

**RDS Business  
Briefing**

**Office  
Services  
Business**

**RICOH**  
imagine. change.

**November 15, 2022**

**Akira Oyama**

**Director**

**Executive Corporate Officer**

**President of Ricoh Digital Services Business Unit**

**Ricoh Company, Ltd.**

RICOH Digital Services

# RDS BU Management Structure

Transforming into a Digital Services Company through collaboration between the four global regions and headquarters

**RDS**

No. employees: Approx. 51,000  
Coverage: Approx. 200 countries and regions



**Nicola Downing**  
(Europe/Middle East/Africa)

Today's Briefing



**Joji Tokunaga**  
(Asia Pacific/Latin America)



**Kazuhiro Kimura**  
(Japan)

Today's Briefing



**Carsten Bruhn**  
(North America)

## Group Headquarters

**Role: Robust management infrastructure supporting Digital Services**

- Business portfolio management
- Transforming human resources (job-based, digital professionals, etc.)
- Bringing IT infrastructure to the cloud
- Intensifying R&D

Collab.



**Ricoh Digital Services Headquarters**

**Akira Oyama**  
Ricoh Digital Services

Collab.

## Other Organizational Units

- RDP** Edge Devices
- RGC** Commercial and Industrial Printing
- RIS** Thermal Media and Industrial Products
- RFS** Smart Vision, Health Care, Ink Jet Batteries, Social Infrastructure, New Materials, AM, Energy Harvesting

# Progress Toward Goals: Operating Profit

Progress delayed due to semiconductor shortage

	FY2022 Target	FY2022 H1
<b>Office Services Business Operating Profit Growth</b> (from FY2020)	<b>+27.2</b> billion yen	<b>+11.8</b> billion yen

## Looking Back

Japan: Affected by shortage of IT products (esp. negative in Q1)  
On track for recovery in Q2 due to improvement in PC supply and strengthening of monthly back-office

Europe: Performance grew steadily for both acquisitions and sales companies

## Future Outlook

Japan: Need to strengthen solutions for revisions on Law on Preserving Electronic Records, Invoice System, etc. as market needs increase and in order to minimize impact of semiconductor shortages

Global: Create synergy with acquired companies and accelerate global deals

## Office Services Business Operating Profit Growth

Billions of Yen	FY2022 Target	FY2022 H1	Rate of Progress
Japan	+9.6	+1.0	11%
Europe	+9.9	+8.3	84%
Other	+7.6	+2.5	32%
<b>Total</b>	<b>+27.2</b>	<b>+11.8</b>	<b>43%</b>

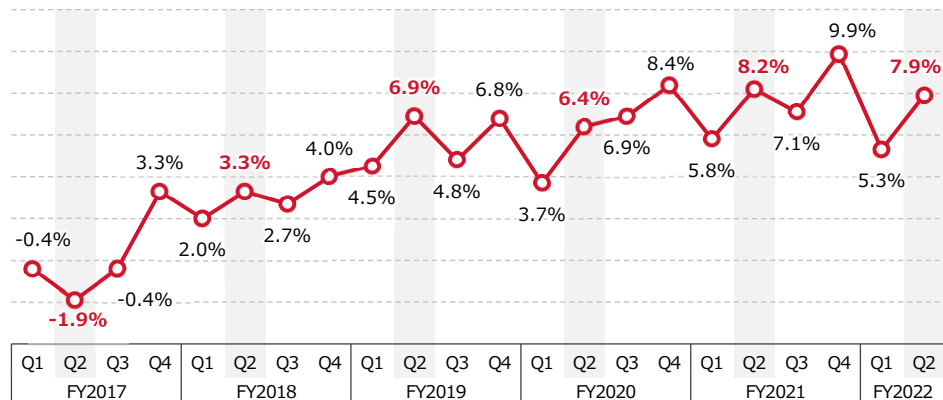
Q1 cumulative total -0.1 bn yen due semiconductor shortages  
+1.0 bn yen rebound in Q2

# Progress Toward Goals: Recurring Revenue Ratio

Steady growth in recurring revenue ratio target

	FY2022 Target	FY2022 H1
Office Services Recurring Revenue Ratio	<b>45%</b>	<b>44.1%</b>

