

Ricoh transforms its organizational structure as it becomes a digital services company

Introducing a new company structure from April 2021

TOKYO, November 4, 2020 – Ricoh announced today it will introduce a new company structure from April 2021, further transforming its business as it becomes a digital services company, alongside improving capital returns.

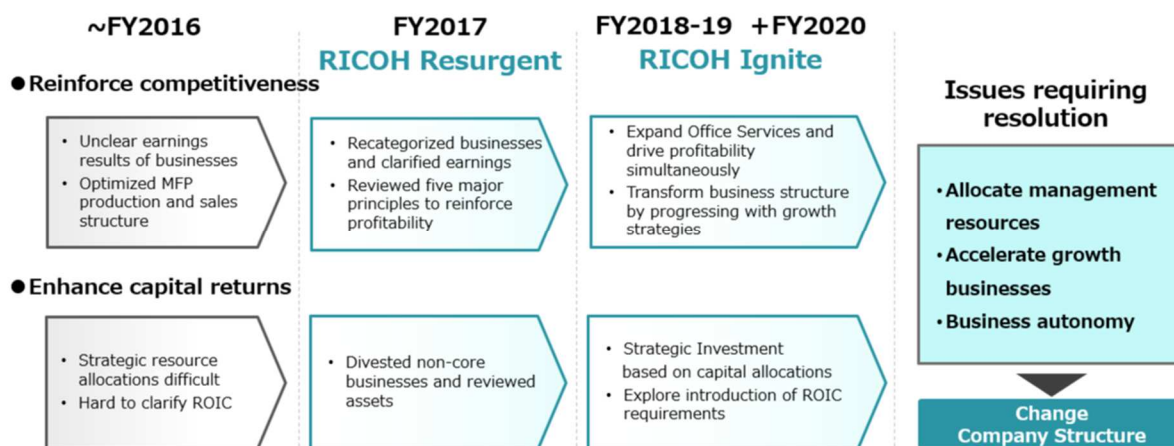
It will organize its business into five business units, one for each business domain, where each business unit builds an integrated approach from development to production and sales. Each business unit will operate autonomously. The group headquarters will work on achieving the Return on Equity (ROE) target for the entire group by focusing on medium- to long-term strategic planning, managing the business portfolio through effective capital allocation, and ensuring robust business management based on the growth potential and capital profitability of each business unit.

It had originally planned to introduce this in 2023 but will now implement this change ahead of schedule to respond quickly to the rapidly changing business environment. By introducing this new structure, it will accelerate its transformation from being an Office Automation equipment manufacturer to being a digital services company by transforming the business structure and maximizing corporate value.

What Ricoh has done so far:

Ricoh has been working on strengthening business competitiveness and improving returns on capital to drive a sustainable increase in corporate value.

1. Strengthening business competitiveness
 - In April 2017, Ricoh launched “Ricoh Resurgent” to make its business domains more profit-focused and improve its overall profitability.
 - Starting in 2018, it has been pursuing its growth strategy “Ricoh Ignite” and has achieved both growth and profitability in its office service business. While driving its growth strategy, it has also started several new businesses and advanced its business structure transformation.
2. Improving returns on capital
 - Under “Ricoh Resurgent,” divested some non-core businesses and reviewed its assets.
 - Under “Ricoh Ignite,” started to measure Return on Invested Capital (ROIC) in order to promote greater awareness of capital efficiency amongst business operations. It also made strategic investments based on cash flow allocation.



Background

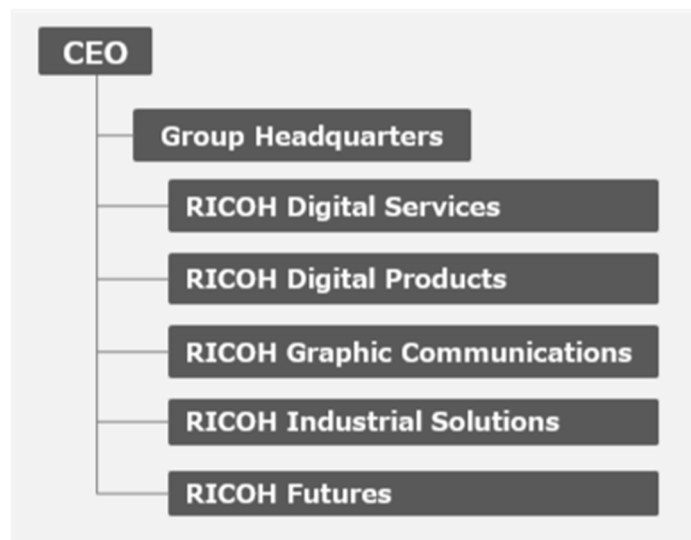
Ricoh will continue to resolve the following three challenges that arose due to changes in the business environment. They are the allocation of management resources, acceleration of business growth, and business independence.

