RDS Business Briefing

Office Services Business in Japan

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Kazuhiro Kimura

Ricoh Japan Corporation
President, Representative Director

November 15, 2022

RICOH Digital Services

- Hello, everyone. I'm Kazuhiro Kimura from Ricoh Japan.

- Today, I'm going to discuss the current state of our Office Services business in Japan and some of our initiatives for the future.

Overview of Ricoh Japan

Customer Base	Locations	Employees	Sales & Services Partners
Approx. **1m** offices	Approx. **350**	Approx. **18,000**	Approx. **3,200**

Sales and engineering staff (CE/SE) deployed nationwide

Large-scale nationwide companies

Local companies in individual regions

Customer Reach Potential

	Ricoh Japan	Including sales partners
Salespeople	Approx. **7,900**	Approx. **12,600**
Customer Engineers (CE)	Approx. **4,600**	Approx. **6,300**
Systems Engineers (SE)	Approx. **1,300**	
Contact Center	Approx. **1,000**	

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- First, I'd like to give a quick overview of Ricoh Japan.

- Ricoh Japan is the company which handles Japanese domestic sales for the Ricoh Group, and was established in 2010 as an umbrella company for Ricoh's sales subsidiaries in Japan.

- Our customer base includes one million business locations nationwide, and we have 350 locations in 47 prefectures throughout Japan, with 18,000 employees. In terms of our customer reach potential, we have 7,900 salespeople, 4,600 customer engineers, 1,300 systems engineers, and 1,000 contact center members.

- We believe that Ricoh Japan's greatest strength lies in its ability to be a one-stop provider of services, covering everything from introducing solutions to support, for local SMBs, municipal governments, and other customers with close ties to their communities.

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1 **Strengthen digital services** to solve industry & business issues

2 Full support services utilizing our region-specific sales support capabilities throughout Japan

3 Support customers' digital transformations and accelerate in-house digital transformation based on internal practices

4 **Increase investment in digital professionals**

5 **Reform personnel structure** to stimulate and grow diverse human resources

Better organizational productivity

- This year, we are proceeding based on the five basic policies shown here.

- Today, I'd like to focus on:
  (1) strengthen digital services to solve industry and business issues,
  (4) increase investment in digital professionals, and
  (5) reform our personnel structure to stimulate and grow diverse human resources.
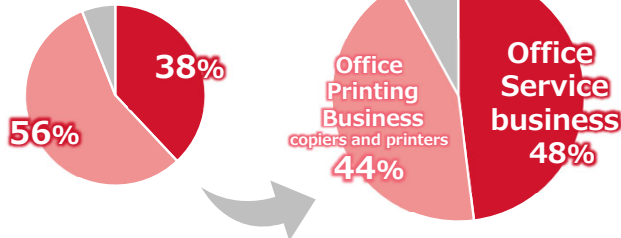
Current State of Office Service Business

Ricoh Japan's Performance

Office Services pivotal to operations of company, which has earned a solid reputation

Ricoh Japan Sales Ratio

FY2016   FY2021

38%

56%

Office Printing Business
copiers and printers
44%

Office Service business
48%

Ratio: **+10**P   Sales: **1.3**x

J.D. Power customer satisfaction surveys 2022 ● **IT Solutions Provider** <Independent/user/office equipment SIer segment> ● **Server Maintenance Service** *For more information on the J.D. Power survey, visit japan.jdpower.com/awards.	**1**st place 8 years in a row
Number of IT deployment subsidies* **adopted** *for projects supporting IT deployments to enhance productivity in services and other areas (Source: Ricoh)	**Highest level in Japan** 3 years in a row
Corporate Windows® PC sales share (Fiscal 2021; Source: Ricoh)	Around **10** %
New small- and medium-sized business customers using Microsoft 365® **(Microsoft Japan Partner of the Year 2022 winner)**	**1**st

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- I'll discuss the current state of our Office Services business first.

- This slide shows Ricoh Japan's performance.
  The sales ratio here is compared to fiscal 2016, before any impact from Windows migrations and special demand produced by the GIGA School. In terms of the ratio for fiscal 2021, the Office Services business increased 10%, from 38% to 48%, with sales 1.3 times higher.

- Meanwhile, we continue to be highly regarded by our customers.
  In the J.D. Power Customer Satisfaction Surveys, we have been ranked number 1 in the IT Solutions Provider and Server Maintenance Service categories for eight years in a row, the top recipient of IT deployment subsidies for three years in a row, and command a 10% share of Windows PC sales to corporate customers. We also rank first in the number of new business subscriptions for Microsoft 365 for small to medium-sized businesses.

- Although not shown on this slide, we also boast the number one sales share in other companies such as core accounting applications, construction businesses applications and for welfare businesses applications. We've also received awards from Trend Micro, Cybozu, and many other partners.
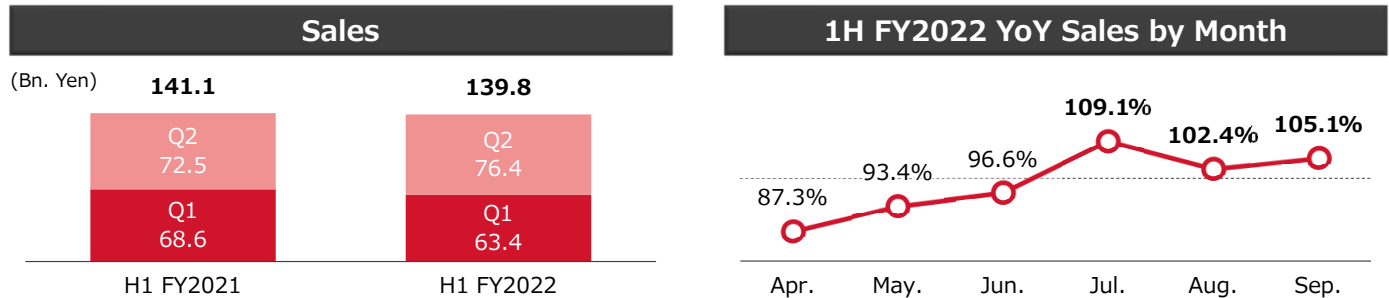
1H FY2022 - Office Service Business Performance

In 1Q FY2022, sales down YoY due to impact of shortages in PCs, servers, NW equipment, MFPs, etc., in addition to GIGA demand in previous year
Sales back to growth track in 2Q, but not enough to cover 1Q decline, causing slight YoY decline in 1H total sales

(YoY Change)		H1 FY2022	Q1	Q2
Office Service Business		**Down 0.9%**	**Down 7.6%**	**Up 5.4%**
	Of this, IT infrastructure*¹	Down 3%	Down 12.4%	Up 6.6%

*1: Hardware including PCs, servers, NW equipment, etc., and related installation and maintenance services, etc.

Sales

(Bn. Yen)

	H1 FY2021	H1 FY2022
	141.1	**139.8**
Q2	72.5	76.4
Q1	68.6	63.4

1H FY2022 YoY Sales by Month

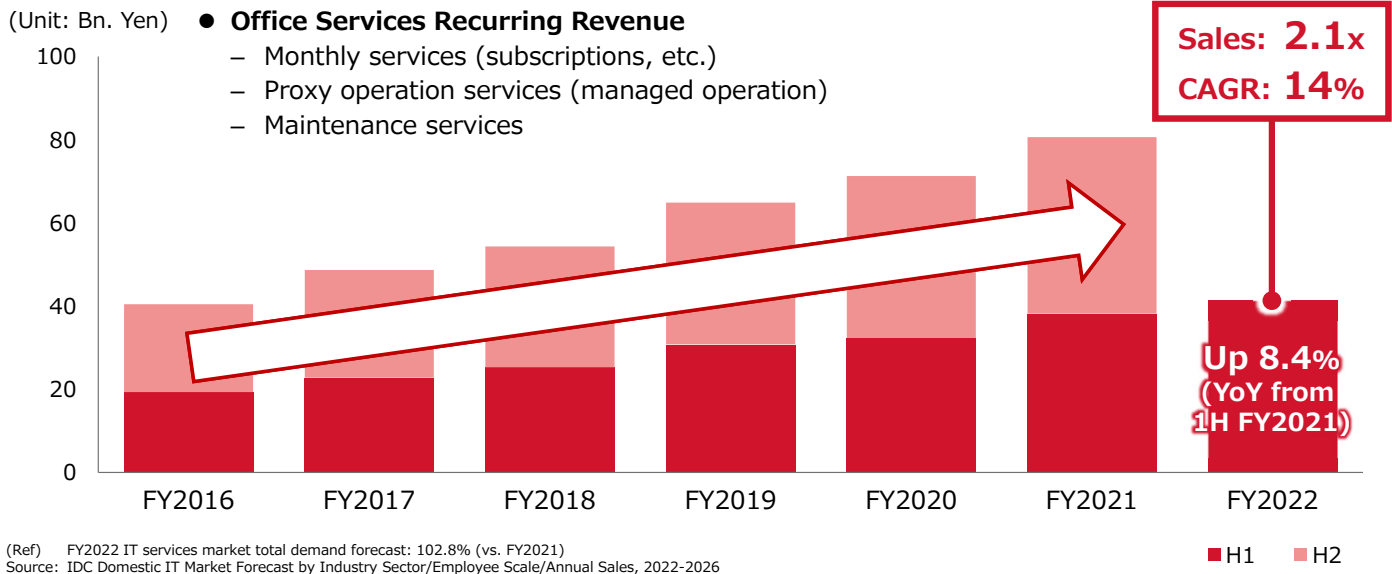| Apr.	May.	Jun.	Jul.	Aug.	Sep.
87.3%	93.4%	96.6%	109.1%	102.4%	105.1%

(Ref)   PC shipments YoY: Q1 86.5%; Q2 100.0%
Source: Japan Electronics and Information Technology Industries Association

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- This slide shows the results of our Office Services business for the first half of fiscal 2022.