## Office Services Business Operating Margin (Excluding Transient Factors)



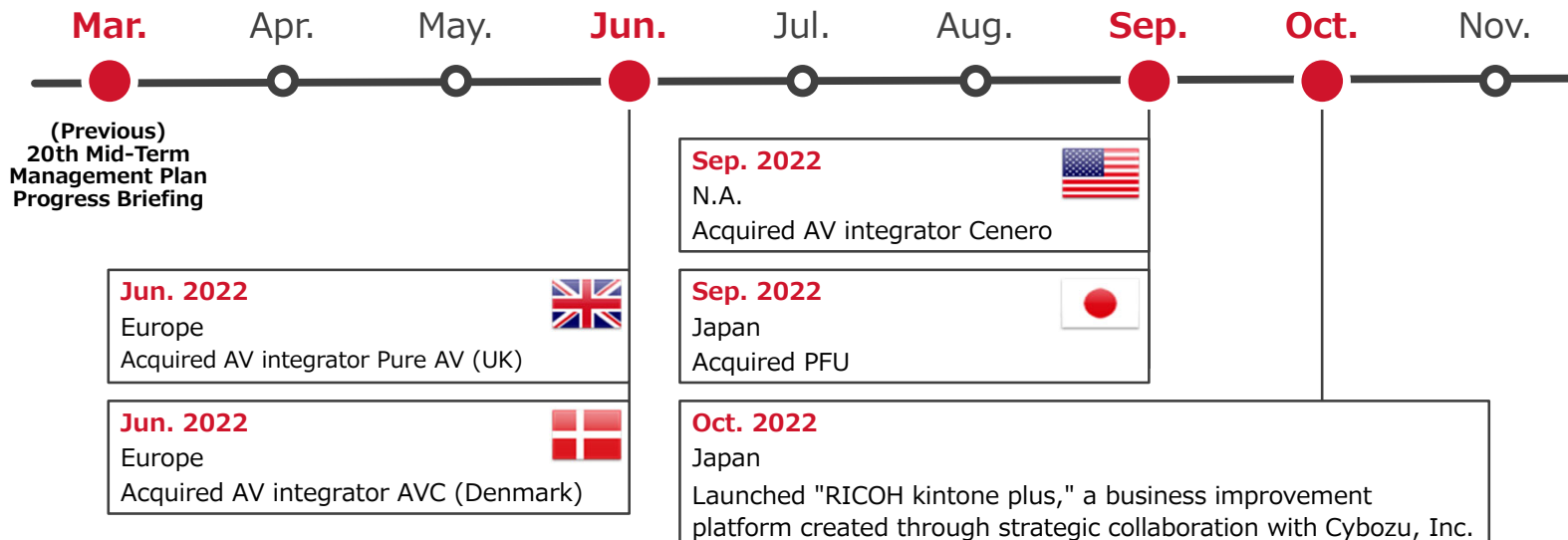
**Data from November 4, 2022 Q2 Results Briefing Material** (Repost): Double-digit growth aside from IT infrastructure due to semiconductor shortage

Sales (Billions of Yen)	FY2022 H1	YoY Change
<b>Office Services Business</b>	<b>304.9</b>	<b>+11.9%</b>
IT infrastructure (hardware and software)	106.4	+2.2%
IT services (including maintenance and outsourcing)	66.6	+14.5%
Applications (business-specific and in-house apps)	56.1	+10.4%
Business Process Services (including customer output center outsourcing)	58.7	+23.3%
Other	16.9	+46.3%

# Actions in Past Eight Months

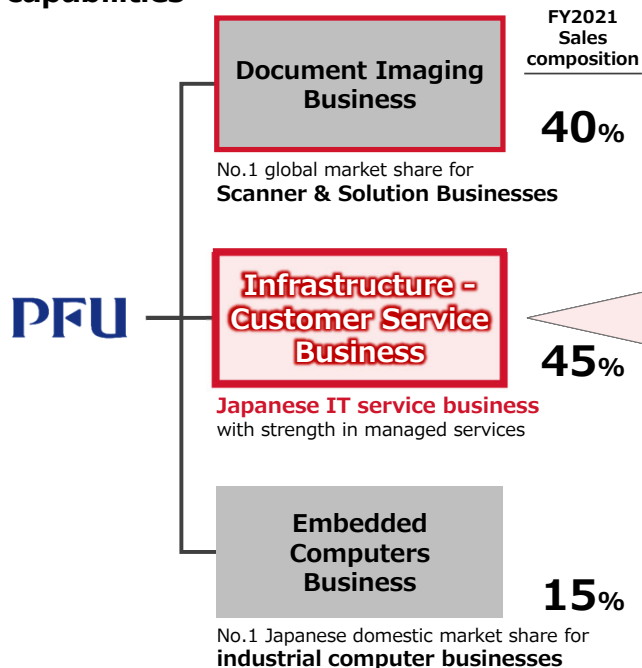
## Effective progress in preparations for the future

1. Expanding proprietary software portfolio to grow business in digital process areas (for SMBs)
2. Aggressive M&A investment to grow Office Services Business in Europe/North America/Japan



