewritable paper

Opportunities

Opportunities for 2030	Current initiatives	Financial impacts
Increase service solutions sales to help customers decarbonize	•Supply energy-saving products that significantly surpass eco label standards •Provide decarbonization support solutions •Offering office optimization solutions	**Fiscal 2019** Decarbonized product sales (Energy Star- certified): Around ¥1,100 billion
	•Increase sales opportunities by enhancing eco brands and supplying eco-friendly products	**Fiscal 2019** Sales from major ESG-compatible business deals: Around ¥12 billion
Enhance sales of solutions for new times	•Provide telemedicine, education, meeting, work practice reform, and other solutions that reduce infection risks	**Fiscal 2019** Sales of solutions packages that help reduce infectious diseases and decarbonize: Around ¥30 billion
Expand environmental and energy businesses to create, store, and conserve energy	•Expand product recycling and parts regeneration businesses •Reuse and recycle recovered products	**Fiscal 2019** Product and parts recycling business sales: Around ¥36 billion
	•Expand energy creation and conservation businesses, including electricity sales with low carbon dioxide emission factors, solar power operations and maintenance, and lighting and air conditioning management systems)	**Fiscal 2019** Energy creation and conservation sales: Around ¥30 billion
Create and develop new businesses	•Develop and sell alternative plastics materials	**Outlook** In 2020, we began shipping samples of packaging made of polylactic acid foam, a biodegradable plant-derived polymer, as an alternative to containers and packaging materials made with regular plastics. We aim to expand sales by marketing our materials to diverse industries, including for Ricoh's products, offering manufacturing solutions, and licensing production.
	•Develop and sell dye-sensitized solar cells	**Outlook** One energy harvesting [1] effort will be to expand sales by deploying dye-sensitized solar cells [1] for a range of applications.
	•Develop and sell silicon linerless labels, rewritable laser systems, and labelless printing	**Outlook** We seek to increase sales by helping reduce paper consumption and waste in societies through label-free printing and release paper-free label seals.

1 Energy harvesting
Generating power from light, heat, vibration, and other external sources

Refer to our website

1 **Solid-state dye-sensitized solar cell** www.ricoh.com/release/2020/0204_1/

Realizing a circular economy

Interest in a circular economy has surged in recent years. We have established resource conservation goals for 2030 and 2050, and are actively recycling resources while reducing resource inputs for products and business activities. We formulated a new policy on plastics usage, set reduction targets across the medium through long terms, and are accelerating efforts regarding plastics.

Ricoh Group environmental goals (resource conservation)

[Goal for 2030]
- Product resource conservation rate ›2: 50%

[Goal for 2050]
- Product resource conservation rate: 93%

Ricoh Group plastic policy for products

Ricoh has set targets for resource conservation for the realization of a Circular Economy. To achieve this, we are promoting "a comprehensively efficient use and recycling of resources" and "switching to sustainable resource use." In addition, while aiming to address social issues by "shifting to a Circular Economy" and tackling "ocean micro-plastic pollution," we will establish a plastic policy for products and packaging materials as shown below and develop relevant business activities.

1. **Breakaway from dependence on virgin plastic derived from fossil resources**
2. **Material recyclable design**

Specific targets and goals for plastic
- Reduction in packaging materials for virgin plastic derived from fossil resources
  Goals for 2030: 50% or more, compared to the conventional model
- Use of post-consumer recycled plastics for imaging products
  Goals for 2030: Post-consumer recycled plastic content rate of 50% or more
- Display resin identification code and single material use
  Goals for 2025: Clearly indicated on all parts and all packaging materials

2 Product resource conservation rate
New resource input reductions percentage for total input resource amounts

Resource conservation initiatives and fiscal 2019 results

We strive to improve resource efficiency by pursuing the product 3Rs of reduce, reuse, and recycle. At manufacturing stages, we reduce new resource inputs by downsizing and decreasing product weight, expanding recycled materials usage, and engineering offerings that are easier to recycle after use. We also develop non-petroleum-based materials to minimize risks associated with resource shortages, environmental impacts, and waste. As a result of these efforts, our resource conservation rate in fiscal 2019 was 22.0%.

Implementing End-of-Life design

In 1993, we formulated design policies based on recycling. We accordingly developed various kinds of know-how, including grade labeling on plastic molded parts, strength design to allow reuse, reprocessing of high-value-added parts, recycling of high-quality materials, easier dismantling and sorting, and strength design to reduce the use of packaging materials. We internally assess eco-friendliness and pursue further improvements at each product design stage.

Making products smaller and lighter

We set weight targets for each product, which has enabled us to use resources more efficiently and lower environmental impact by making products smaller and lighter. We carried out extensive strength and impact simulations for digital full-color MFPs that we rolled out in 2019. These efforts enabled us to create thinner plastic parts and metal sheets while developing new lightweight frames with stronger surfaces and corners, making these models more than 65% lighter than conventional offerings.

Using recycled plastics and developing new eco materials

We maintain the quality of recycled materials by displaying resin grades on individual parts during manufacture, recycling for each grade after product recovery. From 2016, we developed recycled materials made from commercially sold recovered materials for interior and external usage, starting to incorporate them in our MFPs. More than 95% of office toner bottles ›3 made by the Ricoh Group employ recycled plastic materials.

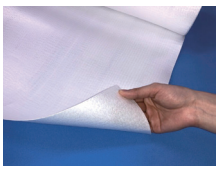
We leveraged proprietary technology to develop polylactic acid foam ›4 from renewable resources to replace petroleum-based plastics.

Our reuse and recycling network

Each of our sites around the world has deployed programs to optimally reuse and recycle resources. We employ uniform standards to sort and recycle recovered MFPs and supply customers. We provide prepaid shipping labels for collecting used cartridges at no charge.

3 Office toner bottles
Toner bottles made with polyethylene terephthalate

4 Polylactic acid foam
A new material made by foaming PLA (polylactic acid) made from plant-derived starch. This new material helps reduce global warming and marine pollution. It does not increase carbon dioxide emissions when incinerated and decomposes into water and carbon dioxide even if ending up in landfill or oceans.

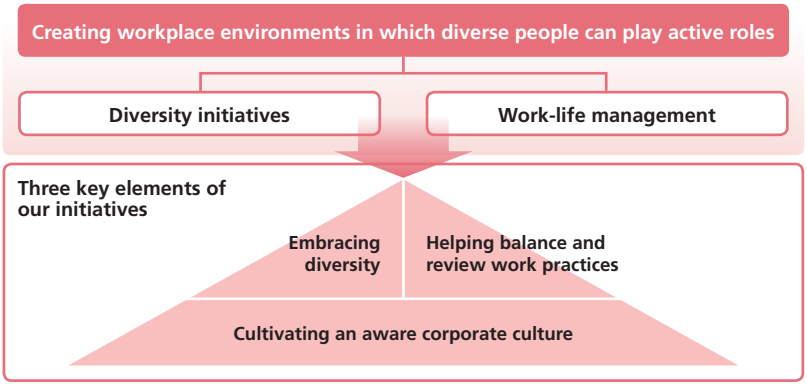


ESG_Social

Strengthening value chain sustainability in light of SDGs

Ricoh's mission statement reads, "We are committed to providing excellence to improve the quality of living and to drive sustainability." We follow the United Nations SDGs by striving to materialize decent work through sustainable social development, innovation, and respecting diversity while reinforcing sustainability across our global value chain.

Diversity and work-life management



We embrace diversity at Ricoh, drawing on our employees' individuality and talents and their collective acumen to drive innovation.

It is vital to create a diversity-driven workplace where employees from many cultures and backgrounds can perform at their best while managing a work-life balance.

We accordingly incorporated diversity and work-life management into our business strategies.

Diversity initiatives

We seek to create new value so we can contribute to sustainable social development and innovation. We do so by respecting employee diversity, creating positive work environments, and bringing together our employees' unique talents, experience, and knowledge.

The Ricoh Group Code of Conduct [1] (in particular, sections covering behavior respecting human rights and the pursuit of fulfilling work & life) accordingly provides clear and actionable guidelines through which we seek to enhance employee understanding.

Becoming a better employer through a range of awareness-enhancing policies

By cultivating awareness in corporate culture, we seek to review work practices to create workplaces that embrace diversity and promote balance.

Principal initiatives

Cultivating corporate culture awareness	•Disseminate information on diversity and work-life management •Educational seminars •Group Company Management Council in Japan	
Embracing diversity	•Woman management study groups and seminars •Prospective woman manager training •Career forums for young women •International Women's Day events	•Broaden work scope for employees with disabilities •Career support for older workers •Seminars and e-learning on LGBT and other topics
Helping balance and review work practices	•Childcare and long-term care support program (leave and shorter working hours) •Family support work-leave program (including for nursing and long-term care, infertility treatment, and personal injury) •Fostering hourly-paid leave and accumulation of paid leave •Working from home or satellite offices •Flextime program	•Short work program (short hours and fewer days) •Special long-term leave for spouse transfers •Special long-term leave for volunteer activities •Balance support communication guide (for supervisors & users) •Return-to-work support and nursing care seminars, family days, and other initiatives

Refer to our website

[1] Ricoh Group Code of Conduct www.ricoh.com/sustainability/society/vision/code_of_conduct.html

Empowering women

We are empowering women in workplaces as part of our commitment to diversity.

Beginning early this century, we prioritized formulating measures and creating work environments that empower women. We conduct study group sessions and seminars for woman managers, train prospective woman managers, and run career forums for young woman employees.

We undertake a range of global organizational initiatives, including regional International Women's Day events.

Supporting women's empowerment

Ricoh rolled out childcare leave and shorter working hours programs in 1990, before the Childcare Leave Law was enacted, to help women balance their work commitments with their childcare or eldercare obligations. We have since updated our programs to cater better to employee needs and changes in the social landscape. We create workplace environments that make our programs more accessible.

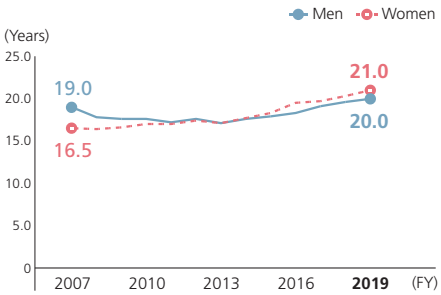
For example, we encourage men to play a more active role in child-rearing and can transform overall workplace practices by changing how they go about their jobs.

We have undertaken initiatives to improve manager attitudes and practices to enhance diversity and work-life management, including empowering women, and helping them balance their work and home life. Examples include diversity management in 360° assessments and diversity and work-life management seminars. For all employees, we utilize a "diversity and work-life management" portal that presents our corporate policies and objectives and offers specific examples of initiatives to increase awareness and uptake of our approach.

We conduct employee awareness surveys regarding work-life management and use these polls to raise awareness of our programs, help change attitudes, and identify employee needs.