- Between the GIGA-related demand in the previous year and the impact from product shortages for PCs, servers, network equipment, and MFPs, we ended up at a drop of 0.9% year on year.

- Looking at each quarter, product shortages had a significant impact in the first quarter, where the IT infrastructure area dropped by 12.4% year on year, and the Office Services business dropped by 7.6% year on year. Although sales flipped positive to an increase of 5.4% in the second quarter, it wasn't enough to make up for the first quarter decline, which gave us a slight year-on-year decrease for the first half total. However, looking at the year-on-year sales graph by month, we can see that sales have exceeded the previous year's results since July.

Trends in Annuity Business Sales in Office Services Business

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Hardware business was severely affected by product shortages, but steady increase in recurring revenue for Office Services

(Unit: Bn. Yen)

● **Office Services Recurring Revenue**
 – Monthly services (subscriptions, etc.)
 – Proxy operation services (managed operation)
 – Maintenance services

Sales: **2.1x**
CAGR: **14%**

Up 8.4%
(YoY from
1H FY2021)

FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022

(Ref)   FY2022 IT services market total demand forecast: 102.8% (vs. FY2021)
Source: IDC Domestic IT Market Forecast by Industry Sector/Employee Scale/Annual Sales, 2022-2026

■ H1 ■ H2

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- In the Office Services business, recurring business grew steadily, ultimately reaching an increase of 8.4% year on year. Subscription and managed operation services businesses are also expanding in response to our customers increasingly shifting to the cloud.

- In the first half of fiscal 2022, sales were 2.1 times what they were in fiscal 2016, and are continuing to grow at an average annual rate of 14%.

Progress toward Goals

1. Customer and Market Trends
2. Our Initiatives
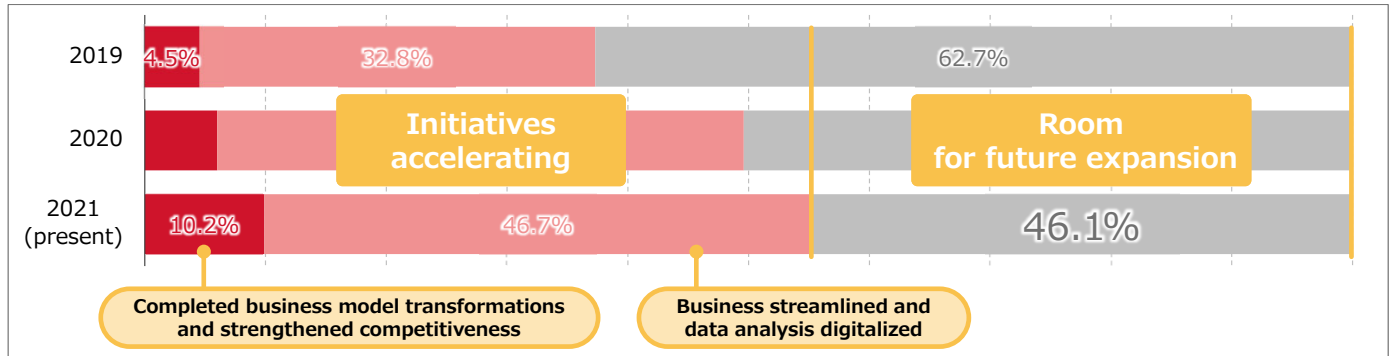   -1) Scrum Packages
   -2) Scrum Assets

FY2022 IT Market Total Demand Forecast (vs. FY2021)

IT investment by SMBs remains steady and offers major market potential
(Predicted values were only shown at the RDS business briefing)

Digitalization Initiatives in Mid-Sized Companies & SMBs

Year			
2019	4.5%	32.8%	62.7%
2020			
2021 (present)	10.2%	46.7%	46.1%

Initiatives accelerating

Room for future expansion

Completed business model transformations and strengthened competitiveness

Business streamlined and data analysis digitalized

Source: 2022 White Paper on SMBs

- Next, I'd like to talk about our efforts to meet our goals.

- The IT market demand of SMBs, which account for more than 80% of our client base, is projected to be approximately 4.2 trillion yen in 2022, which is an increase of 3.1% from 2021. This is expected to expand steadily at an annual rate of 4% into 2025, which is a major opportunity for us.

- The graph at the bottom shows the status of SMB efforts toward digitalization. These efforts are accelerating, with more than 50% of mid-sized companies and SMBs streamlining their businesses and analyzing data through digitalization.

- However, this leaves 46.1% of companies which have not yet fully digitalized, which means we can expect increased demand moving forward.
Many SMBs have a "one-person information system department," where a single person manages information systems, or even a "zero information system department" where there is no one managing information systems. We feel that our role is to promote the digitalization of this market through our sales and service network.

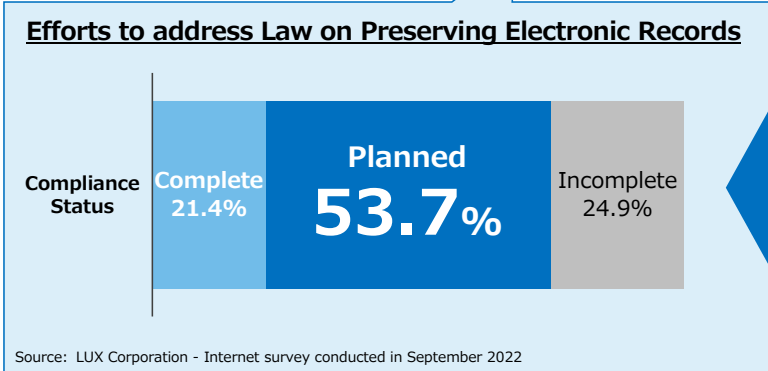**Increasing subsidies & legal compliance**

| IT deployment subsidies | Revision of Law on Preserving Electronic Records | Online verification of certifications made mandatory in principle | Grants for advancing Vision for a Digital Garden City Nation |

* Top nationwide in deployments

Efforts to address Law on Preserving Electronic Records

Compliance Status: Complete 21.4% | Planned **53.7**% | Incomplete 24.9%

1. MFP + EDW collaboration
Electronic voucher preservation solution
Over **2,500** units sold in 9 months
(Jan - Sep 2022)

2. Accelerate response for the
approx. **80%** of companies not yet compliant

Source: LUX Corporation - Internet survey conducted in September 2022

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- The Japanese government is also developing and expanding subsidies and legal support for digitalization.
  Beyond the IT deployment subsidies, which, as I mentioned earlier, Ricoh boasts the highest number in Japan, other factors are having an effect, including the Law on Preserving Electronic Records, online verification of certifications being made mandatory in principle, and more.

- As of September 2022, 20% of our customers are already compliant with the Law on Preserving Electronic Records, and 53% are planning to do so in the future. Ricoh Japan has also sold 2,500 electronic voucher preservation solutions linked to MFPs, which has greatly expanded our business performance.
  We will accelerate our proposals to the approximately 80% of customers who have not yet implemented the program.