1. Allocation of management resources
Review the allocation of management resources as a result of the decrease in demand for office printing.
2. Acceleration of business growth
Comprehensively manage the business using ROIC to evaluate multiple businesses objectively and allocate management resources appropriately.
3. Business independence
Build a system that can manage each business domain end-to-end. It is difficult to clarify roles and responsibilities in the current matrix system between businesses and functions.

Aims

1. Be closer to its customers, even more than ever, and accelerate new customer value creation under a more integrated system.
2. Significantly delegate authority and foster swifter decision-making by the management of each business unit.
3. Objectively evaluate each business based on ROIC and allocate resources to each business unit to improve return on capital.
4. Group headquarters will strictly manage each business unit based on the growth potential and return on capital and will optimize company-wide management resource allocation to growth areas.
5. Group headquarters will focus on strengthening medium- to long-term strategic planning and governance for group strategy, Environmental, Social, and Corporate Governance (ESG), and digital strategy.

6. Consolidate common corporate functions into a professional services organization and use digital technology to maximize operational efficiency.



Overview of the five business units

Ricoh Digital Services

Value Proposition: Provide services that digitally connect offices and frontlines to improve workflows.

Aims: Take the lead in driving Ricoh into the future as a digital services company. Ricoh focuses management resources on this business unit and will create new value by leveraging its customer base.

RICOH Digital Products

Value Proposition: Provide edge devices that connect offices and frontlines to Ricoh and other companies.

Aims: Minimize costs and provide the world's best edge devices through operational excellence of the office printing business that has been Ricoh's backbone.

RICOH Graphic Communications

Value Proposition: Provide digital print solutions that maximize the value of printing companies.

Aims: Lead the industry's digitalization using its manufacturing know-how of high-volume and high-quality printing equipment and solutions globally.

RICOH Industrial Solutions

Value Proposition: Provide solutions based on Ricoh's technological capabilities to digitalize customer's manufacturing and logistics functions across various industries

Aims: Be a major contributor to Ricoh's growth by leveraging Ricoh's technological capabilities in industrial applications.

RICOH Futures

Value Proposition: Create and develop businesses that contribute to solving major social issues

Aims: Foster an open culture that develops business leaders and drives creativity to solve major social issues by leveraging digital and co-creation approaches.

Overview of Group Headquarters

Reform the group headquarters organization to focus on group strategy, ESG, and digital strategy. It will also be responsible for professional services that integrate business units' common corporate functions that thoroughly automates and streamlines indirect operations.

The following positions will be part of the group headquarters organization: CFO (Chief Financial Officer), CHRO (Chief Human Resource Officer), CDIO (Chief Digital Innovation Officer), CTO (Chief Technical Officer), ESG manager, and professional service manager.

Group Strategy

Manage the business portfolio, allocate resources, and formulate medium- to long-term strategies using group headquarters functions, including corporate planning, finance, and human resources for the entire group.

ESG

Promote the strengthening of ESG, as well as internal controls and risk management throughout the group.

Digital Strategy

To achieve customer success, promote the creation of new customer value in the digital age, develop IT / digital infrastructure to achieve new work styles, and consolidate, aggregate, and utilize its data.

Research and develop advanced digital technologies such as AI (Artificial Intelligence) and printing that will lead to new growth.

Professional Services

Consolidate common corporate functions, pursue operational efficiency by utilizing digital technology, provide practical cases to customers, and secure competitive advantage.

Ricoh has positioned the introduction of this company structure as a major milestone in the reforms that have been promoted since the launch of “Ricoh Resurgent” in 2017. It will further accelerate the transformation of the business structure toward a digital services company and continuously increase corporate value.

| About Ricoh |

Ricoh is empowering digital workplaces using innovative technologies and services enabling individuals to work smarter. For more than 80 years, Ricoh has been driving innovation and is a leading provider of document management solutions, IT services, communication services, commercial and industrial printing, digital cameras, and industrial systems.

Headquartered in Tokyo, Ricoh Group operates in approximately 200 countries and regions. In the financial year ended March 2020, Ricoh Group had worldwide sales of 2,008 billion yen (approx. 18.5 billion USD).

For further information, please visit www.ricoh.com

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