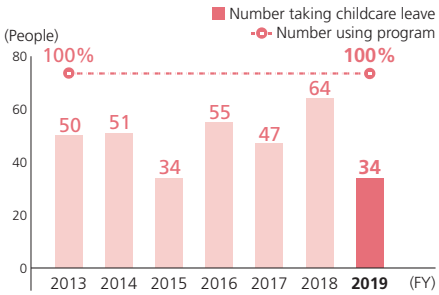
Such endeavors have helped increase childcare support and return-to-work programs usage to nearly 100% among eligible woman employees. Average years of service among women have risen commensurately and now exceed the level for men. The number of male employees using our childcare support programs has jumped significantly, and 100% of eligible employees used childcare leave in fiscal 2019.

Years of service for men and women



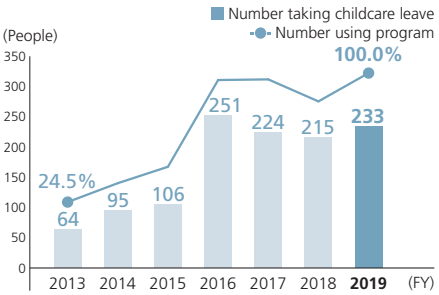
* Ricoh Co., Ltd.

Number of women taking childcare leave/ using program



* Ricoh Co., Ltd.

Number of men taking childcare leave/ using program



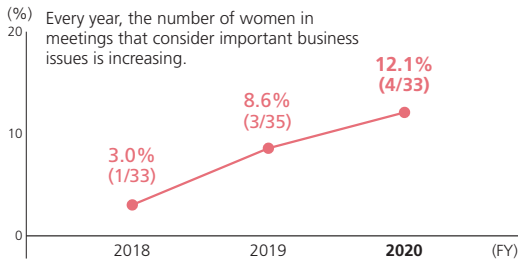
* Ricoh Co., Ltd.

Starting in fiscal 2020, we set an ESG target ratio for woman managers and are stepping up efforts to reach it. We are undertaking initiatives that adapt to regional conditions. We seek to lift the woman managers' ratio in Japan to at least 7% by the end of fiscal 2023 and more than 15% worldwide. In Japan, where woman empowerment endeavors have lagged, the number of woman managers has risen steadily, owing to ongoing human resources development initiatives, work-life balance programs, and flexible work arrangements. We will deploy new initiatives in the coming years to accelerate our progress.

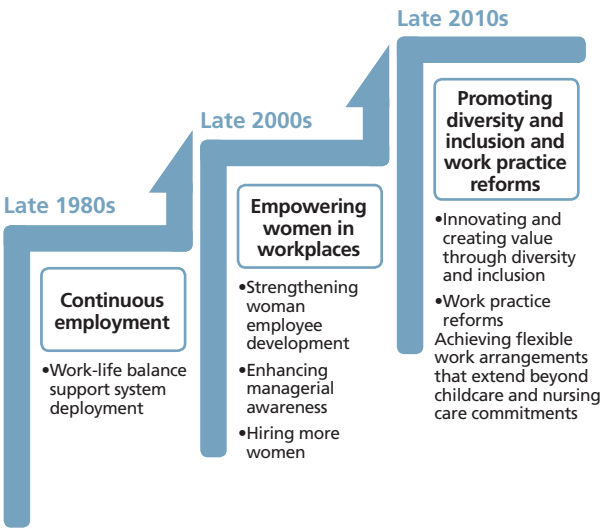
Women as a percentage of full-time employees	Global	31%	Ricoh Company, Ltd.	15%
Woman manager ratio	Global	15.6%	Ricoh Company, Ltd.	4.3%

FY2019

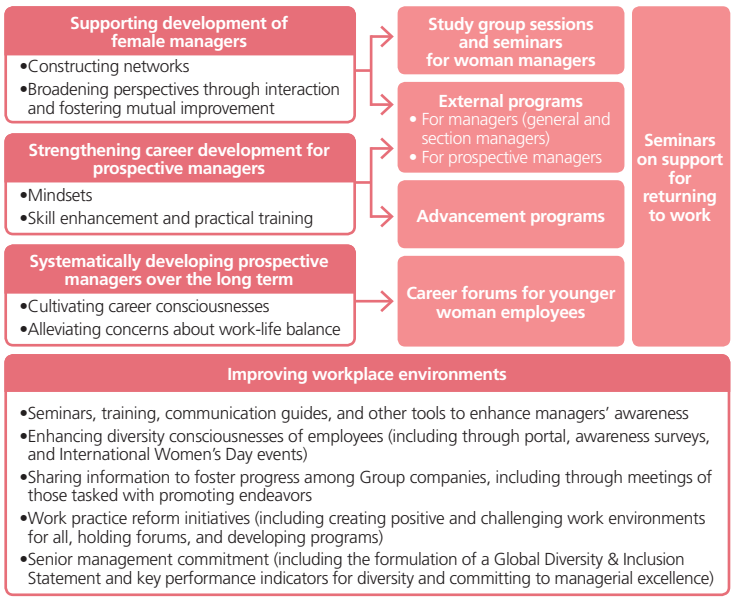
Proportion of women in global meetings



Initiative steps



Key initiatives to foster talented and motivated woman employees



Parent company

Global Diversity & Inclusion Statement

We are stepping up groupwide measures through the One Global Ricoh effort.

We commemorate International Women's Day annually through regional events with the theme of woman empowerment. We are expanding collaboration between the Ricoh Group and our customers, between employees, and leveraging the resulting capabilities into our business. As part of these efforts, we formulated a Global Diversity & Inclusion Statement representing our collective commitment to global teamwork and acceptance of diverse peoples and values. We have translated the statement into 22 languages.

Global Diversity & Inclusion Statement

At Ricoh, we embrace and respect the collective and unique talents, experiences, and perspectives of all people.
Together, we inspire remarkable innovation.
That's how we live the Ricoh Way.

Work-life management

Work practice reform initiatives

We have undertaken a range of work practice and program reforms since the 1990s. In fiscal 2017, overhauling work practices was a pivotal company-wide priority. We pursue various initiatives, from creating rules and tools to transforming attitudes and the corporate culture.

Cutting total working hours

We encourage our employees to focus entirely on their tasks while working and get sufficient rest. We strive to trim working hours, notably by reducing overtime through efficiency gains and encourage employees to take paid leave.

Specific efforts to reduce overtime include setting a minimum of two days a week to finish work on time, alerting supervisors to employees working overtime, and providing labor-management training.

Also, by defining months and days for which we incentivize employees to take paid leave, we make it easier to take time off. We recommend five consecutive days of rest and offer hourly-paid leave.

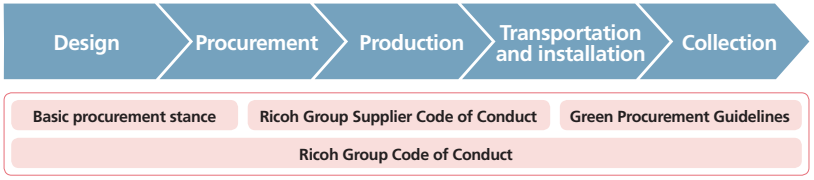
Fostering flexible work

We offer flextime, telework, and shorter working hours and days programs to ensure employees' flexibility.

We are endeavoring to enhance employee efficiency by expanding satellite office access and providing communication tools.

Value chain management

We pursue socially responsible management, given the broad influence of our business activities. Our supply chain is particularly important in that regard since it involves so many companies and individuals, making it vital to avoid or minimize inadvertent downsides from our operations. We endeavor to improve our activities by ensuring that our plants and suppliers operate ethically per human rights, labor, environmental, and other international guidelines.



● Joining Responsible Business Alliance >1

We joined the Responsible Business Alliance in November 2019. It is the world's largest industry coalition dedicated to global supply chains CSR. In keeping with the shared goals of members and the coalition's spirit, we deploy its methodologies and share them with suppliers.

● Ricoh Group Supplier Code of Conduct

We established this code in January 2006 to continue collaborating with suppliers to foster acceptance of our CSR principles, contribute to social and environmental progress, and attain sustainable corporate development.

We revised our code in August 2020 per the United Nations Guiding Principles on Business and Human Rights and the Responsible Business Alliance Code of Conduct. The latter is based on central international human rights standards, such as the International Labour Organization's Declaration on Fundamental Principles and Rights at Work Labor and the Universal Declaration of Human Rights. We reproduced the code in Japanese, English, and Chinese and distributed it to suppliers.

We encourage the initiatives throughout our supply chain by developing codes of conduct for suppliers.

We endeavor to fulfill our social responsibilities through our supply chain by engaging in CSR procurement and tackling child labor and conflict minerals issues.

● Conducting procurement policy briefings

We conduct annual purchasing policy briefings for suppliers. Our daily production activities' stability stems from supplier cooperation and a commitment to mutually benefiting through trust. We hold seminars for suppliers to pursue CSR activities throughout the supply chain. In fiscal 2019, we held briefings in Thailand and China for local suppliers and outlined various social issues. These included environmental challenges, the significance of SDGs, and our Group policies and goals. We also conducted CSR assessments to confirm adherence to the Responsible Business Alliance's standards, notably for labor, health, safety, and management systems. Our feedback fostered engagement by presenting compliance levels, areas of excellence, and areas requiring improvement.

● Human rights initiatives >2

Interest is growing in human rights risks in supply chains, particularly relating to the use of child and forced labor. We require suppliers to comply with our Supplier Code of Conduct, which forbids the use of child and forced labor. We monitor compliance through regular CSR self-assessments that foster the required improvements.

We responded to the United Kingdom's Modern Slavery Act, which passed into law in October 2015, by posting our commitment statement on the website of Ricoh Europe PLC, a sales subsidiary. We are also continuing to act and disclose information relating to conflict minerals >3, which has become a key issue in recent years.

Refer to our website

1 **Release on joining the Responsible Business Alliance** www.ricoh.com/info/2019/1127_1
RBA www.responsiblebusiness.org/
2 **Human rights** www.ricoh.com/sustainability/society/human-rights/
3 **Conflict minerals** www.ricoh.com/sustainability/society/fair#minerals

ESG_Governance

Striving to Enhance Corporate and Shareholder Value

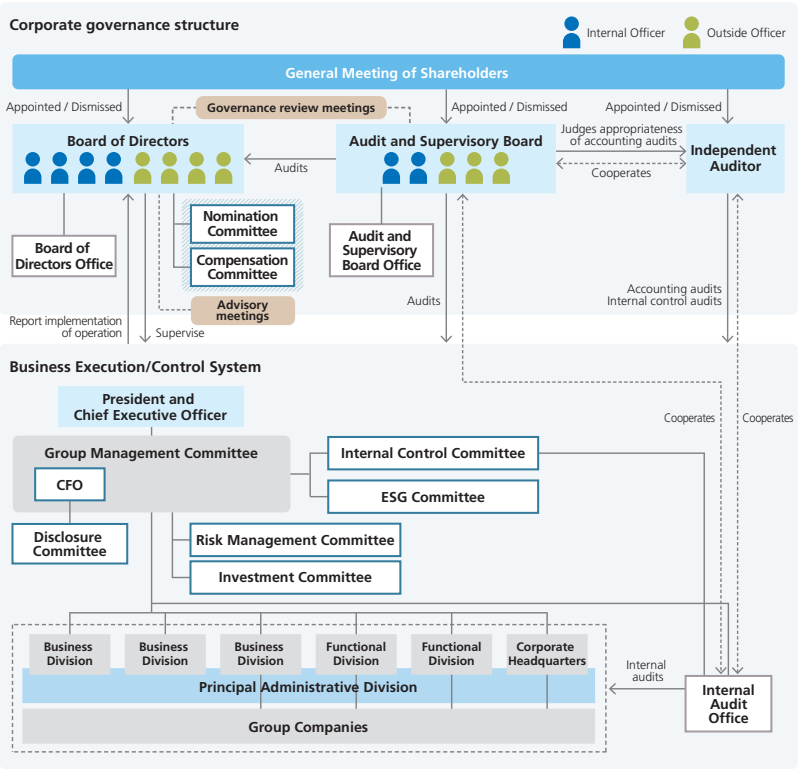
The Ricoh Group is working to enhance its governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In this way, the Ricoh Group will achieve continuous growth, and improve corporate and shareholder value.