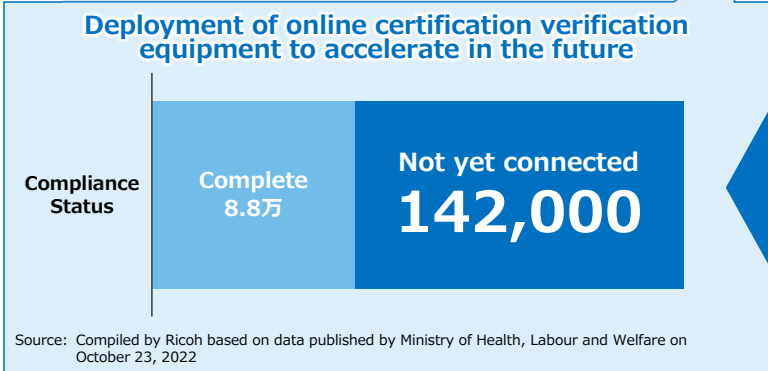**Increasing subsidies & legal compliance**

IT deployment subsidies	Revision of Law on Preserving Electronic Records	Online verification of certifications made mandatory in principle	Grants for advancing Vision for a Digital Garden City Nation

* Top nationwide in deployments

Deployment of online certification verification equipment to accelerate in the future

Compliance Status	Complete 8.8万	Not yet connected **142,000**

Source: Compiled by Ricoh based on data published by Ministry of Health, Labour and Welfare on October 23, 2022
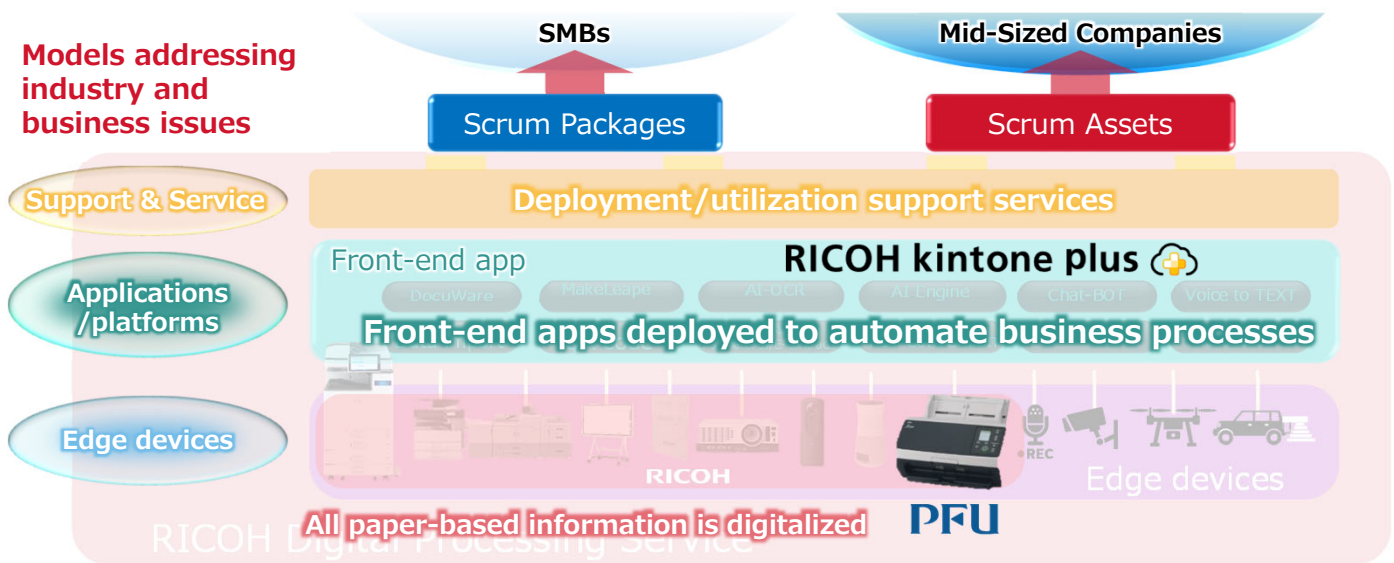
1. Develop business by leveraging nationwide response capabilities and promoting collaboration with partners
Deployed at a total of **4,200** facilities (as of Sep. 2022)

2. Accelerating expansion to approx. **142,000** unconnected facilities

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- We have also developed and provide solutions for online verification of insurance certificate information using the My Number Card. 230,000 medical facilities and dispensing pharmacies throughout Japan are being targeted for deployment. Online verification has already been deployed in 88,000 of these facilities, and Ricoh Japan has successfully provided solutions to customers in 4,200 facilities.
We are currently accelerating our offerings to customers in the approximately 140,000 facilities in which the systems have not yet been deployed.

- In the healthcare market, we have focused on imaging products up to this point, but we will strengthen our development in the Office Services area, including the online certification verification business, while further expanding value propositions to our solutions and managed services businesses.

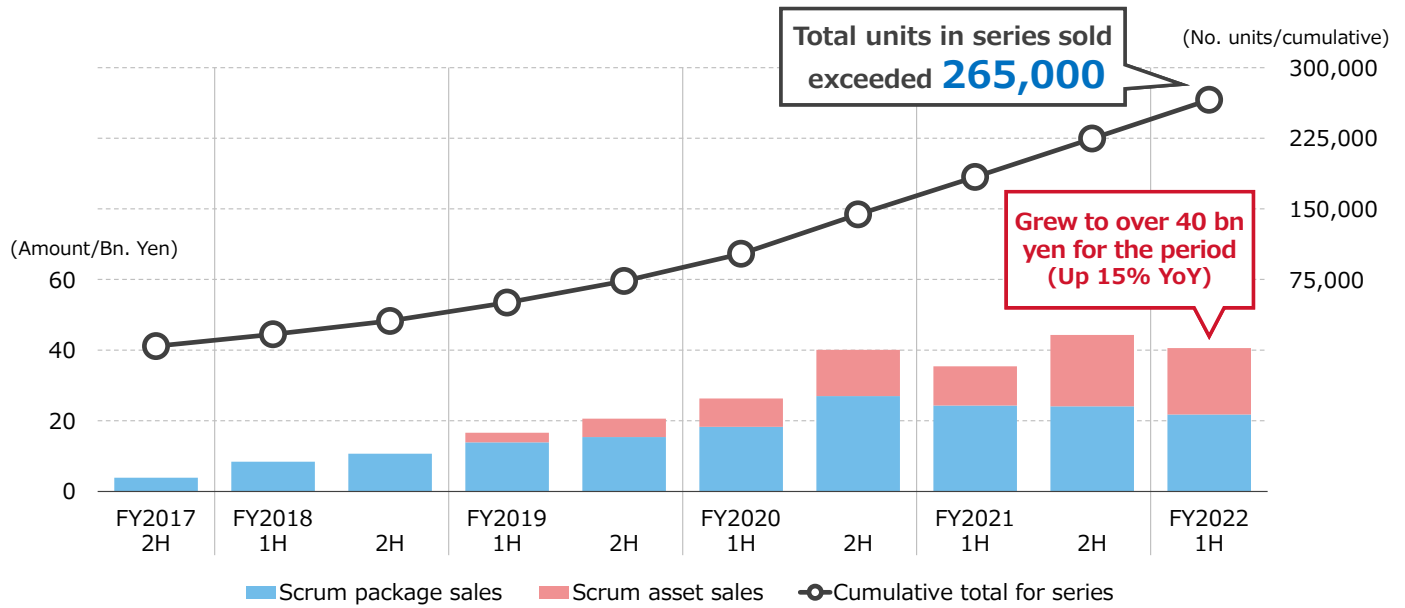## 2. Further Strengthening & Expanding Digital Services Business

- Increasing "quality" and "quantity" of solutions that help solve customers' industry and business issues
- Expanding in-house production of solutions/services to increase profitability

Models addressing industry and business issues

SMBs — Scrum Packages

Mid-Sized Companies — Scrum Assets

Support & Service: Deployment/utilization support services

Applications /platforms: Front-end app — RICOH kintone plus
DocuWare · MakeLeaps · AI-OCR · AI Engine · Chat-BOT · Voice to TEXT
Front-end apps deployed to automate business processes

Edge devices: RICOH · PFU · Edge devices

All paper-based information is digitalized

RICOH Digital Processing Service

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- Next, I'll discuss how we are strengthening and expanding our digital services business.

- We offer two solution-based models which solve our customers' industry and business issues: Scrum Packages, which are aimed at small and medium-sized companies, and Scrum Assets, which are aimed at medium-sized companies.
These solution-based models combine edge devices, applications, and EDW platforms with a deployment & utilization support menu for support and service.

- This fiscal year, we were able to add RICOH kintone plus and PFU scanners to our lineup.

