

IR Day

**Office
Services
Business**

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RICOH Digital Services

- 1. Digital Services Business Unit and Office Services Business**
- 2. 20th Mid-Term Management Plan Progress**

- I will begin my presentation today by explaining the relationship between the Digital Services Business Unit and the Office Services business. I will then overview progress in the Office Services business under the 20th Mid-Term Management Plan.

**1. Digital Services Business Unit and Office
Services Business**

2. 20th Mid-Term Management Plan Progress

Reorganizing into Digital Services Company

- Adopted business unit structure in April 2021 to become a digital services company
- Ricoh Digital Services oversees Office Services and Office Printing sales and service

Organizational Units	Value Proposition	Former Segments and Functions	Digital Service Ratio
Ricoh Digital Services 	Resolve challenges for people at offices and working remotely	Office Services 	Large
	Resolve challenges for people on frontlines	Sales Services	Small
Ricoh Digital Products 	Edge devices connecting people	Office Printing	
	Manufacture products supporting digital services	Development Production OEM	Small
Ricoh Graphic Communications 	Resolve challenges for people on frontline printing sites	Commercial Printing	Large
		Industrial Printing	Medium
Ricoh Industrial Solutions 	Resolve challenges for people on frontline manufacturing, logistics, and industrial sites	Thermal Media	Small
		Industrial Products	Medium
Ricoh Futures 	Create new businesses to resolve social issues	Smart Vision, Healthcare, batteries based on inkjet technology, new materials, social infrastructure, additive manufacturing, and energy harvesting	Large

- Ricoh declared in March 2021 that it would become a digital services company. It accordingly adopted a business unit structure in April 2021. The Ricoh Digital Services business unit that I oversee encompasses the former Office Services business and sales and services operations from the former Office Printing business.
- The column on the far right column shows the digital services ratio. Each business unit offers its own digital services. I will focus today on the Office Services business, which has a significant weighting. Before doing so, I will explain the strategic significance of the Ricoh Digital Services business unit in the next slide.

Draw on trust and talent accumulated over many years in Office Printing business to integrate edge devices with Office Service business to deliver even more customer value

? Why we oversee both Office Printing and Office Services businesses: Sources of competitiveness

Customer Base

1.4 million Office Printing customers in **50** countries



Serving businesses efficiently and effectively with **services and add-ons**

Customer Reach

15,000 salespeople and **16,000** customer engineers (including for IT maintenance)



Collaborating with customers to **develop and package new services** that meet the evolving needs for customers and their fields

Edge Devices

4 million cloud-connected MFPs



Converting analog information into digital data to **improve traditionally paper-based tasks**

Keep contributing to customer business success



Increase customer recurring revenue ratio

- Office Printing and Office Services basically serve the same customers. The strategic rationale for the Ricoh Digital Services business unit was to integrate these two businesses for that same customer base.
- One of Ricoh's key strengths is a customer base of than 1.4 million companies in 50 countries that is the fruit of cultivating its Office Printing business over many years. Another prime strength is that our salespeople and engineers have earned solid customer trust and are conversant with on-site business issues and document workflows.
- We are accordingly able to swiftly identify the changing needs of customers and deliver the services they want. In Japan, for example, we create Scrum packages and other solutions with customers and deploy them on a one-to-many basis.
- Customer workplaces have a lot of analog information. We benefit customers by providing workflows that create new value. That process starts with edge devices that digitize analog information.
- The Ricoh Digital Services business unit will keep leveraging proprietary and partner applications and combine edge devices, integrating services to help customers resolve their business issues and succeed.

1. Digital Services Business Unit and Office Services Business

2. 20th Mid-Term Management Plan Progress

- I will now overview progress in the Office Services business under the 20th Mid-term Management Plan.

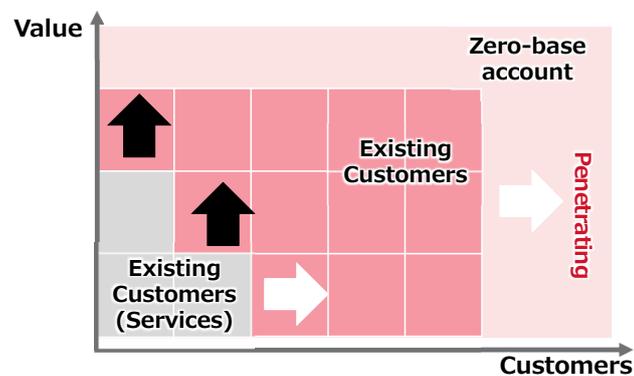
	H1 2021	FY2022 Target
Office Services Business Operating Profit Growth (from FY2020)	+7.4 billion yen	+27 billion yen

Value Provision Expansion

	H1 FY2021	2022 Target
Operating Profit	+2.5 billion yen	+11 billion yen

Investing extensively in Japan and Europe to bolster integration capabilities and reinforce software lineup to drive recurring earnings

- Package cross-selling and integration services
- Proprietary software development



Customer Base Expansion

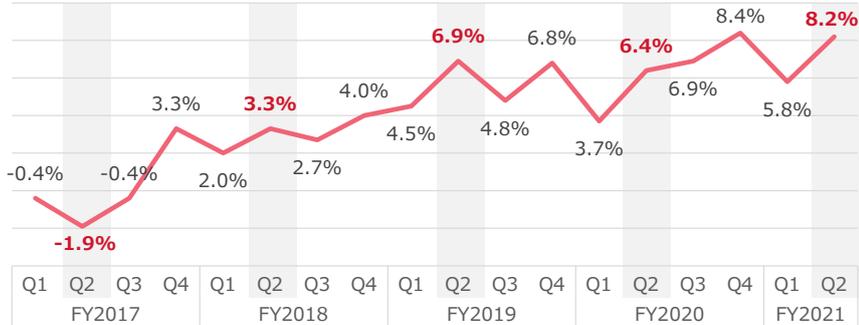
	H1 FY2021	2022 Target
Operating Profit	+4.9 billion yen	+16 billion yen