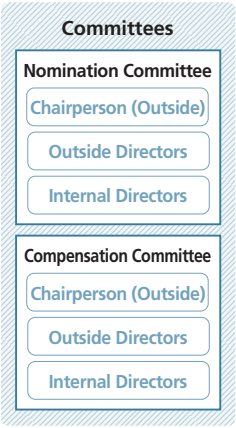
The Ricoh Group established The Ricoh Way as a set of guiding principles and values that serve as the foundation for all our business activities. The Ricoh Way, which comprises our founding principles and Management Philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of Ricoh's management policy and strategy, and is also the basis of its corporate governance.

The Ricoh Group endeavors to reinforce corporate governance to underpin its efforts to generate value and grow sustainably. Our overall approach to strengthening our position comprises three elements. The first is to improve corporate and shareholder value by taking prudent risks and managing them. The second is to reinforce supervisor and auditing independence. The third is to engage in disclosure and dialogue with stakeholders. Moves in fiscal 2019 included tightening evaluations of the CEO and Internal Directors, solidifying succession planning, and reviewing the election process for Audit and Supervisory Board Members.

Corporate governance structure >1

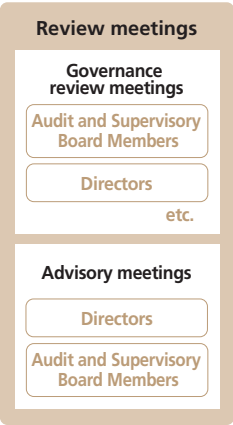
The Ricoh Group has introduced a corporate audit system. In addition, the Group is making efforts toward enhancing oversight of executive management by the Board of Directors and enhancing execution of operations by the executive officer system. Furthermore, by appointing Outside Directors, the Group is making efforts toward further enhancement of corporate governance by decision-making and oversight of executive management through discussion from their independent perspectives. The nomination of Directors and Executive Officers and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies which comprise a majority of Outside Directors. The results are reported to the Board of Directors.





Non-executive Directors account for a majority of the members of each Committee, and more than half of them are Outside Directors.

As of June 29, 2020



Governance review meetings
These gatherings comprehensively discuss Ricoh's governance direction and issues, with governance reports and other tools disclosing summaries of meeting deliberations.

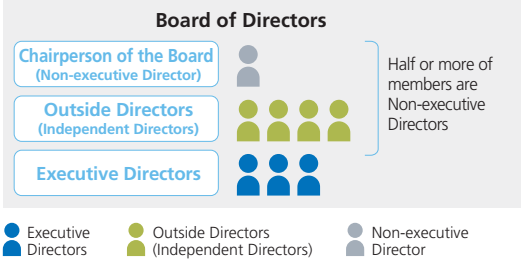
Advisory meetings
These afford ample opportunities to deliberate in leadups to resolutions on key corporate matters, one example being mid-term management plans.

Refer to our website

1 Corporate governance www.ricoh.com/sustainability/governance/governance.html

Board of Directors

The Board of Directors is responsible for management oversight and important decision-making concerning Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and decision-making. By leveraging the expertise and experience of each Outside Director, Non-executive Director, and Executive Director in holding profound discussions on important issues, the Company encourages challenges in new areas of growth, creating a structure that allows for management oversight from the viewpoints of various stakeholders, including shareholders. The Company's policy is for at least one-third of the members of the Company's Board of Directors to be Outside Directors (Independent Directors). Four of the Board's eight Directors are Outside Directors (Independent Directors)—part of an effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management. Directors are required to attend at least 80% of meetings of the Board of Directors, and are required to provide an effective supervisory function for corporate management.



Board of Directors structure

Maximum number of Directors:	15
Current number of Directors: (including 4 Outside Directors)	8
Term:	1 year

As of June 29, 2020

Audit and Supervisory Board structure

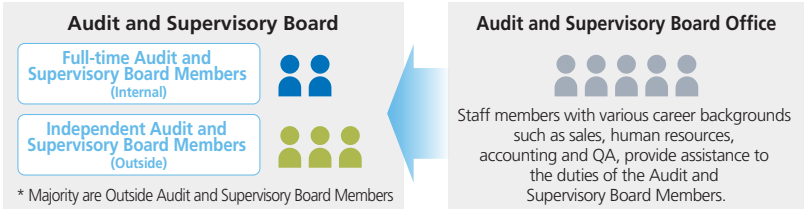
Maximum number of Audit and Supervisory Board Members:	5
Current number of Audit and Supervisory Board Member: (including 3 Outside Audit and Supervisory Board Members)	5
Term:	4 years

As of June 29, 2020

Audit and Supervisory Board

Audit and Supervisory Board Members hold discussions to determine audit and supervising policies and the assignment of duties, and monitor corporate management. Audit and Supervisory Board Members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with the representative director.

Framework for the Audit and Supervisory Board Office to assist the execution by Audit and Supervisory Board Members



Committees

Nomination Committee/Compensation Committee

As part of strengthening the management oversight functions by the Board of Directors, the "Nomination Committee," which is chaired by a Non-executive Director, and the "Compensation Committee," which is chaired by an Outside Director, with the majority of members on both committees being Non-executive Directors and at least half of the members being Outside Directors, were established to ensure transparency and objectivity of nomination, dismissal, and compensation of Directors and Executive Officers, etc.

Group Management Committee

The Group Management Committee (GMC), chaired by the President and Chief Executive Officer and consisting of Executive Officers who fulfill certain conditions, has been established as a decision-making body empowered by the Board of Directors.

Disclosure Committee

The Disclosure Committee is composed of representatives from the disclosure management division, accounting division, legal division, information-generating and acknowledging departments, the principal administrative divisions managing affiliates, the internal control division, and the CFO.

Internal Control Committee

The Internal Control Committee deliberates and makes decisions on the internal control system of the whole Ricoh Group. The committee is composed of Executive Officers who fulfill certain requirements. As a rule, it meets once every quarter, but extraordinary or emergency meetings may be held at other times.

Investment Committee

The Investment Committee verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. The committee endeavors to accelerate decision making and precision for diverse investment projects.

Refer to our website

Securities reports www.ricoh.com/IR/financial_data/securities_report/
Audit and Supervisory Board www.ricoh.com/sustainability/governance/audit_and_supervisory

ESG Committee

The ESG Committee is chaired by the CEO, and is composed of the main GMC members, an Audit and Supervisory Board Member, and the General Manager of the Sustainability Management Division. The committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing medium- to long- term environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the Group.

Risk Management Committee

The Risk Management Committee was established as an advisory body to the GMC, for the purpose of strengthening risk management processes across the entire Ricoh Group. The committee is chaired by the corporate officer in charge of risk management, and is composed of the managers of each headquarters and cross-functional division (business planning, human resources, accounting, legal, sustainability promotion, IT, sales, production, etc.), in order to ensure comprehensive coverage of risks and substantial discussions, and proposes to the GMC specific risks requiring response or focus in terms of the management of the Ricoh Group. Furthermore, the Company will review and restructure the entire risk management system in the figure below as necessary, in order to strengthen the effectiveness of risk management across the Ricoh Group. In fiscal 2019, the Risk Management Committee held meetings twice in November and engaged in intense debate to determine possible managerial risks. Committee members also use Microsoft Teams and other methods to maintain an information sharing network throughout the year, and exchange opinions and information on incidents that have occurred in the Ricoh Group and significant changes in the external environment, as well as feedback received from the GMC. Management coordinates with each business section, selecting a person responsible for risk management from each division (as a rule the General Manager), as well as a person responsible for the promotion of risk management (in a position to communicate with the General Manager on a daily basis), in order to further enhance the effectiveness and comprehensiveness of risk management systems. A meeting to strengthen coordination is held with this team of divisional representatives biannually, to share good examples of risk management activities at each division and disseminate information on managerial risks, as well as hold workshops aimed at strengthening risk management.

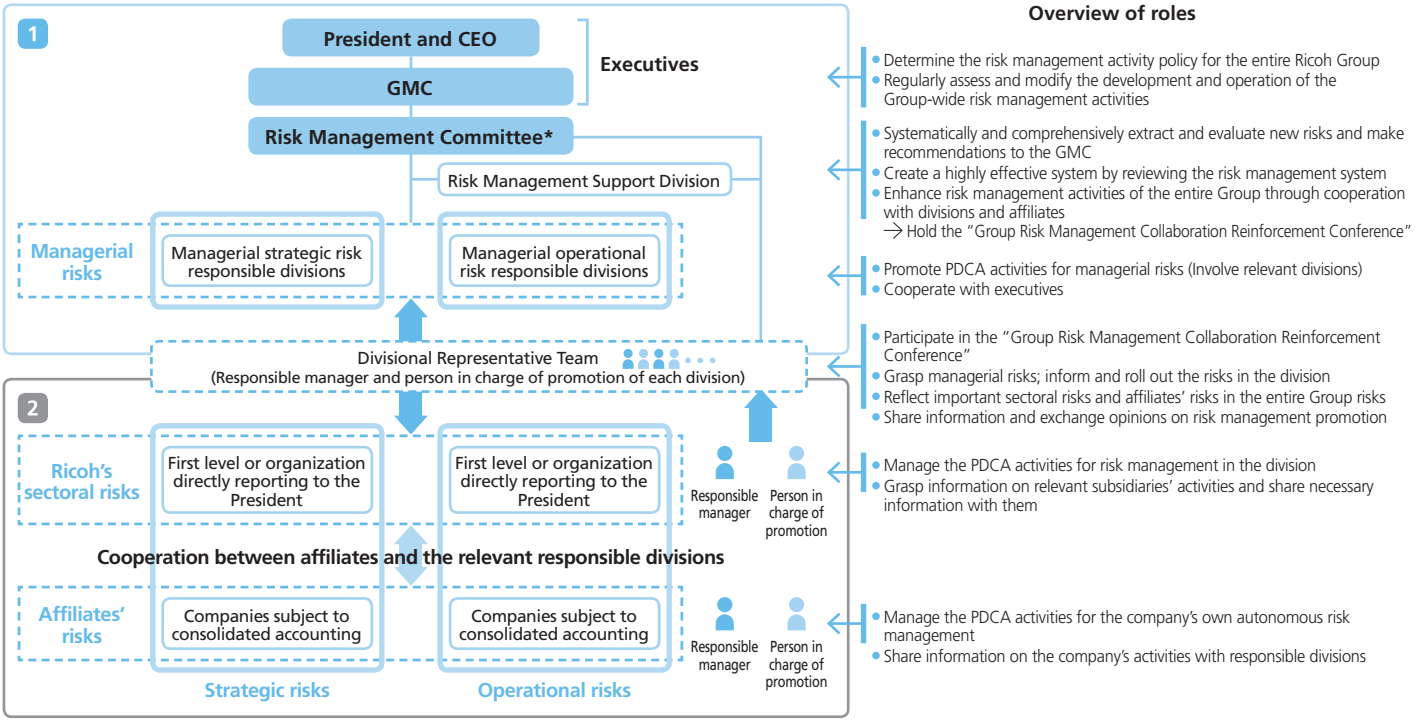
The Ricoh Group's Risk Management Systems

The Ricoh Group's risk management systems can be divided into two main levels, as shown in the figure below.