2. Performance of Scrum Series (Solutions-Based Sales)

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**Increased support for solving problems of our Mid-Sized Companies & SMB customers**

Total units in series sold exceeded **265,000**

(No. units/cumulative)

Grew to over 40 bn yen for the period (Up 15% YoY)

Legend: Scrum package sales, Scrum asset sales, Cumulative total for series

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- This slide shows trends in Scrum Series performance.
- In the first half of fiscal 2022, total sales of Scrum Packages and Scrum Assets grew by 15% year on year, to over 40 billion yen, in six months. Total sales for the series was over 265,000 units.
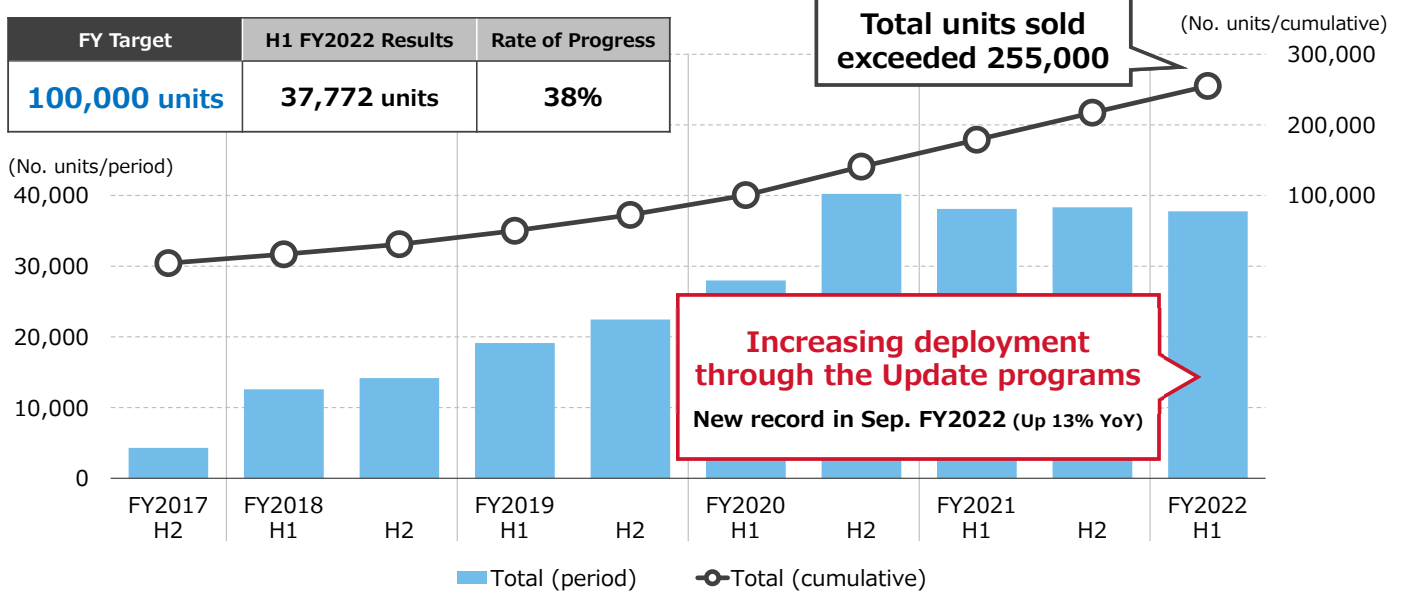
Highly-efficient sales model achieved through package- and pattern-based offerings that solve our customers' industry and business issues
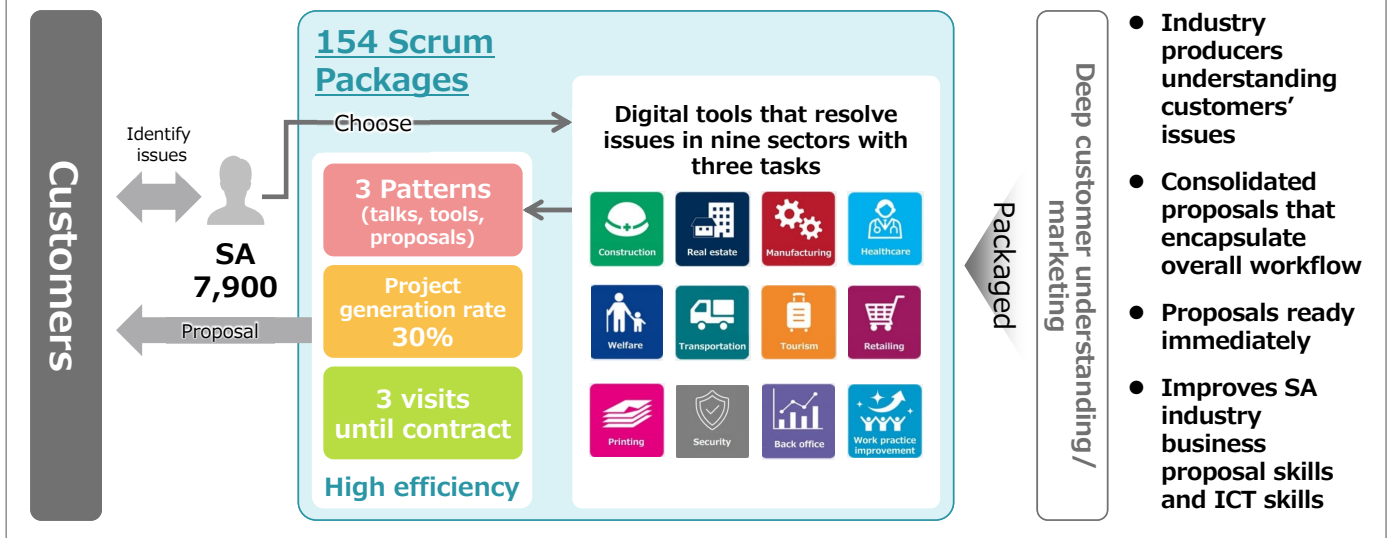
- We currently have 154 Scrum Packages for small and medium-sized companies, covering nine sectors and three types of tasks.

- A Scrum Package is a product in which the producer (planner) of the sector operations understands the customer's issues and incorporates a solution model for those issues into a packaged product. Patterns of talks, tools, and proposals are created with the goal of achieving a 30% project generation rate and three visits before a contract is finalized. We are developing Scrum Packages as a business that generates volume through a streamlined sales process.
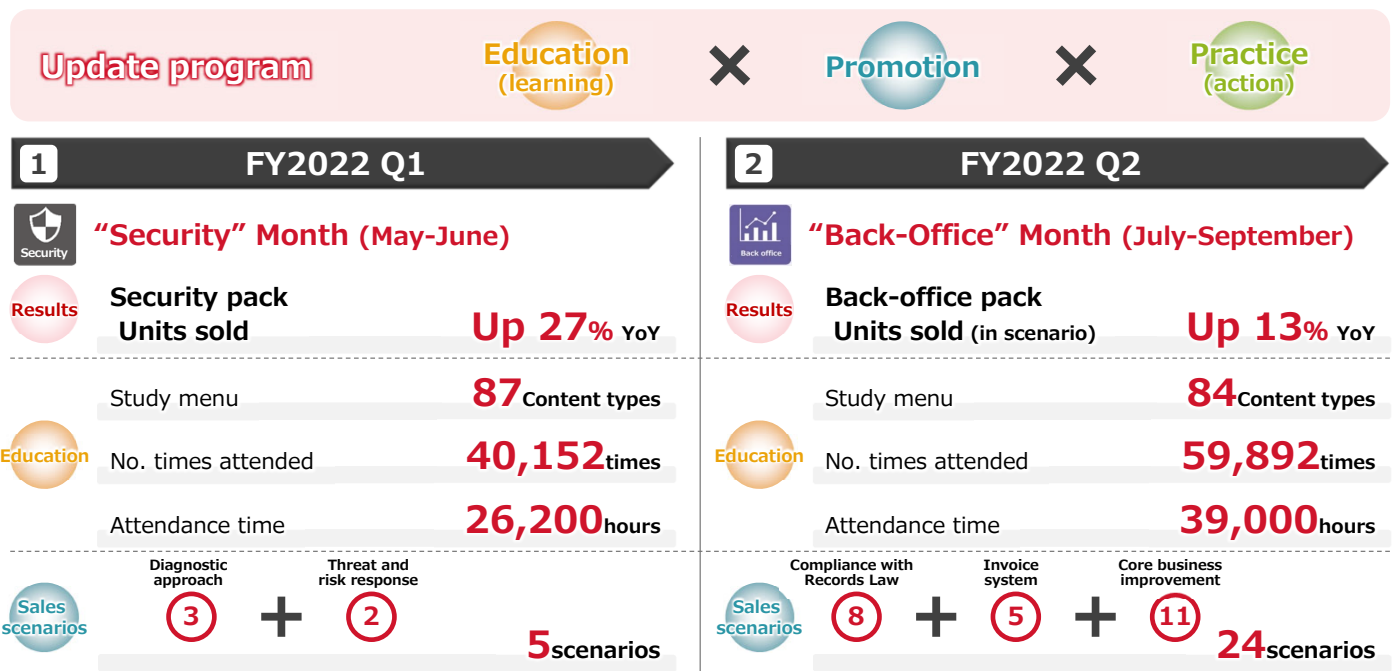
- This slide shows trends on Scrum Package unit sales.