# Inorganic Growth in Office Services Business (PFU)

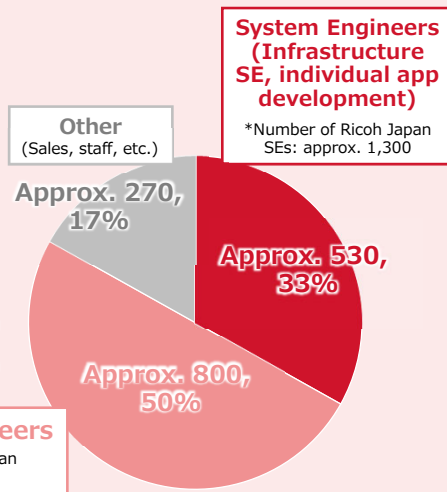
Increasing digital transformation/technical staff in Japan and strengthening service integrator capabilities



## Outline of PFU Business

- 1. Maintenance**  
Multi-vendor maintenance business
- 2. Managed Services**  
IT infrastructure construction to operation, NOC/SOC
- 3. Individual System Development and Kitting Services**

Maintenance service center locations: **approx. 100**  
Employees: **approx. 1,600**



## Digitalization of Managed Services brings “offense-based” shift in North American strategy for Office Services business

### North American Office Services Business

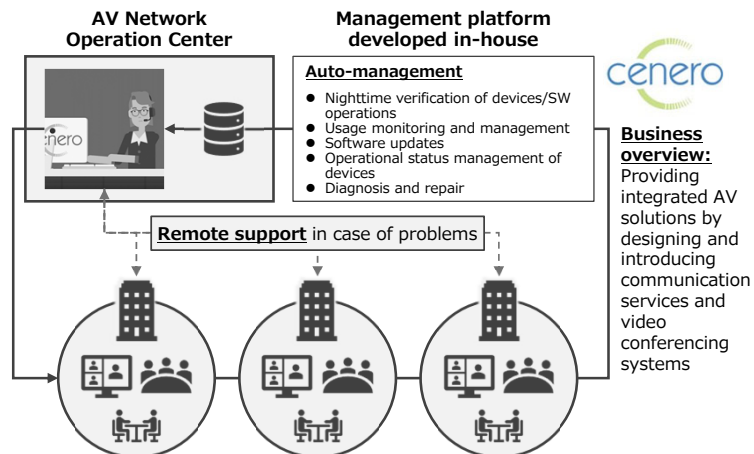
- Mainly direct sales BPS business\*1
  - ➔ BPS/MFP customer base accounts for approx. 70% of the total, **mainly mega (FG 500) and major corporate customers**
- Conventional BPS business, mainly services sending workers from Ricoh to company sites, such as centralized copy centers and mailroom operations
  - ➔ **Digitalization to add value and further improve convenience** (AI utilization, workflow automation, implementation in the cloud)
- Making finance, healthcare, and retail priority industries

Aiming to expand business by increasing personnel familiar with industry workflows and **expanding digital services around existing BPS business** while leveraging strength of a solid customer base

\*1 : BPS: Business Process Service

### Inorganic Growth (Cenero Acquisition)

- Strengthen business in **communication services - high demand among mega and major corporate customers**
- **Accelerate digitalization in U.S. and globally** by leveraging capabilities & technology of acquired AV integrators



# Four Global Regions & Ricoh Digital Services HQ **RICOH** imagine. change.

**FY2025** Maintain mid- to long-term target of a **digital service sales ratio of 60%+**  
Continue helping grow client businesses by providing digital services that solve problems for working people and build connections between offices and frontline sites

For H2 and Beyond

Today's  
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**Japan:** Mid-sized companies and SMBs

- Normalization of activities from recovering IT commercial product supply
- Back-office deployment (RICOH kintone plus)
- Expanding IT services by collaboration with PFU

**North America:** Large and mid-sized companies

- Digitalization of BPS business managed services
- Expanding AV business through Cenero

Today's  
Briefing

**Europe:** Mid-sized and large companies

- Create synergy between acquisitions and existing sales companies
- OS business expansion through additional acquisition considerations
- Package deployment (LCAW\*)

\* LCAW: Leading Change at Work

**APAC/LA:** Small- and mid-sized customers

- Improve service delivery power by leveraging the strengths of each country

**Ricoh Digital Services  
Headquarters**

- Support Ricoh's proprietary software deployment (DocuWare, Axon Ivy, Ricoh kintone plus)
- Strengthen common service provision platform (RicoH Smart Integration and services delivery network)
- Cultivate global partner alliances
- Measures for 21st Mid-Term Management Plan





# Japan and Europe Sections



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- a. General economic conditions and business trends
- b. Exchange rates and fluctuations
- c. Rapid technological innovations
- d. Uncertainty as to Ricoh's ability to continue to design, develop, produce and market products and services that achieve market acceptance in intensely competitive markets. (See: "Business and Other Risks," <http://jp.ricoh.com/IR/risk.html>)

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**Note: These materials define fiscal years as:**

FY 2022 (or fiscal 2022) = Fiscal year ended March 31, 2023, etc.