1. Managerial risks, which are selected and managed autonomously by the GMC for management items of particular importance, within the management of the Ricoh Group
2. Divisional or company-specific risks managed by each organization, under the responsibility of each business section

These two levels exist for the purpose of clarifying bodies responsible for risk management so as to facilitate agile decision-making and swift action in response to each level of risk, and together form an integrated risk management system. The management of some risks may be transferred from one level to the other, due to changes in the level of impact caused by environmental changes. The role of each risk management body is shown on the right-hand side of the risk management structure.

Ricoh Group's risk management structure



* Chaired by Executive Officer, Fellow, or a person in a similar role.

Directors and Audit and Supervisory Board Members

As of June 26, 2020

Board of Directors

Yoshinori Yamashita
Representative Director, CEO, CHRO
Nomination Committee Member
Compensation Committee Member

Date of birth: August 22, 1957
1980: Joined the Company

Currently
President, Ricoh Co., Ltd.

Formerly
President, Ricoh Electronics, Inc.;
General Manager, Corporate Planning Division, Ricoh Co., Ltd.

Nobuo Inaba
Director, Chairperson of the Board
Nomination Committee Member
Compensation Committee Member

Date of birth: November 11, 1950
2008: Joined the Company

Currently
Director, Ricoh Co., Ltd.

Formerly
Executive Director, the Bank of Japan;
President, Ricoh Institute of Sustainability and Business

Hidetaka Matsuishi
Director, CFO

Date of birth: February 22, 1957
1981: Joined the Company

Currently
Corporate Executive Vice President and General Manager, Business Planning Division, Ricoh Co., Ltd.

Formerly
General Manager, Japan Marketing Group, Ricoh Co., Ltd.;
Representative Director, President and CEO, Ricoh Japan Corporation

Seiji Sakata
Director, CTO

Date of birth: September 12, 1958
1981: Joined the Company

Currently
Corporate Executive Vice President, Ricoh Co., Ltd.

Formerly
General Manager, Human Resources Division, General Manager, Japan Management Division, and General Manager, Imaging Systems Development Division, Ricoh Co., Ltd.

Masami Iijima
Outside Director
Chairperson of the Nomination Committee
Compensation Committee Member

Date of birth: September 23, 1950
June 2016: Appointed as Director

Currently
Representative Director, Chairperson of the Board of Directors, MITSUI & CO., LTD.;
Outside Director, SoftBank Group Corp.;
Counsellor, the Bank of Japan;
Outside Director, Isetan Mitsukoshi Holdings Ltd.

Mutsuko Hatano
Outside Director
Chairperson of the Compensation Committee

Date of birth: October 1, 1960
June 2016: Appointed as Director

Currently
Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology;
Council Member, Science Council of Japan

Kazuhiro Mori
Outside Director
Nomination Committee Member
Compensation Committee Member

Date of birth: October 7, 1946
June 2018: Appointed as Director

Currently
Trustee, Toyo University

Keisuke Yokoo
Outside Director
Nomination Committee Member
Compensation Committee Member

Date of birth: November 26, 1951
June 2020: Appointed as Director

Currently
Outside Director, The Dai-ichi Life Insurance Company, Limited;
Chairperson, Sonar Advisers Inc.;
President, Member of the Board & Chief Executive Officer, Japan Investment Corporation;
Outside Director, Takashimaya Company, Limited

Audit and Supervisory Board

Hiroshi Osawa
Audit and Supervisory Board Member

Date of birth: February 28, 1964
1988: Joined the Company
June 2017: Assumed the position of Audit and Supervisory Board Member

Formerly
Executive Vice President, Ricoh Europe Plc;
General Manager, Business Management Department, Corporate Strategy & Planning Center, Corporate Division, Ricoh Co., Ltd.

Kazuhiro Tsuji
Audit and Supervisory Board Member

Date of birth: January 25, 1961
1984: Joined the Company
June 2020: Assumed the position of Audit and Supervisory Board Member

Formerly
General Manager, Human Resources Division and Corporate Vice President, Ricoh Co., Ltd.

Yo Ota
Outside Audit and Supervisory Board Member

Date of birth: October 3, 1967
June 2017: Appointed as Audit and Supervisory Board Member

Currently
Partner, Nishimura & Asahi;
Outside Director, Denki Kogyo Co., Ltd.;
Director, the Japan Association of Corporate Directors;
Councilor, LOTTE Foundation;
Vice Chairman, Corporate Governance Committee, the Japan Association of Corporate Directors;
Outside Director, Nippon Kayaku Co., Ltd.

Shoji Kobayashi
Outside Audit and Supervisory Board Member

Date of birth: December 29, 1953
June 2020: Appointed as Audit and Supervisory Board Member

Currently
Member, Contract Surveillance Committee of National Institute of Technology and Evaluation (NITE);
Director in charge of Control Group (Part-time), SAIWAI TRADING CO., LTD.

Yasunobu Furukawa
Outside Audit and Supervisory Board Member

Date of birth: October 11, 1953
June 2020: Appointed as Audit and Supervisory Board Member

Currently
Outside Director, Keisei Electric Railway Co., Ltd.;
Outside Director (Audit and Supervisory Committee Member), Saitama Resona Bank, Limited

Approach to election of Directors

● Election Criteria for Directors

<Management capabilities>

Superior insight and judgment necessary for management functions

1. Knowledge of a wide range of businesses and functions, and the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues
3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including shareholders and customers based on a firm awareness of corporate governance

<Character and personality>

Positive trust relationships between Directors and management team for smooth performance of the oversight function

1. Integrity (honesty, moral values and ethics); exemplifies fair and honest decisions and actions based on a high sense of morality and ethics in addition to the strict observance of laws, regulations, and internal rules.
2. Ability to interact with others with deference and trust based on a spirit of respect for humanity and set an example for decisions and actions that respect the personality and individuality of others based on a deep understanding and acceptance of diverse values and ideas.

● Election Criteria for Outside Directors

In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include expertise in different fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership qualities.

● Diversity

We believe that the Board of Directors of the Company should be composed of Directors with management ability and rich sense of humanity in addition to various viewpoints and backgrounds, on top of multilateral sophisticated skills. When considering diversity, the Company policy is to appoint appropriate persons based on their personality and insight irrespective of race, ethnicity, gender, country of origin, nationality, etc. This approach ensures diversity, with respect not only to these attributes, but also with regards to expertise and experience in each field related to corporate management.

● Election and Evaluation Processes for Directors

<Nomination Committee>

To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has in place the Nomination Committee. To increase objectivity and independence, the Nomination Committee comprises a majority of Non-executive Directors with at least half of the members being Outside Directors, and is chaired by a Non-executive Director. In fiscal 2020, the committee consists of three Outside Directors, one Internal Non-executive Director, one Internal Executive Director, with a majority of Outside Directors, and is chaired by an Outside Director.

<Election process>

In order to maintain a Board of Directors structure that enables appropriate and effective management decision-making and supervision of business execution, the Nomination Committee undertakes ongoing deliberation on the composition of the Board and the specializations, experience (skills and career matrix), etc. required of Directors. Candidate nominations for Director are deliberated by the Nomination Committee over two sessions, and undergo a strict screening process. Based on the reporting from the Nomination Committee, the Board of Directors deliberates from a shareholder perspective, and then determines which candidates for Director are to be submitted to the General Meeting of Shareholders.

<Evaluation process>

Directors are evaluated annually by the Nomination Committee. From fiscal 2018, the former one-step evaluation was modified to a two-step evaluation. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and their issues are clarified through feedback in an effort to improve the quality of management.

Furthermore, evaluations are based on such standards as "Management oversight status as a Director," "Financial aspects including key management indicators regarding business results, return on capital, etc.;" and "Contribution to shareholders and evaluation by capital markets."

Evaluation of CEO and CEO succession plan

The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium- to long-term and continuously fulfilling the social responsibilities of the Group as a member of society.

From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.

●CEO Evaluation

The CEO is evaluated annually by the Nomination Committee. From fiscal 2018, a two-step evaluation has been adopted. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to effectively oversee the CEO.

Key items for the CEO evaluation

(1) Financial viewpoint	Progress of the Mid-Term Management Plan and business plans, return on capital and other key performance indicators, etc.
(2) Shareholder and capital market viewpoint	Stock-related indicators including TSR, analyst evaluations, etc.
(3) Non-financial viewpoint	ESG measures, customer and employee satisfaction, safety and product quality, etc.

●Selection, Development and Evaluation of CEO Candidates

Once a year (around September), the CEO prepares a list of future CEO candidates together with their development plan and elaborates on the proposals at the Nomination Committee in early November. The Nomination Committee deliberates on the validity of the CEO candidate list and development plans, provides advice to the CEO on candidate development, and reports the findings to the Board of Directors. The Board of Directors confirms the validity of the candidate selection and development plans upon reporting from the Nomination Committee and is actively involved in the selection and development of CEO candidates.

<Selection of candidates>

CEO candidates are selected by terms according to the timing of the change. The backup candidate in case of accident is determined via resolution of the Board of Directors at the same time the CEO is selected.

Terms	Number of persons selected
Backup candidate in case of accident	One
First candidate in line	Several
Second candidate in line	Several

<Development of candidates>

The Nomination Committee deliberates on the development plan for future CEO candidates and gives guidance to the CEO, who, in the next fiscal year, provides growth opportunities suited to each candidate according to their individual targets, allowing the candidates to accumulate experience. The CEO also gives direct guidance to promote the candidate's development based on individual assessment.

<Evaluation of candidates>

CEO candidates are evaluated annually, and the CEO reports on the achievements and growth of each candidate during the development period (April to March) to the Nomination Committee in early November (the evaluation period is from April to October, which is the month before the Nomination Committee meeting is held). The Nomination Committee reviews the selection of CEO candidates, and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain, and is actively involved in the process.

Policy of compensation for Directors

Director compensation is used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, in the pursuit of increased shareholder value. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. The Company determines executive compensation based on the following basic policies:

1. Compensation is composed of three elements: i) basic compensation that reflects roles and performance of Directors, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value.
2. When compensation levels are set up and individual compensation are determined, objectivity, transparency and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.