- The first quarter saw a 7% drop year on year due to the impact of shortages for IT products and MFPs. Sales did increase 5% in the second quarter, but sales volume for the first half was 37,772 units, down 0.9% compared to the previous year's level and leaving us at a progress rate of 38% relative to the fiscal year target.

- In addition to increasing the number of units sold, we have developed our Update Program aimed at strengthening sales training, promotion, and customer contact activities. In the single month of September, we set a new record of a 13% increase year on year.
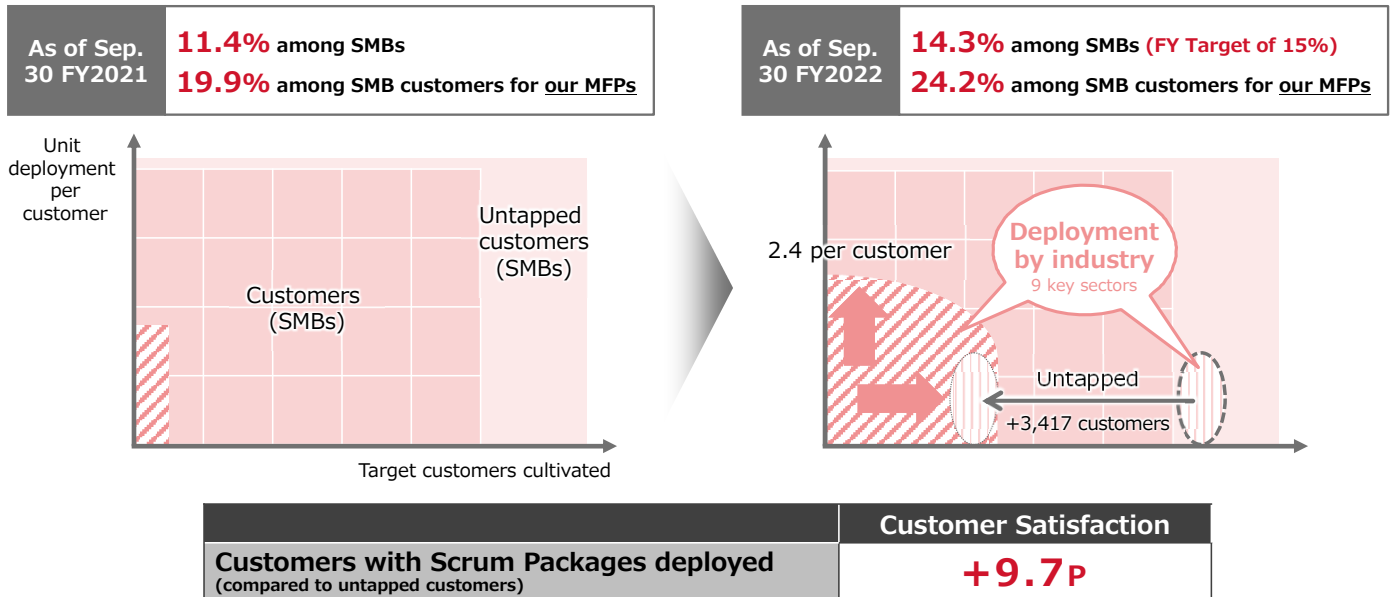We were also able to surpass 255,000 total units sold.

2-1) Increasing Deployment along with Update Programs

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| Update program | Education (learning) | ✕ | Promotion | ✕ | Practice (action) |

① FY2022 Q1

Security — "Security" Month (May-June)

Results
Security pack Units sold — **Up 27% YoY**

Education
Study menu	**87** Content types
No. times attended	**40,152** times
Attendance time	**26,200** hours

Sales scenarios
Diagnostic approach ③ + Threat and risk response ②

5 scenarios

② FY2022 Q2

Back office — "Back-Office" Month (July-September)

Results
Back-office pack Units sold (in scenario) — **Up 13% YoY**

Education
Study menu	**84** Content types
No. times attended	**59,892** times
Attendance time	**39,000** hours

Sales scenarios
Compliance with Records Law ⑧ + Invoice system ⑤ + Core business improvement ⑪

24 scenarios

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- As I explained earlier, the Update Program is an initiative for achieving results through education, promotion, and activities at customer sites.

- In the first quarter of fiscal 2022, we held our Security Enhancement Month from May to June. Training sessions were attended more than 40,000 times for a total of 26,200 hours of training time. In terms of results, the number of security packages sold increased 27% year on year.
The number of employees who obtained certifications in information security management, which is a national qualification, also increased by 111 from the previous year, to 847.

- In the second quarter, we held Back Office Enhancement Month from July to September. This initiative featured 59,892 sessions and 39,000 hours of training, and also yielded steady results, with an increase of 13% year on year in back office packages sold.

- We are engaged in structural reforms in terms of customer reach potential by expanding sales of solutions centered on software, which is less susceptible to product shortages, and by promoting human resource development.
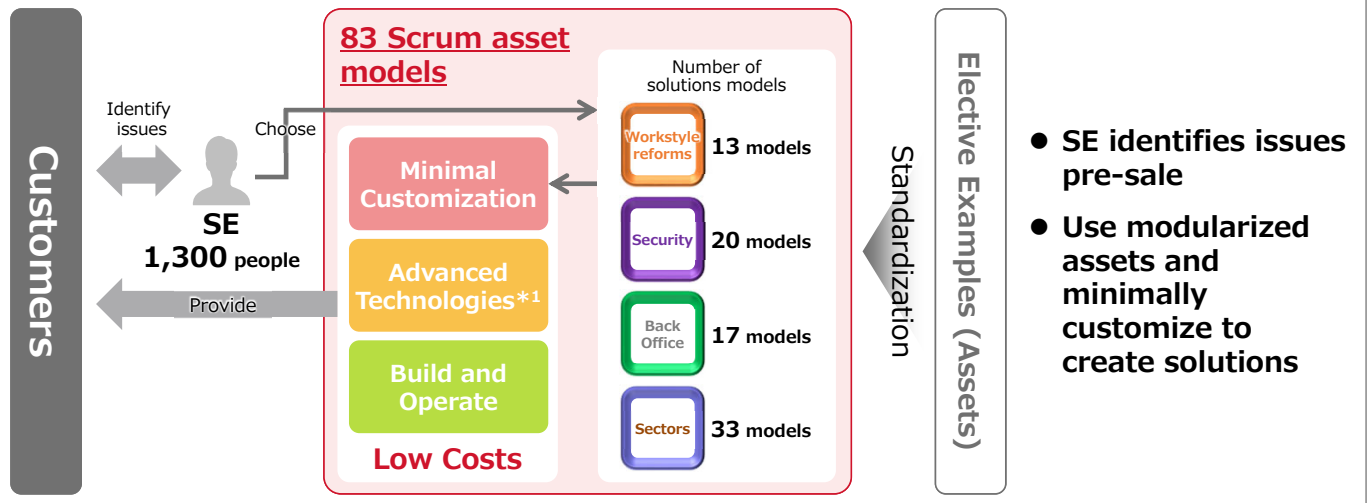
Customer uptake as of Sep. 30 FY2022 is 14.3%, so we will aim for further growth by expanding value provided per customer

| As of Sep. 30 FY2021 | **11.4%** among SMBs |
| | **19.9%** among SMB customers for <u>our MFPs</u> |

| As of Sep. 30 FY2022 | **14.3%** among SMBs (FY Target of 15%) |
| | **24.2%** among SMB customers for <u>our MFPs</u> |

Unit deployment per customer

Untapped customers (SMBs)

Customers (SMBs)

Target customers cultivated

2.4 per customer

Deployment by industry
9 key sectors

Untapped
+3,417 customers

	Customer Satisfaction
Customers with Scrum Packages deployed (compared to untapped customers)	**+9.7P**

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- Scrum Package uptake rates increased from 11.4% at the end of September 2021 to 14.3% in fiscal 2022. For MFP customers, the uptake rate was 24.2%.

- In terms of customer satisfaction, customers who have deployed Scrum Packages are more satisfied than those who have not yet deployed the packages, by 9.7 points.

- We see our challenge as identifying the issues our customers face and improve our abilities to solve those issues through human resource development and improved skills.

Mid-sized company solutions model combining assets from building experience of 1,300 systems engineers (applications deployment and operations) with advanced technologies*1
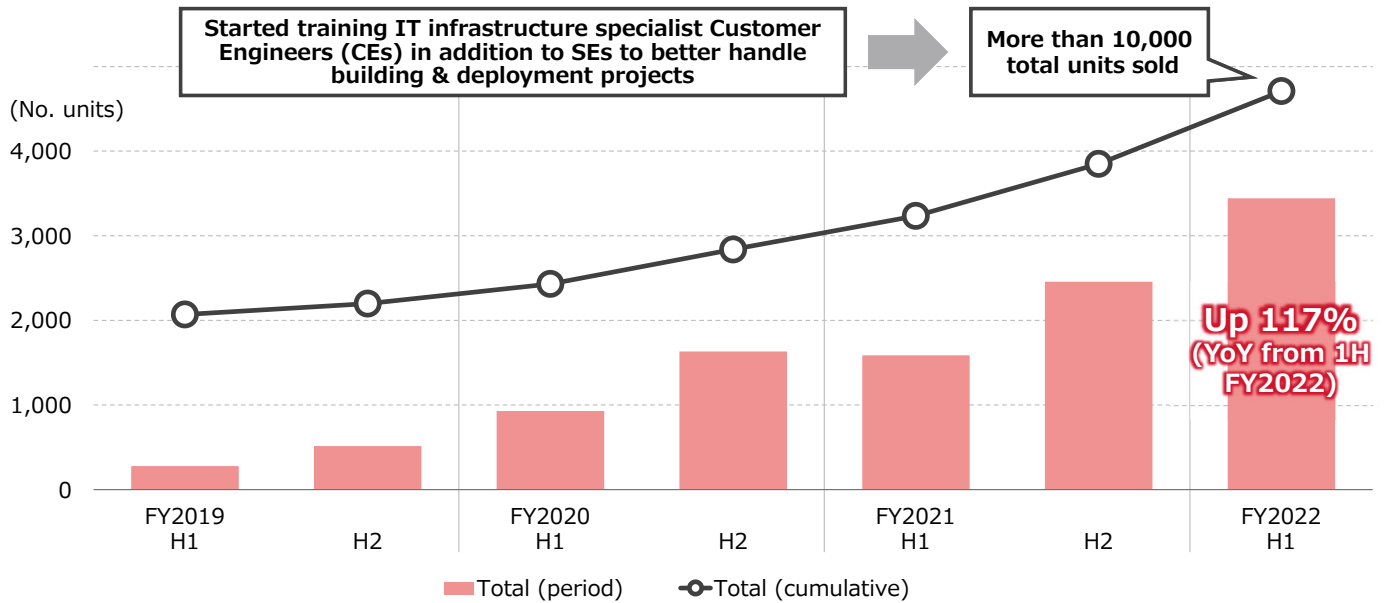

Customers

Identify issues

SE
1,300 people

Choose

Provide

83 Scrum asset models

Minimal Customization

Advanced Technologies*1

Build and Operate

Low Costs

Number of solutions models

Workstyle reforms — **13** models

Security — **20** models

Back Office — **17** models

Sectors — **33** models

Standardization

Elective Examples (Assets)

- **SE identifies issues pre-sale**
- **Use modularized assets and minimally customize to create solutions**

*1: Including artificial intelligence, robotic process automation, optical character recognition, cloud, and other technologies

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- I'm going to discuss Scrum Assets for mid-sized companies next.

- A Scrum Asset is a solution model that combines new technologies into assets based on cases of highly-effective deployments made by our customers in the past.
  Scrum Assets leverage the problem-solving, construction, and operations knowledge of our 1,300 systems engineers.

- Implementing the solutions as assets makes it possible to provide them at low cost with minimal customization. We currently offer 83 such models.
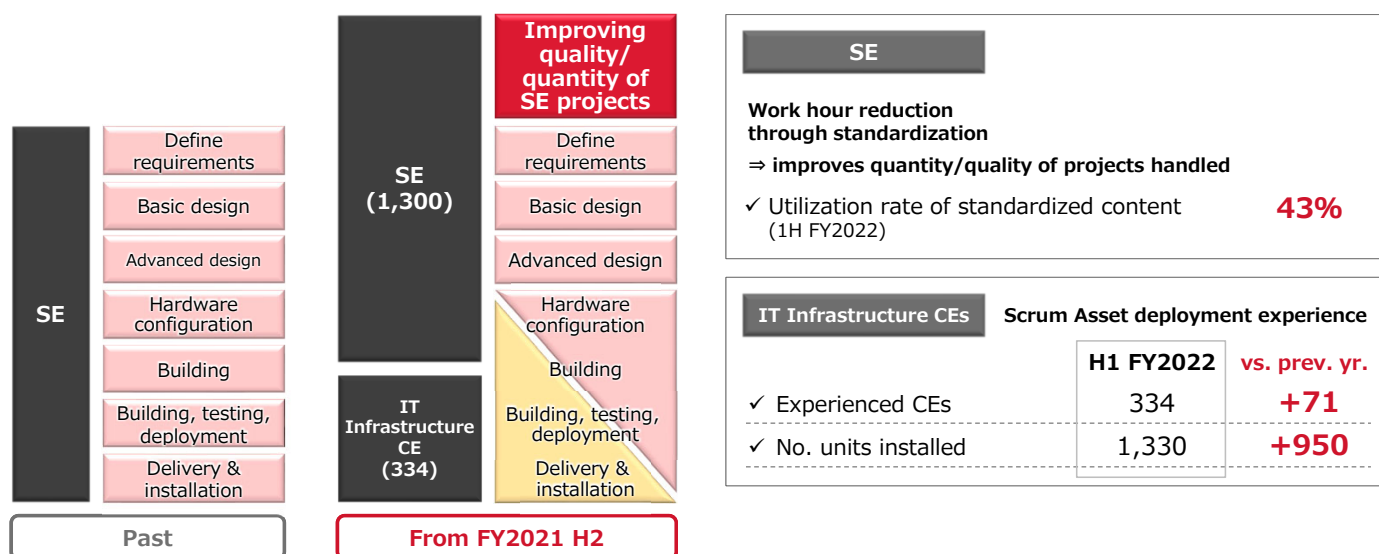
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Since launch, sales have increased and produced continued YoY growth

Started training IT infrastructure specialist Customer Engineers (CEs) in addition to SEs to better handle building & deployment projects

More than 10,000 total units sold

(No. units)

Up 117% (YoY from 1H FY2022)

Total (period) — Total (cumulative)

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- The number of Scrum Asset units sold in the first half of fiscal 2022 showed an increase of 117% year on year, and the cumulative total was over 10,000 units.
  In addition to systems engineers, we are training IT infrastructure-based customer engineers and working to expand the volume of projects we can handle.

2-2) Toward Expansion of Scrum Assets

1. **Increase volume of projects handled by reducing work hours through standardization, enhance ability to handle advanced projects**
2. **Significantly increase deployment/building projects by IT infrastructure-related CEs**

	SE		**Improving quality/ quantity of SE projects**
SE	Define requirements	SE (1,300)	Define requirements
	Basic design		Basic design
	Advanced design		Advanced design
	Hardware configuration		Hardware configuration
	Building	IT Infrastructure CE (334)	Building
	Building, testing, deployment		Building, testing, deployment
	Delivery & installation		Delivery & installation
Past		**From FY2021 H2**	

SE

Work hour reduction through standardization
⇒ **improves quantity/quality of projects handled**

✓ Utilization rate of standardized content (1H FY2022) **43%**

IT Infrastructure CEs — Scrum Asset deployment experience

	H1 FY2022	vs. prev. yr.
✓ Experienced CEs	334	**+71**
✓ No. units installed	1,330	**+950**

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- We are currently engaged in two major initiatives to expand Scrum Assets.

- The first is expanding the volume of projects handled by systems engineers and strengthening their ability to handle advanced projects.
  The utilization rate of asset-based content in the proposal and construction phases of projects by systems engineers has increased to 43%, and standardization is progressing as well.

- The second is strengthening the ability of deployment and building projects by IT infrastructure-related customer engineers.