Outside Directors with positions that are independent from business execution are only paid basic compensation, and they do not receive contingent compensation such as performance-linked compensation. The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of Shareholders held on June 27, 2007. Total compensation amount for Directors paid in fiscal 2019 was ¥324,620,000.

Executive compensation for fiscal 2019

Category	Total compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)					Number of Persons
		Fixed	Short-term	Medium to long-term			
		Basic compensation	Bonuses	Compensation for acquiring stock	stock price-linked compensation	Stock-based compensation with stock price conditions	
Directors (excluding Outside Directors)	267	193	54	9	3	5	4
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	57	57	—	—	—	—	2
Outside Directors and Audit and Supervisory Board Members	86	86	—	—	—	—	7
Outside Directors	57	57	—	—	—	—	4
Outside Audit and Supervisory Board Members	28	28	—	—	—	—	3
Total	411	337	54	9	3	5	13

Breakdown and ratio of Director compensation

Fixed
1 **Basic compensation** (reflects roles and capabilities)

+

Short-term
2 **Bonuses**[*1]
*1 Excludes Outside Directors

+

Medium to long-term
3 ● **Compensation for acquiring stock**[*2]
● **Stock-based compensation with stock price conditions**[*3]
*2 Excludes Outside Directors and Non-executive Directors
*3 Excludes Outside Directors and Non-executive Directors

=

6:3:1[*4]
*4 The above ratios are rough estimates based on the business results for fiscal 2019.

1

Basic compensation consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities. In addition, compensation based on positions is additionally provided for the Representative Director, Chairperson of the Board, Chairperson of the Nomination Committee and the Compensation Committee, etc. A total of ¥251,520,000 was paid in fiscal 2019.

2

The amount of bonuses paid to Directors is determined based on operating income. By setting operating income as the key performance indicator, which is strongly correlated with market capitalization, it further clarifies responsibilities of Directors for the business results of the entire Ricoh Group and the improvement of shareholder value. In addition, regardless of the results calculated through this framework, whether or not a bonus will be paid reflecting the status of governance and non-financial factors will be discussed by the Compensation Committee and decided by the Board of Directors.

(Reference)
The amount of bonuses is calculated by the following formula, which has been judged as appropriate and determined through deliberation by the Compensation Committee.

Directors' bonuses = Base compensation for calculation (Basic monthly compensation) × Profit factor (Number of months determined in accordance with consolidated operating income*5)

*5 Number of months = consolidated operating income (millions of yen) / 20,000

The indicator targets for performance-linked compensation for fiscal 2019 were consolidated operating income of ¥100.0 billion, while the actual result was ¥79.0 billion.

3

Among compensation that reflects the stock price, compensation for acquiring stock is allocated in full for the acquisition of stock in the Ricoh Executive Stock Ownerships Plan as an incentive for increasing shareholder value over the medium to long term. Stock price-linked compensation (monetary compensation) was abolished and stock-based incentive with stock price conditions was introduced during fiscal 2019. Both compensation for acquiring stock and the stock price-linked compensation abolished in fiscal 2019 were paid to Directors by the Company in cash. As for fiscal 2019, a total of ¥12.99 million was paid. The amount of expense recorded pertaining to points granted under the stock-based compensation with stock price conditions, introduced during fiscal 2019, was ¥5.75 million.

(Reference)
Compensation for acquiring stock is paid as a component of fixed salary. Stock price-linked compensation payable was determined through deliberation of the Compensation Committee, based on the results of a comparison between Ricoh's share price growth rate relative to that of TOPIX during the period from April to July 2019, before stock price-linked compensation was abolished. The final number of shares to be granted (amount of compensation paid) for stock-based compensation with stock price conditions is calculated by multiplying the points granted based on the Director's position, determined through deliberation of the Compensation Committee, by a factor (from 0% to 200%) based on the results of a comparison between Ricoh's share price growth rate relative to that of TOPIX during the period from the time when the system was adopted until the time of retirement.

Revision to the formula for calculating Directors' bonuses linked to key performance indicators

As described above, bonuses for the Company's Directors are determined based on key performance indicators related to increasing share price and reinforcing competitive strength. At the meeting of the Board of Directors held on March 31, 2020, it was determined to establish return on capital and ESG indicators as additional key performance indicators in the formula for calculating Directors' bonuses, starting from fiscal 2021. With this revision to the bonus formula, Directors' responsibility has been made clear with regard to achieving key performance indicator goals.

<Main points of the formula revision>

1. Establish a performance indicator using ROE results for each fiscal year, as an incentive to enhance return on capital
2. Establish the annual DJSI >[1] Rating, which the Company as a whole is pursuing, as a performance indicator, as an incentive to enhance ESG indicators

* Indicators related to return on capital and ESG will also be added to the formula for Executive Officers.

[1] Dow Jones Sustainability Index (DJSI)
A share index jointly developed by Dow Jones in the US and S&P Global, a company specializing in research on sustainable investment, the Dow Jones Sustainability Index measures the sustainability of major companies around the world from the three perspectives of economy, environment and society.

Formula for calculating Directors' bonuses

Individual bonus amount =

Portion determined based on operating income

Base points	×	Profit factor
Position points		Factor determined based on consolidated operating income

(Factor = operating income in thousands of yen / 20,000)

×

Point 1
Additional return on capital indicator

Return on capital factor

Achievement of target ROE in the current fiscal year

= Result / target

* Target is published each year

×

Point 2
Additional ESG indicator

ESG factor

DJSI Rating

* Result is received in September each year
→ Reflected in bonuses paid the subsequent year

Director's position	Position points
President	6,000
Corporate Executive Vice President	3,040
None	1,680

Degree of achievement	Factor
110% or more	1.2
105 or more and less than 110%	1.1
100 or more and less than 105%	1.0
95 or more and less than 100%	0.9
Less than 95%	0.8

Rating	Factor
World	1.05
Asia/Pacific	1.00
Not included	0.95

Assessing effectiveness of the Board of Directors

■ Overview of the Board of Directors' effectiveness assessments in fiscal 2019

1. Evaluation of the effectiveness of the Board of Directors held during fiscal 2019

A highly uncertain business environment for companies is expected to continue through fiscal 2020, as the spread of COVID-19 affects entire economies and societies on a global scale. In view of these conditions, the Company's Board of Directors has implemented its effectiveness evaluation for fiscal 2019 with a recognition of the execution of appropriate oversight and support under an assumed state of emergency as a top-priority issue, in addition to the medium- to long-term enhancement of corporate value in anticipation of a return to normal after COVID-19 is brought under control.

The evaluation continued to include the response of business executives to the Board of Directors, along with the effectiveness of the Board of Directors. In addition, a third-party evaluation was also implemented, in order to ensure objectivity.

Basic policies for fiscal 2019

1) Monitor and support the achievement of our mid-term goals as the final year of the 19th Mid-Term Management Plan (the "19th MTP").
2) Formulate the 20th Mid-Term Management Plan (the "20th MTP") with emphasis on discussion with a medium- to long-term perspective to enhance corporate value.

<Evaluation process>

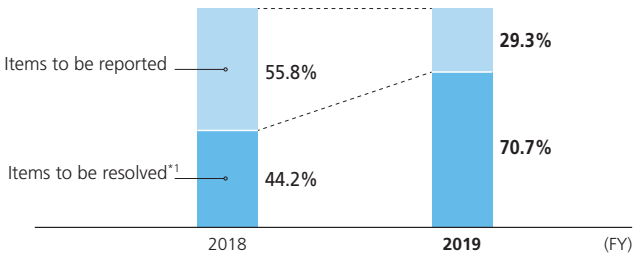
The evaluation was carried out at a discussion attended by all Directors and Audit and Supervisory Board Members, after sharing written evaluations by the Directors and the Audit and Supervisory Board Members, as well as the results of analysis of the anonymous third-party survey. Through the discussions, participants reviewed and evaluated the performance of the Board of Directors during fiscal 2019, in terms of the basic policies on the operation of the Board of Directors and the three improvement items outlined below, which were set forth by the Company's Board of Directors in the last evaluation of the effectiveness.

2. Results of operation of the Board of Directors

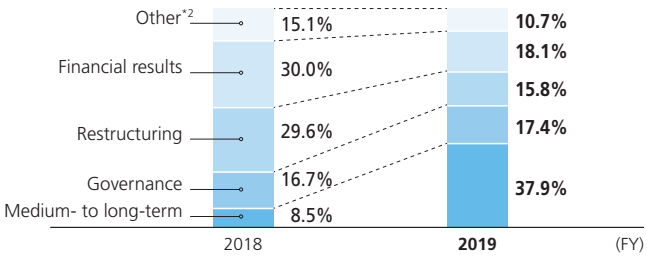
The Board of Directors endeavored to engage in more substantial deliberations regarding medium- to long-term matters, while also strengthening oversight of key issues, through fuller explanation of agenda items prior to meetings, the designation of key agenda items, and greater efficiency in reporting, including the introduction of written reports and more substantial information sharing, in accordance with the "basic policies for fiscal 2019." The allocation of time to agenda items at meetings of the Company's Board of Directors in fiscal 2019 is disclosed as follows, for the purpose of ensuring the transparency of the status of deliberations of the Board of Directors.

Board of Directors—Time allocation by agenda item

Time allocated between item to be resolved and reported



Time allocated by category



*1 Items to be resolved: in addition to agenda items for resolution by the Board of Directors, these include Directors' review meetings and governance review meetings held for deliberations in preparation for making a resolution.
*2 Other: resolutions, etc. in accordance with the provisions of the Companies Act.

3. Action items and results of improvement in year under review

Action item 1
Monitor the progress of the priority measures in the 19th MTP, the achievement level of financial and non-financial targets as well as key management indicators, and conduct appropriate discussions and support according to circumstances.

Results of improvement
The Board of Directors recognized the success in monitoring the progress of the key indicators in the final year of the 19th MTP, and the earnest response of the CEO and other senior managers to strict remarks from the Outside Directors, made from the perspective of shareholders, which achieved results.

Action item 2
Continue discussions from a medium- to long-term perspective on important themes, such as growth, human resources and technological strategies, and reflect in the 20th MTP.

Results of improvement
The Board of Directors recognized that more substantial discussions were conducted from a medium- to long-term perspective with the aim of enhancing corporate value, including long-term vision, the 20th MTP, growth strategy, capital policy, group restructuring, etc., thanks to the appropriate setting of agendas, and that these were reflected in the management plan.

Action item 3
Monitor the continuous improvement of the management system targeted towards the 20th MTP, creating an environment for the full-scale development of growth strategies.

Results of improvement
The Board of Directors recognized, in line with the 20th MTP and growth strategies, the introductions of business management using ROIC, capital policy, greater rigor in the evaluation of the CEO, and stock price-linked compensation, as well as discussions held with the aim of enhancing the management system and governance, reflecting the perspective of the 20th MTP.

■ Efforts to improve the effectiveness of the Board of Directors in fiscal 2020

In response to the above evaluation, and in view of the impact of the spread of COVID-19, the Company's Board of Directors is working to improve its effectiveness by operating in line with the basic policies indicated below, and has set three improvement items.