- The number of models our customer engineers can support has been expanded through skill improvement training, and now 334 customer engineers, an increase of 71 from the previous year, have experience in deployment. In addition, the number of actual deployments by customer engineers increased by 950 from the previous year.
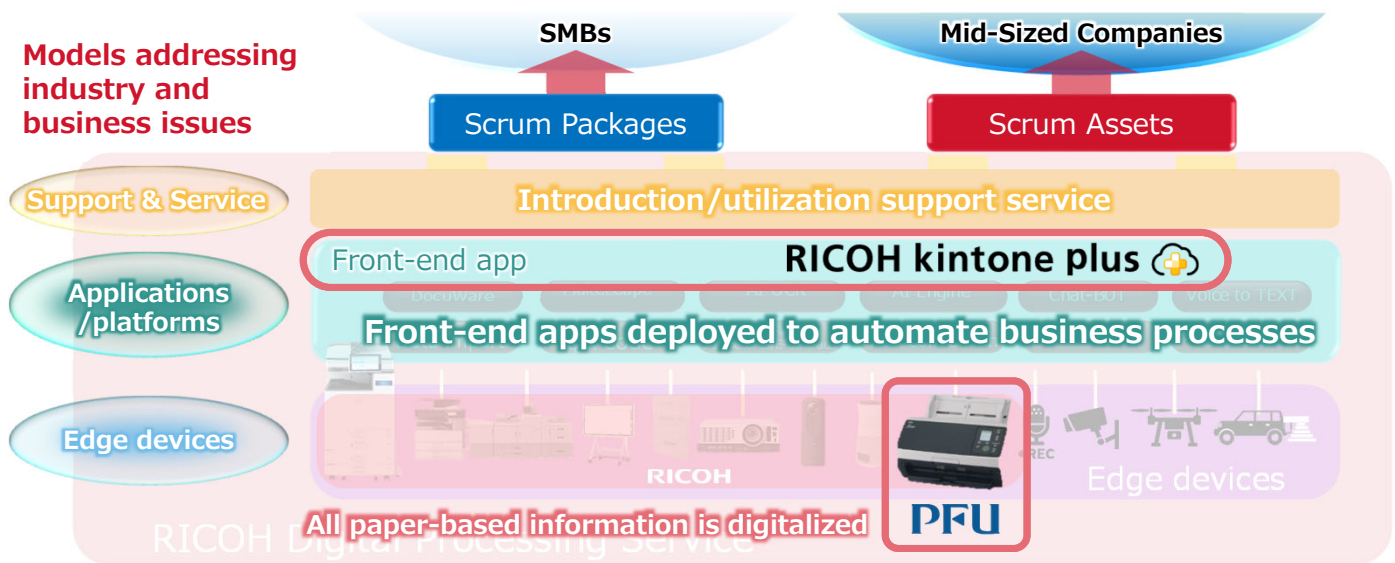
Accelerating Growth

1. Toward Increasing Customer Value
   -1) RICOH kintone plus
   -2) Synergies with PFU
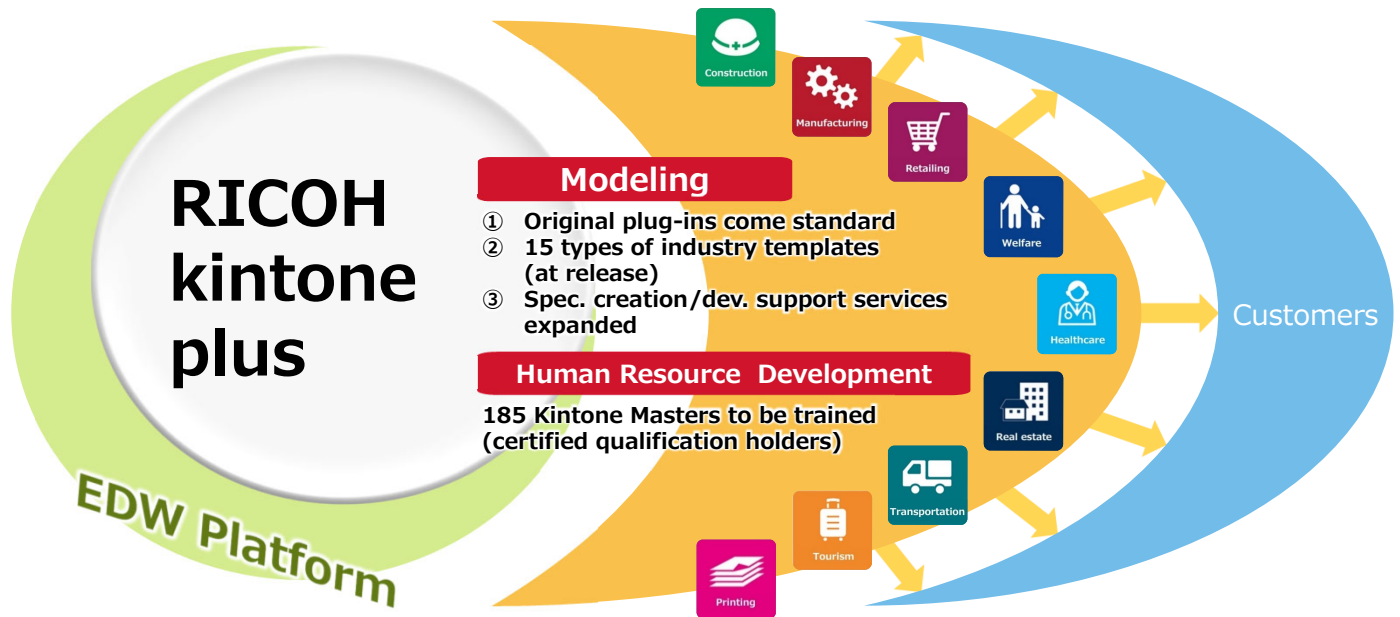2. Initiatives for Developing Digital Professionals

1. Further Strengthening & Expanding Digital Services Business (Repost)

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- Increasing "quality" and "quantity" of solutions that help solve customers' industry and business issues
- Expanding in-house production of solutions/services to increase profitability

Models addressing industry and business issues

SMBs — Scrum Packages

Mid-Sized Companies — Scrum Assets

Support & Service — Introduction/utilization support service

Applications /platforms — Front-end app — RICOH kintone plus

Front-end apps deployed to automate business processes

Edge devices

All paper-based information is digitalized

PFU

Edge devices

RICOH Digital Processing Service

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- I'll now discuss our initiatives toward further growth.

- As I explained earlier, we have successfully added RICOH kintone plus and PFU scanners to our Digital Services business lineup.

- RICOH kintone plus was launched on October 21, 2022 through a business alliance with Cybozu.
  We plan to increase customer value, including in SI business, with RICOH kintone plus serving as the core.

- There are two key points for this development: modeling solutions to solve industry and business issues, and developing human resources.

- In terms of modeling, we provide standard features including original plug-ins for form output and other tasks, as well as 15 original templates that take full advantage of the knowledge of industry operations we cultivated while developing the Scrum series.
  We are also expanding our accompanying specification creation and development support services for customers.
  These will be layered upon our EDW platform and offered to customers based on the industry and business issues which they face.

- In terms of human resource development, we are promoting training with the aim of achieving a system of 185 workers as what we call "kintone masters," a certification which was established by Cybozu.
  This is the highest number of such certified professionals in Japan published on the Cybozu partner website.

Increased ability to handle diverse range of documents (sizes, weights, paper types) that vary by industry

Pharmacies

Construction sites

Regional government offices

Medical offices Private clinics

Remote locations

Telecommuting

Accelerated Scrum Package deployment throughout industries & business ops

Back Office: "Cloud OCR Input Improvement Pack"

Invoices, delivery statements

Sales/purchasing management system

Enhanced Document handling

RICOH Cloud OCR

AI OCR recognition accuracy

Retailing: "Sales Support Pack"

Business cards

CRM/SFA

Enhanced document handling

Digitalization OCR, etc.

Work practice improvement

Manufacturing

Construction

Healthcare

··· Progressive expansion into these areas, too

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- In our collaboration with PFU, we are expanding in both the edge device and IT service areas.

- For edge devices, PFU scanners' document handling capabilities and the high recognition accuracy of Ricoh's AI OCR will be implemented as a Scrum Package to accelerate business operation development, starting with handling scanner storage needs stemming from the Electronic Records Law.

Increasing value proposition by fusing multi-cloud construction/operation with managed service functions

Multi-Cloud Services

- Amazon Web Services (AWS)
- Google Cloud Platform (GCP)
- Microsoft Azure
- Nifcloud

aws PARTNER Solution Provider | aws PARTNER Select Tier Services | Google Cloud Partner | ニフクラ Solution

*PFU is a Certified AWS, GCP, and Nifcloud partner.

Infrastructure Supporting Managed Services

Managed IT Services

Application operation services   Multi-vendor support

IT infrastructure operation services   Cloud operation services

Security operation services   IoT operation services

Strengthening IT service offerings & expanding customer proposals

IT Service Human Resource: Increasing SEs (Japan)

- ✓ Building advanced infrastructure
- ✓ Developing individual systems
- ✓ Constructing cloud services
...

Toward about 1,800 workers

(PFU + Ricoh Japan)

1.4x ↗

Scrum Assets: bolstering deployment in mid-sized companies

All **83** models

Workstyle reforms | Security | Back Office | Sectors

➤ Models including managed services (existing)

12 models

Embedded PFU services
(ongoing review)

- ✓ Increased customer value
- ✓ Strengthened competitiveness
- ✓ Group profitability

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- Next, in the IT service area, Ricoh Japan will expand its IT service menu by leveraging PFU's multi-cloud service support capabilities and managed services infrastructure. Acquiring PFU as a subsidiary has also bolstered our systems engineer force in Japan, and we intend to use this to expand our of customer proposal volume.