Basic policies for fiscal 2020

1) Engage in monitoring and support to ensure the renewal and execution of timely and appropriate response to the management environment, and strategy for the future.
2) Engage in appropriate monitoring and more thorough discussion from a medium- to long-term perspective, to accomplish both the enhancement of return on capital and the strengthening of the capital that composes the management base.

Improvement items for fiscal 2020

1) Encourage accurate response to the impact of the spread of COVID-19, from both an urgent perspective, and a medium- to long-term perspective.
2) Accelerate execution through appropriate deliberations and support, to renew strategy in line with the management environment.
3) Monitor business expansion from the perspective of return on capital, and engage in discussions and support aimed at strengthening the various forms of capital that compose the management base (human capital, technological capital, intellectual capital, liquidity base, etc.) to realize sustained growth.

Approach to election of Audit and Supervisory Board Members

● Election Criteria for Audit and Supervisory Board Members

Candidates for Audit and Supervisory Board Member are selected for their appropriateness as personnel able to contribute, through the performance of duties as an Audit and Supervisory Board Member, to sound and sustained growth of the Company and the medium- to long-term enhancement of its corporate value, taking into consideration the balance of knowledge, experience and specialized abilities required of the Audit and Supervisory Board. The following criteria (requirement definitions) have been established by the Audit and Supervisory Board in order to select candidates for Audit and Supervisory Board Member based on objective assessment of their suitability.

<Audit ability>

1. Appropriate experience, ability, and the necessary knowledge regarding finance, accounting and law
2. Professional skepticism and the ability to investigate facts properly, with an earnest attitude, and exercise objective judgement
3. Sense of duty and courage founded on personal beliefs, and the ability to make active and forthright suggestions and proposals to Directors and employees
4. The ability to see matters from a shareholders' perspective, act on this perspective, and engage in audits based on an attitude of learning from actual front lines, actual things and actual facts

<Knowledge background and temperament>

1. Healthy in mind and body, and able to serve for a full four-year tenure as Audit and Supervisory Board Member
2. Always aspires to improve him/herself, with a desire to learn new things
3. Able to manage local staff and communicate in English

● Election Criteria for Outside Audit and Supervisory Board Members

In addition to the criteria above, Outside Audit and Supervisory Board Members are elected based on their high degree of specialist insight in the fields of corporate management, finance, accounting and law, and their extensive experience. The absence of any issues of independence regarding their relationships with the Company, its Representative Director, other Directors and important employees, with reference to the Company's Standards for Independence of Outside Directors and Outside Audit and Supervisory Board Members, is an additional criterion.

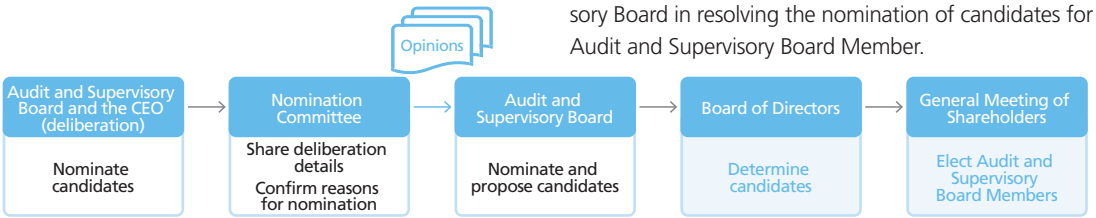
● Diversity

When considering diversity in the appointment of Audit and Supervisory Board Members, no distinction is made on the basis of race, ethnicity, gender, nationality or similar attributes, and candidates are selected based on their character and knowledge, thus ensuring diversity in such attributes.

Election process for Audit and Supervisory Board Members

"Recommendation of candidates" and "nomination of candidates" for Audit and Supervisory Board Member is conducted primarily by the Audit and Supervisory Board, in accordance with the process shown below, with an emphasis on ensuring the independence of Audit and Supervisory Board Members.

The Audit and Supervisory Board recommends candidates based on the election criteria for Audit and Supervisory Board Members and after consultation with the CEO. These candidates are nominated and proposed after confirmation by the Nomination Committee. The Board of Directors respects the judgment of the Audit and Supervisory Board in resolving the nomination of candidates for Audit and Supervisory Board Member.



Audit and Supervisory Board activities and disclosure

Audit and Supervisory Board reviews risks and issues in the five areas, namely 1. Directors, 2. Business execution, 3. Subsidiaries, 4. Internal audit, and 5. Accounting audit, and formulates annual activity plans. Outline of audit activities in each of these areas are illustrated in the chart on the following page. Audit and Supervisory Board Members point out the issues and provide suggestions to Directors and business divisions, concerning the matters brought to our attention through these audit activities.

In light of a review of audits for the previous term and risk assessment findings, in fiscal 2019 the Audit and Supervisory Board conducted audits that focused on several areas. These were the "effective management of overseas subsidiaries," "actual state of governance of subsidiaries acquired through M&A," and "global monitoring of the comprehensive audit quality of the Independent Auditor."

Outline of audit activities by Audit and Supervisory Board Members

★ Meetings organized by Audit and Supervisory Board Members

1. Directors	Attending the Board of Directors meetings Holding regular meetings with Chairperson of the Board and Representative Director (quarterly) ★ Holding governance review meetings attended by Directors and the Audit and Supervisory Board Members (semi-annually) ★	Audit and Supervisory Board Members
2. Business execution	Auditing headquarters and principal offices Attending Group Management Committee (GMC) Attending performance review meetings, Global Meetings, Investment Committee meetings and other important meetings Holding separate regular meetings with the CEO and the CFO respectively (monthly) ★ Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.)	
3. Subsidiaries	Auditing subsidiaries Holding regular meetings with Audit and Supervisory Board Members of subsidiaries (monthly) ★ Holding information exchange meetings among Audit and Supervisory Board Members of the Group (semi-annually) ★	
4. Internal audit	Receiving explanation from internal audit divisions about the internal audit plan, and reporting the results thereof (quarterly) ★ Holding regular meetings with internal audit division and risk management division (monthly) ★ Three-way audit meeting: meetings with Independent Auditor and internal auditors (monthly) ★	
5. Accounting audit	Receiving explanation about audit plan and reports of quarterly review and Audit result Evaluating Independent Auditor	

Notes on the Audit Performance >1

Audit and Supervisory Board Members, as independent agents, are charged by the Company's shareholders with responsibility for auditing the execution of duties by Directors, and ensuring the establishment of systems of good corporate governance to respond to the trust placed in the Company by society. Since fiscal 2017 the Audit and Supervisory Board has voluntarily prepared these Notes as complementary material to the Audit and Supervisory Board's Report, in order to enhance the effectiveness of the dialogue with stakeholders including shareholders, based on the belief that more concrete explanation of the Audit and Supervisory Board's activities will lead to enhanced audit transparency.

Internal controls >2

The Ricoh Group aims for continuous improvement based on the values embodied in The Ricoh Way. This includes operating an internal control system designed to strengthen competitiveness while maintaining transparency based on principles of corporate ethics and legal compliance. Ricoh has established the Ricoh Group Corporate Management Principles as a set of guidelines for corporate activities, and follows the Internal Control Principles included therein.

Compliance >3

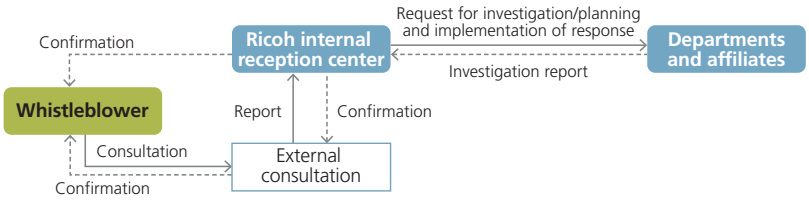
The Ricoh Group considers that "compliance" includes observance of not only laws and regulations, but also company rules and social ethics. Therefore, the Ricoh Group provides thorough instruction of each company's action principle, which provides the principles of Ricoh Group's corporate behaviors, and "Ricoh Group Code of Conduct," >4 which indicates behavioral principle of Directors and employees of the Ricoh Group. Every member of the Group is concerned to ensure all employees observe the principles in their daily activities.

Hotline system

The Ricoh Group has established "Ricoh Group Hotline," which is made available to all Directors, employees, part-timers and temporary staff in Japan as a contact for whistle-blowing and consultation regarding violations of compliance. In addition to "Ricoh Group Hotline," major companies in Japan and in overseas have established their own contact for whistle-blowing and consultation according to their organizational and regional characteristics.

In addition, since November 2018, the Ricoh Group has established the "Ricoh Group Global Whistle-Blowing System," which is available to all Directors and employees at Ricoh Group companies in Japan and overseas. We have built a system in which workers can report directly to the full-time Audit and Supervisory Board Member of Ricoh by e-mail.

Basic flow of the Hotline system in Japan



Refer to our website

1 Notes on the Audit Performance www.ricoh.com/-/Media/Ricoh/Sites/com/IR/events/pdf/meeting120.pdf#page=135
2 Internal controls www.ricoh.com/sustainability/governance/system.html
3 Compliance www.ricoh.com/governance/compliance.html
4 Ricoh Group Code of Conduct www.ricoh.com/sustainability/society/vision/code_of_conduct.html

Commitment to Society >1

A signatory to international agreements and policy guidelines, the Ricoh Group is fully committed to achieving a sustainable society.

April	2002	Becomes the second Japanese company to sign the UN Global Compact
June	2007	Signs Caring for Climate: The Business Leadership Platform of the UN Global Compact
May	2008	Signs the Japan Business Initiative for Biodiversity
December		Signs the CEO Statement for the 60th Anniversary of the Universal Declaration of Human Rights by the UN
July	2009	Participates in the Japan Climate Leaders' Partnership as a founding member
December	2010	Announces its support for The Cancun Communiqué on Climate Change
February	2011	Signs a statement of support for the Women's Empowerment Principles by the UN Global Compact
November	2012	Announces its support for The Carbon Price Communiqué to counter climate change
September	2014	Announces its endorsement of the Initiative to Support the World Bank Group's Carbon Pricing
		Announces its support for The Trillion Tonne Communiqué, a call to keep cumulative CO_2 emissions below a trillion tonnes
April	2017	Becomes the first Japanese company to join the RE100, a collaborative, global initiative of influential businesses
August	2018	Commits to recommendations of Task Force on Climate-Related Financial Disclosures
October		Signs Japan Climate Action Summit declaration*
August	2019	The first Japanese company to participate in the Business for Inclusive Growth initiative
November		Joins the Responsible Business Alliance, the world's largest industry coalition dedicated to CSR in global supply chains
December		Registered as ZEB (Net Zero Energy Building) leading owner (Ricoh Japan)
January	2020	Joins Ikuboss Alliance (Ricoh) 2017: Ricoh Japan/2018: Ricoh Industrial Solutions
March		Science Based Targets Initiative approves Ricoh's new environmental goals which align with their 1.5°C criteria
June		Endorsed uniting businesses and governments to better recover from COVID-19

WE SUPPORT

United Nations Global Compact
This voluntary worldwide initiative encourages companies and organizations to act as good members of society by being responsible and creative leaders and helping to achieve sustainable growth. Companies are encouraged to implement and comply with this initiative's Ten Principles, covering such areas as human rights, labor, the environment, and anti-corruption.