- There are 12 models including managed services in our Scrum Assets, and we will continue to consider incorporating PFU services.
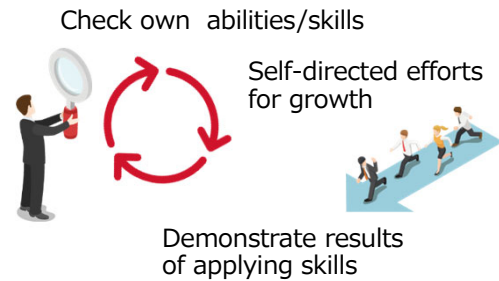
Digital professionals
Development Initiatives

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Professional Certification Program

1. **Defines professional levels for each job type & judges level based on combination of knowledge, skills, and results**
2. **Newly establishes Ricoh Japan Digital Academy, a self-directed learning platform**

Check own abilities/skills

Self-directed efforts for growth

Demonstrate results of applying skills

Started Apr. 2019

Advanced specialist allowances and qualifications leapfrogging, too

Utilization

Support/Rewards

Professional Personnel Structure

1. **Shifts to evaluation/reward system based on professional levels for both regular and senior employees**
2. **Introduces multitrack personnel system; newly establishes Expert Course in addition to traditional manager route**

System enabling employees to work at high professional level

Advanced Expert | Manager
Expert 3
Expert 2
Expert 1

Obtain DX Skills

General Employee

Starting Apr. 2023

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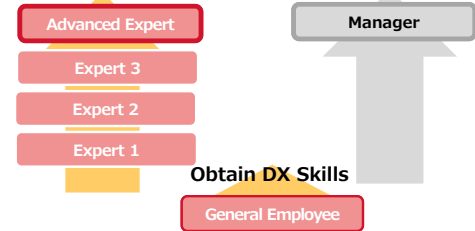
- I will discuss our initiatives in developing digital professionals next.

- Ricoh Japan is pushing forward with implementing a Professional Certification Program and transforming to a Professional Personnel Structure as part of our efforts to raise the professional level of all employees.

- The Professional Certification Program, which defines professional and skill levels for each job category and judges them based on knowledge, skills, and results, was started in April 2019.
  To advance this development, we established the Ricoh Japan Digital Academy, and are in the process of building a study platform for self-directed learning and promoting systematic training.

- In April 2023, we will launch a Professional Personnel Structure .
  This is a system of evaluation and treatment which are tailored to an employee's professional level.
  Along with our normal employees, we will also shift to a compensation system for senior employees based on their professional level and performance.

- In addition to the traditional manager route, we are introducing a new qualification system with the establishment of our Expert Course, which will create a multi-track personnel system.
  This will include allowances for advanced specialists, qualification leapfrogging, and more, allowing us to develop human resources through both our Professional Certification Program and our Personnel Structure.
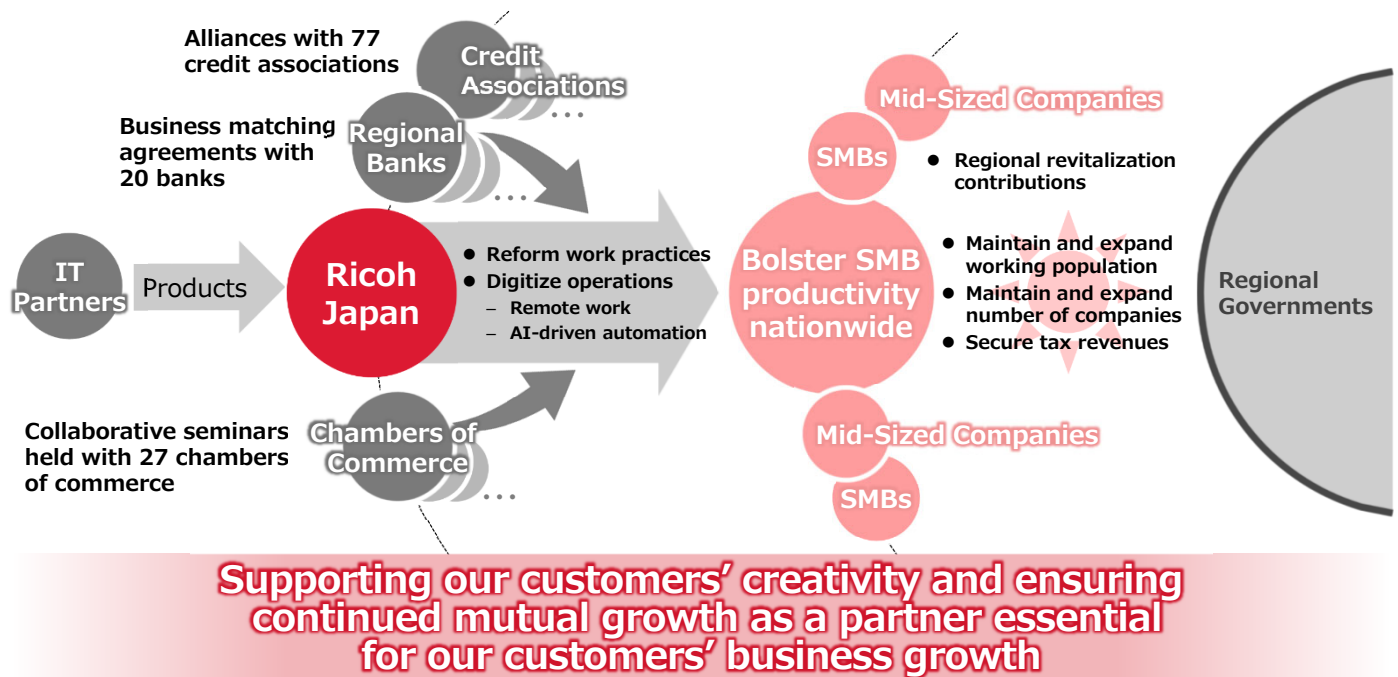
Ricoh Japan Digital Academy

Creating a Learning Platform for self-study

- Over **3,400** types of educational content
- Weekly company-wide Update Day to promote learning
- **All employees** have attended; total of **313,000 times** in in 1H FY2022

Business Knowledge	ICT Technology	Digital Transformation Strategy Sales
1,045 units	**1,459 units**	**263 units**

Design and Systems Concepts	Communication Team Building	Gaining Certifications
187 units	**396 units**	**83 units**
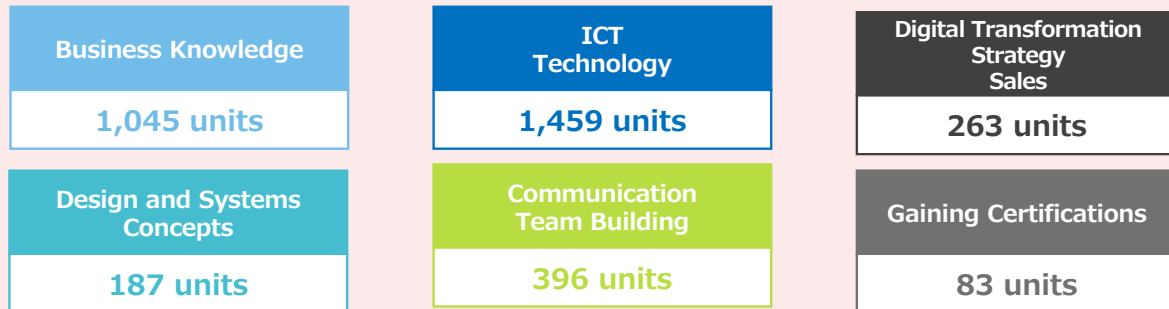
- The Ricoh Japan Digital Academy, which supports self-study, systemizes learning content according to job category.

  More than 3,400 content items are currently available, and for fiscal 2022, we have set weekly study days for employees to develop skills as they move toward becoming digital professionals.

Alliances with 77 credit associations

Credit Associations

Business matching agreements with 20 banks

Regional Banks

IT Partners — Products → **Ricoh Japan**

- Reform work practices
- Digitize operations
  - Remote work
  - AI-driven automation

Collaborative seminars held with 27 chambers of commerce

Chambers of Commerce

Mid-Sized Companies

SMBs

Bolster SMB productivity nationwide

- Regional revitalization contributions
- Maintain and expand working population
- Maintain and expand number of companies
- Secure tax revenues

Mid-Sized Companies

SMBs

Regional Governments

Supporting our customers' creativity and ensuring continued mutual growth as a partner essential for our customers' business growth

- We will also contribute to regional revitalization and local development through the digitalization of operations and productivity reforms for our small to medium-sized business customers.

- We will strengthen our alliances with regional banks, credit associations, and chambers of commerce and industry to support our customers' creative efforts, and work together with the aim of achieving sustainable growth as an essential business partner.

  That is all I have for you today. Thank you very much.

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Forward-Looking Statements