RE100 CLIMATE GROUP CDP

RE100
The Climate Group, a U.K.-based international environmental nongovernment organization, launched this global corporate initiative in 2014 to bring together companies committed to 100% renewable energy.

* Japan Climate Action Summit declaration
This event was in October 2018, ahead of the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change, convened in December that year. The summit was held to issue a strong message from the attending 157 Japanese companies and government and other bodies on measures to combat global warming.

ESG Index Inclusion and Recognition

(as of November 2020)

The Ricoh Group has earned regard externally for its environmental, social, and governance (ESG) initiatives. ESG indexes in Japan and abroad have included Ricoh's stock.

April 2018	Recognized as "Prime" on the ISS ESG Corporate Rating	Corporate ESG Performance Prime RATED BY ISS ESG	**ISS ESG CORPORATE RATING** One of the world's leading rating agencies for sustainable investments, ISS ESG has given the Ricoh Group a "Prime" sustainability rating.
January 2020	Awarded Gold Rating in EcoVadis supplier survey for seventh straight year since 2014	GOLD 2020 ecovadis CSR Rating	**EcoVadis** EcoVadis assesses suppliers from over 160 countries and across more than 200 business sectors on corporate policies, initiatives and achievements in areas concerning the environment, labor and human rights, ethics, and sustainable procurement. The Ricoh Group ranked within the top 5% of all companies surveyed by Eco Vadis.
June	Selected for the FTSE4Good Index Series >2, a socially responsible investment index, for the 17th consecutive year	FTSE4Good	**FTSE4Good Index Series** FTSE Russell developed the FTSE4Good Index. Since 2001, this wholly owned subsidiary of the London Stock Exchange Group has selected companies with strong environmental, social, and governance practices for inclusion in this benchmark.
	Included for the fourth straight year in the FTSE Blossom Japan Index, which measures the ESG practices of Japanese companies	FTSE Blossom Japan	**FTSE Blossom Japan Index** This benchmark was created in 2017 to focus on Japanese companies. The Government Pension Investment Fund of Japan has since adopted this benchmark as its share price index for ESG investments.
	Included in MSCI Japan Empowering Women Index for a fourth straight year	MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	**MSCI Japan Empowering Women Index** This index calculates scores for companies based on disclosure relating to the proportions of women hired and managerial positions held by women and gender diversity initiatives. It includes companies with long-term sustainable growth prospects. Japan's Government Pension Investment Fund uses this benchmark in selecting equities for investment.
November	Included in the Dow Jones Sustainability World Index >3 Included in the Asia Pacific Index for the third consecutive year Awarded Bronze Class in SAM Sustainability Award program, a basis for inclusion in above index, for second consecutive year (January 2020)	Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA SAM Sustainability Award Bronze Class 2020	**Dow Jones Sustainability Indices** Dow Jones & Company of the United States and sustainability investment research firm S&P Global jointly developed these indices, analyzing corporate sustainability from economic, environmental, and social perspectives

Refer to our website

1 Commitment to society www.ricoh.com/about/integrated-report/data/commitment/
2 FTSE4Good www.ftserussell.com/products/indices/ftse4good
3 Dow Jones Sustainability World Index www.ricoh.com/info/2020/1117_1/

Major Awards

Many international awards attest to the Ricoh Group's excellence.

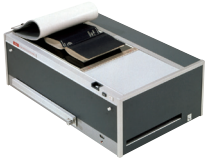
April 2019	High-end RICOH GR III compact digital camera and RICOH THETA Z1 360° camera win prizes in their categories in 2019 TIPA Photo & Imaging Awards (Ricoh Imaging)
	Receives Contribution Award in 51st Ichimura Technology Awards for creating slim 360° camera employing twin lens folded optics
May	Receives Special Encouragement Award in Nikkei DUAL's Dual-earner Family-friendly Companies Grand Prix 2019
June	RICOH Pro VC70000 wins EDP Award 2019
August	No. 1 in the System Operating Service Sector of Nikkei Computer Customer Satisfaction Survey 2019-2020
October	RICOH Handy Printer and five other products win Good Design Awards
	Placed first for fifth consecutive year in two J.D. Power IT-related customer satisfaction survey categories (Independent/User/Office Equipment Systems Integrator segment and 2019 IT Equipment Maintenance Service Customer Satisfaction Survey [Server Equipment])
November	Ricoh and Ricoh IT Solutions receive special commendations in Shining Telework Award of Minister of Health, Labor and Welfare and Minister of Internal Affairs and Communications, and Ricoh Japan wins Top 100 Telework Pioneers award from Minister of Internal Affairs and Communications
	Receives Director-General for Technology Policy Coordination and Industrial and Product Safety prize in the Product Safety Awards of the Ministry of Economy, Trade and Industry
December	Certified as a top of "Eruboshi" Company based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Ricoh Japan)
	RICOH THETA Z1 360° camera receives The Optical Design Grand Prize at the 22nd Optical Design Awards
	Receives Environmental Value Award at the Nikkei SDGs Management Award 2019
January 2020	RICOH Handy Printer wins 2019 Nikkei Outstanding Product/Service Award Outstanding Award Nikkei MJ Award
	IDC MarketScape names Ricoh a Leader in print and document security worldwide
February	Receives Nano Material Award at Nano Tech Awards 2020 for solid-state dye-sensitized solar cell module
	Ricoh named a worldwide leader in high-speed inkjet in new IDC MarketScape report
	Integrated Report and ESG Data Book receive Special Jury Commendation Awards in 23rd Environmental Communication Awards
	Receives Bronze Award in Environmental Sustainable Enterprises category of Ministry of the Environment's ESG Finance Awards Japan
	Wins iF DESIGN AWARDS for the High-end RICOH GR III compact digital camera and RICOH THETA Z1 360° camera
March	Recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program, also known as White 500 (Ricoh, Ricoh Leasing, Ricoh Japan, Ricoh Technologies and Ricoh IT Solutions)
	In-house IT engineer certification system acquires "Certified information engineer system company certification" of the Information Processing Society of Japan (Ricoh IT Solutions)
April	Ricoh IT Solutions wins i-Competency Dictionary Gold Star award
June	RICOH Pro VC70000 wins Technology Award of the Imaging Society of Japan
July	Ricopy BS-1, released in 1965 receives Mechanical Engineering Heritage certification
September	J.D. Power rates Ricoh no. 1 in customer satisfaction for 2020 in small office market segment for color MFPs and in color laser printer segment

360° image taken with RICOH THETA

RICOH Pro VC70000

NIKKEI SDGs

RICOH Handy Printer



Ricopy BS-1

Data

Financial Statements

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Consolidated Statements of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries
March 31, 2019 and 2020

	Millions of Yen		Thousands of U.S. Dollars
	2019	**2020**	**2020**
Assets			
Current assets:			
Cash and cash equivalents	240,099	**262,834**	**2,433,648**
Time deposits	70	**50**	**463**
Trade and other receivables	604,804	**392,780**	**3,636,853**
Other financial assets	294,351	**87,226**	**807,648**
Inventories	207,748	**201,248**	**1,863,407**
Other current assets	40,107	**36,428**	**337,296**
Subtotal	1,387,179	**980,566**	**9,079,315**
Assets classified as held for sale	2,583	**1,125,582**	**10,422,056**
Total current assets	1,389,762	**2,106,148**	**19,501,371**
Non-current assets:			
Property, plant and equipment	250,287	**201,569**	**1,866,380**
Right-of-use assets	—	**59,425**	**550,231**
Goodwill and intangible assets	219,806	**231,898**	**2,147,204**
Other financial assets	708,295	**139,181**	**1,288,713**
Investments accounted for using the equity method	12,521	**14,305**	**132,454**
Other investments	22,443	**14,951**	**138,435**
Other non-current assets	38,006	**29,550**	**273,611**
Deferred tax assets	84,012	**70,618**	**653,870**
Total non-current assets	1,335,370	**761,497**	**7,050,898**
Total assets	2,725,132	**2,867,645**	**26,552,269**

	Millions of Yen		Thousands of U.S. Dollars
	2019	**2020**	**2020**
Liabilities and Equity			
Current liabilities:			
Bonds and borrowings	266,957	**51,492**	**476,778**
Trade and other payables	306,189	**246,055**	**2,278,287**
Lease liabilities	—	**27,230**	**252,130**
Other financial liabilities	521	**—**	**—**
Income tax payables	15,455	**9,455**	**87,546**
Provisions	12,277	**11,686**	**108,204**
Other current liabilities	242,799	**233,909**	**2,165,824**
Subtotal	844,198	**579,827**	**5,368,769**
Liabilities directly related to assets held for sale	—	**969,069**	**8,972,861**
Total current liabilities	844,198	**1,548,896**	**14,341,630**
Non-current liabilities:			
Bonds and borrowings	666,462	**128,172**	**1,186,778**
Lease liabilities	—	**38,741**	**358,713**
Other financial liabilities	3,420	**—**	**—**
Accrued pension and retirement benefits	105,288	**99,795**	**924,028**
Provisions	6,610	**6,458**	**59,796**
Other non-current liabilities	77,619	**34,143**	**316,139**
Deferred tax liabilities	2,547	**2,913**	**26,972**
Total non-current liabilities	861,946	**310,222**	**2,872,426**
Total liabilities	1,706,144	**1,859,118**	**17,214,056**
Equity:			
Common stock Authorized — 1,500,000,000 shares as of March 31, 2019 and 1,500,000,000 shares as of March 31, 2020 Issued and outstanding — 744,912,078 shares and 724,862,648 shares as of March 31, 2019 and 744,912,078 shares and 724,433,550 shares as of March 31, 2020	135,364	**135,364**	**1,253,370**
Additional paid-in capital	186,086	**186,173**	**1,723,824**
Treasury stock	(37,394)	**(37,795)**	**(349,954)**
Other components of equity	73,645	**41,768**	**386,741**
Other comprehensive income related to disposal group held for sale	—	**130**	**1,204**
Retained earnings	574,876	**594,731**	**5,506,769**
Equity attributable to owners of the parent	932,577	**920,371**	**8,521,954**
Non-controlling interests	86,411	**88,156**	**816,259**
Total equity	1,018,988	**1,008,527**	**9,338,213**
Total liabilities and equity	2,725,132	**2,867,645**	**26,552,269**

Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") from the year ended March 31, 2014.
To see Critical Accounting Policies and Notes to Consolidated Financial Statements, refer to the URL www.ricoh.com/IR/financial_data/securities_report/

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Annual securities report for the year ended March 31, 2020
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Flash report for the year ended March 31, 2020 www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial_data/financial_result/data/32/q4_report.pdf

Consolidated Statements of Profit or Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2019 and 2020

	Millions of Yen		Thousands of U.S. Dollars
	2019	**2020**	**2020**
Sales	2,013,228	**2,008,580**	**18,597,963**
Cost of sales	1,246,345	**1,287,003**	**11,916,694**
Gross profit	766,883	**721,577**	**6,681,269**
Selling, general and administrative expenses	702,912	**658,435**	**6,096,621**
Other income	23,449	**15,911**	**147,324**
Impairment of goodwill	581	**13**	**120**
Operating profit	86,839	**79,040**	**731,852**
Finance income	4,598	**4,926**	**45,611**
Finance costs	7,965	**8,319**	**77,028**
Share of profit of investments accounted for using the equity method	492	**244**	**2,259**
Profit before income tax expenses	83,964	**75,891**	**702,694**
Income tax expenses	28,587	**31,478**	**291,463**
Profit	55,377	**44,413**	**411,231**
Profit attributable to:			
Owners of the parent	49,526	**39,546**	**366,167**
Non-controlling interests	5,851	**4,867**	**45,064**

Per share of common stock:	Yen		U.S. Dollars
	2019	**2020**	**2020**
Earnings per share attributable to owners of the parent:			
Basic	68.32	**54.58**	**0.51**
Diluted	—	**54.58**	**0.51**
Cash dividends, applicable to the year	23.00	**26.00**	**0.24**

Per American Depositary Share, each representing 1 share of common stock:	Yen		U.S. Dollars
Earnings per ADR share attributable to owners of the parent:			
Basic	68.32	**54.58**	**0.51**
Diluted	—	**54.58**	**0.51**
Cash dividends, paid	23.00	**26.00**	**0.24**

Consolidated Statements of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2019 and 2020

	Millions of Yen		Thousands of U.S. Dollars
	2019	**2020**	**2020**
Profit	55,377	**44,413**	**411,231**
Other comprehensive income (loss):			
Components that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plan	(6,389)	**(2,481)**	**(22,972)**
Net change in fair value of financial assets measured through other comprehensive income	(1,929)	**(946)**	**(8,759)**
Total components that will not be reclassified subsequently to profit or loss	(8,318)	**(3,427)**	**(31,731)**
Components that will be reclassified subsequently to profit or loss:			
Net gain on fair value of cash flow hedges	56	**190**	**1,759**
Exchange differences on translation of foreign operations	(10,979)	**(29,562)**	**(273,722)**
Total components that will be reclassified subsequently to profit or loss	(10,923)	**(29,372)**	**(271,963)**
Total other comprehensive income (loss)	(19,241)	**(32,799)**	**(303,694)**
Comprehensive income	36,136	**11,614**	**107,537**
Comprehensive income attributable to:			
Owners of the parent	30,304	**6,949**	**64,343**
Non-controlling interests	5,832	**4,665**	**43,194**

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Financial data www.ricoh.com/IR/financial_data/financial_indicators/data5.html
Per share data www.ricoh.com/IR/financial_data/financial_indicators/data7.html

Consolidated Statements of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31, 2019 and 2020

	Millions of Yen		Thousands of U.S. Dollars
	2019	**2020**	**2020**
Cash Flows from Operating Activities:			
Profit	55,377	**44,413**	**411,231**
Adjustments to reconcile profit for the period to net cash provided by operating activities			
Depreciation and amortization	94,288	**120,688**	**1,117,481**
Impairment of property, plant and equipment and intangible assets	2,138	**909**	**8,417**
Impairment of goodwill	581	**13**	**120**
Other income	(23,449)	**(6,748)**	**(62,481)**
Share of profit (loss) of investments accounted for using the equity method	(492)	**(244)**	**(2,259)**
Finance income and costs	3,367	**3,393**	**31,417**
Income tax expenses	28,587	**31,478**	**291,463**
(Increase) decrease in trade and other receivables	(6,595)	**16,408**	**151,926**
(Increase) decrease in inventories	(30,097)	**3,158**	**29,241**
Increase in lease receivables	(13,527)	**(33,953)**	**(314,380)**
Increase (decrease) in trade and other payables	10,024	**(18,987)**	**(175,806)**
Decrease in accrued pension and retirement benefits	(6,937)	**(6,805)**	**(63,009)**
Other, net	553	**(4,966)**	**(45,981)**
Interest and dividends received	4,123	**4,557**	**42,194**
Interest paid	(5,007)	**(4,429)**	**(41,009)**
Income taxes paid	(30,987)	**(32,184)**	**(298,000)**
Net cash provided by operating activities	81,947	**116,701**	**1,080,565**
Cash Flows from Investing Activities:			
Proceeds from sales of property, plant and equipment	9,707	**8,615**	**79,769**
Expenditures for property, plant and equipment	(72,462)	**(86,596)**	**(801,815)**
Proceeds from sales of intangible assets	969	**221**	**2,046**
Expenditures for intangible assets	(29,589)	**(27,188)**	**(251,741)**
Payments for purchases of available-for-sale securities	(8,639)	**(14,982)**	**(138,722)**
Proceeds from sales of available-for-sale securities	63,830	**3,985**	**36,898**
Net increase of time deposits	458	**12**	**111**
Purchase of business, net of cash acquired	(5,133)	**(16,462)**	**(152,426)**
Net increase due to loss of control of subsidiaries	10,223	**—**	**—**
Others, net	(15,295)	**(32,196)**	**(298,111)**
Net cash used in investing activities	(45,931)	**(164,591)**	**(1,523,991)**
Cash Flows from Financing Activities:			
Net proceeds (repayments) of short-term debt	26,236	**6,068**	**56,185**
Proceeds from long-term debt	152,234	**292,885**	**2,711,898**
Repayments of long-term debt	(139,399)	**(200,950)**	**(1,860,648)**
Proceeds from issuance of bonds	50,000	**72,119**	**667,769**
Repayments of bonds	(35,000)	**(42,148)**	**(390,259)**
Repayments of lease liabilities	—	**(30,065)**	**(278,380)**
Dividends paid	(12,685)	**(18,841)**	**(174,454)**
Payments for purchase of treasury stock	(10)	**(401)**	**(3,713)**
Proceeds from purchase of investments in subsidiaries without change in scope of consolidation	3,006	**—**	**—**
Others, net	(1,958)	**(2,910)**	**(26,944)**
Net cash provided by financing activities	42,424	**75,757**	**701,454**
Effect of Exchange Rate Change on Cash and Cash Equivalents	1,091	**(4,278)**	**(39,611)**
Net Increase in Cash and Cash Equivalents	79,531	**23,589**	**218,417**
Cash and Cash Equivalents at Beginning of Year	160,568	**240,099**	**2,223,139**
Cash and Cash Equivalents at End of Year	240,099	**263,688**	**2,441,556**
Cash and cash equivalents reclassified to assets held for sale	—	**(854)**	**(7,908)**
Cash and cash equivalents at end of year (Consolidated statements of financial position)	240,099	**262,834**	**2,433,648**

Ricoh's consolidated financial statements have been prepared in accordance with IFRS from the year ended March 31, 2014.
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Financial data www.ricoh.com/IR/financial_data/financial_indicators/data5.html

Selected Financial Data

Ricoh Company, Ltd. and Consolidated Subsidiaries
For the Years Ended March 31

International Financial Reporting Standards (IFRS)

		Millions of Yen					Thousands of U.S. Dollars
		2016	2017	2018	2019	**2020**	**2020**
Related Consolidated Profit or Loss	Sales	2,209,028	2,028,899	2,063,363	2,013,228	**2,008,580**	**18,597,963**
	Cost of sales	1,327,064	1,240,271	1,272,357	1,246,345	**1,287,003**	**11,916,694**
	Gross profit	881,964	788,628	791,006	766,883	**721,577**	**6,681,269**
	Selling, general and administrative expenses	799,406	755,393	777,917	702,912	**658,435**	**6,096,621**
	Operating profit (loss)	102,295	33,880	(115,676)	86,839	**79,040**	**731,852**
	Profit (loss) before tax	95,684	29,955	(124,182)	83,964	**75,891**	**702,694**
	Income tax expenses	28,378	20,518	5,457	28,587	**31,478**	**291,463**
	Profit (loss) attributable to owners of the parent	62,975	3,489	(135,372)	49,526	**39,546**	**366,167**
	Earnings per share attributable to owners of the parent [in yen and US$]						
	Basic	86.87	4.81	(186.75)	68.32	**54.58**	**0.51**
	Diluted	—	—	—	—	**54.58**	**0.51**
	R&D expenditures	118,583	114,398	111,015	111,013	**102,851**	**952,324**
	Depreciation for tangible fixed assets	68,740	68,007	68,436	65,437	**62,528**	**578,963**
	Capital expenditures	83,778	75,447	72,285	72,462	**86,596**	**801,815**
	Free cash flow	(4,280)	(18,416)	29,211	36,016	**(47,890)**	**(443,426)**
	Interest-bearing debt	852,800	859,743	881,901	933,419	**179,664**	**1,663,556**
	Total assets	2,776,461	2,759,287	2,641,030	2,725,132	**2,867,645**	**26,552,269**
	Equity attributable to owners of the parent	1,077,813	1,042,106	909,565	932,577	**920,371**	**8,521,954**
	Exchange rate [yen/US$]	120.12	108.39	110.91	110.95	**108.80**	**—**
	[yen/euro]	132.68	118.82	129.67	128.46	**120.90**	**—**

		Millions of Yen					Thousands of U.S. Dollars
Sales by Category	Imaging & Solutions	1,974,510	1,792,064	—	—	**—**	**—**
	Office Imaging	1,432,065	1,274,888	—	—	**—**	**—**
	Production Printing	223,815	206,202	—	—	**—**	**—**
	Network System Solutions	318,630	310,974	—	—	**—**	**—**
	Industrial Products	125,465	124,886	—	—	**—**	**—**
	Other	109,053	111,949	—	—	**—**	**—**
	Office Printing	—	1,165,979	1,144,053	1,086,428	**1,006,274**	**9,317,351**
	Office Service	—	425,612	447,973	481,392	**568,955**	**5,268,102**
	Commercial Printing	—	186,110	185,933	185,292	**178,396**	**1,651,815**
	Industrial Printing	—	11,883	19,200	20,692	**23,006**	**213,019**
	Thermal Media	—	52,287	61,458	66,368	**61,896**	**573,111**
	Other	—	182,028	204,746	173,056	**170,053**	**1,574,565**

		Millions of Yen					Thousands of U.S. Dollars
Sales by Geographic Area	Japan	761,590	767,522	799,904	805,799	**872,378**	**8,077,574**
	Overseas	1,447,438	1,261,377	1,263,459	1,207,429	**1,136,202**	**10,520,389**
	The Americas	693,786	609,098	577,559	567,442	**534,181**	**4,946,120**
	Europe, Middle East and Africa	531,002	456,471	477,554	458,856	**436,458**	**4,041,278**
	Other	222,650	195,808	208,346	181,131	**165,563**	**1,532,991**

Refer to our website

Investor relations www.ricoh.com/IR/
Key financial figures www.ricoh.com/IR/financial_data/financial_indicators/data5.html
Per share data www.ricoh.com/IR/financial_data/financial_indicators/data7.html
Sales by product category and area www.ricoh.com/IR/financial_data/financial_indicators/data6.html

- For comments and inquiries concerning this report, please contact us at the address below.

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