- Developing regionally tailored package services
- Expanding business for large-scale, pan-European companies by leveraging capabilities from acquisitions
- Deploying above business model to Asia and Latin America

- For fiscal 2022, the Office Services business targets an operating profit that is 27 billion yen higher than in fiscal 2020. In the first half of fiscal 2021, operating profit was 7.4 billion yen higher than in fiscal 2020. I will explain operating profit growth in terms of expansion in the value we provide and our customer base, which we overviewed in the 20th Mid-term Management Plan.
- On the value front, we aim to boost operating profit by 11 billion yen in fiscal 2022 from the fiscal 2020 level. We have invested extensively in Japan and Europe to bolster our integration capabilities and reinforce our software lineup to drive recurring earnings. In the first half of fiscal 2021, operating profit was up 2.5 billion yen from fiscal 2020.
- We aim to boost operating profit in fiscal 2022 16 billion yen from the fiscal 2020 level by expanding our customer base. We are deploying Scrum packages in Japan and Work Together, Anywhere in Europe, and are expanding business with pan-European companies by leveraging capabilities from acquisitions. Operating profit in the first half of fiscal 2021 was accordingly 4.9 billion yen higher than in fiscal 2020.

	H1 2021	FY2022 Target
Office Services Business Operating Profit Growth (from FY2020)	+7.4 billion yen	+27 billion yen
Office Services recurring revenue ratio	39.5%	45%

Office Services Business Operating Margin (Excluding Transient Factors)



Data from November 4, 2021
Q2 Results Briefing Material (Repost)

Sales (billions of yen)	H1 FY2021	YoY Change
Office Services Business	272.4	+13.6%
IT Infrastructure (hardware and software)	104.2	+6.7%
IT Services (including maintenance and outsourcing)	58.1	+17.8%
Applications (business-specific and in-house apps)	50.8	+22.4%
Business Process Services (including customer output center outsourcing)	47.6	+6.0%

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6/10

- I will now explain our recurring revenue ratio. This has expanded steadily, reaching 39.5% in the first half of fiscal 2021. We target 45% for fiscal 2022.
- We presented the graph on the left of the slide in our results briefing for the first half of fiscal 2021 on November 4.
Our Office Services business operating margin has increased steadily with our recurring revenue ratio.
The far right of that graph shows that the operating margin in the second quarter of this fiscal year was 8.2%, which was a record high for that period. That reflects significant growth in contributions from such annuity businesses as IT services and applications, leading to recurring revenue ratio growth.
- We will continue striving to reach our fiscal 2022 target.

Bolstered individual strengths, including through acquisitions, under Phase 1 of Mid-Term Growth Scenario, and now prioritizing efforts under Phases 2 and 3

	Phase 1	Phase 2	Phase 3
Concepts	<p>Bolster Individual Strengths (reinforce sales and services structures in each operating region)</p> <ul style="list-style-type: none"> Launch service models in line with capabilities in each country Roll out businesses to MFP customers Strengthen expansion into mid-tier market Secure new capabilities through acquisitions and other means 	<p>Develop Individual Strengths Within Operating Regions</p> <ul style="list-style-type: none"> Locally expand strengths of each sales company and gradually expand regionally Build IT center capabilities to support processes Reinforce partner alliances at local level <p>Build New Services Model</p> <ul style="list-style-type: none"> Focus on core customer SMBs and build digital business models to be new sources of earnings 	<p>Globally Develop Strengths Across Operating Regions</p> <ul style="list-style-type: none"> Accumulate assets Strengthen ability to handle global projects across operating regions Reinforce partner alliances at global level
Future Efforts	<ul style="list-style-type: none"> Continue to reinforce European coverage through local acquisitions Expand business, including through acquisitions, in areas of Asia and Latin America where Office Service penetration has been slow Explore Japanese and U.S. acquisitions 	<ul style="list-style-type: none"> Strengthen regional partnerships with large IT enterprises Develop workplace management solutions 	<ul style="list-style-type: none"> Deploy DocuWare in untapped areas of Asia and Latin America Accelerating the Center of Excellence beyond the regions, such as services for realizing new work styles Common service provision platform (RSI * 1) Strengthen global partner alliances with Microsoft, Cisco Systems, and other companies

Today's Briefing

*1: Ricoh Smart Integration
 Note: Windows and Microsoft are registered trademarks or trademarks of Microsoft Corporation in the United States and/or other countries. Cisco Systems is a registered trademark or trademark of Cisco Systems, Inc., in the United States and/or other countries.

- This slide updates the mid-term growth scenario that we presented at the November 2020 IR Day.
- Under Phase 2, we developed individual strengths within operating regions. We are accelerating progress to Phase 3, under which we are globally developing our strengths across operating regions. While continuing to bolster the individual strengths of Phase 1, we look to generate Group synergies and simultaneously grow and improve profitability.
- Today, I will overview our global deployment of DocuWare and other solutions that contribute to new work approaches.
 In his presentation coming up next, Kazuhiro Kimura, who oversees Ricoh Japan's ICT Business Division, will touch on Ricoh Smart Integration, which is our global services provision platform. At Ricoh Japan, we call it the EDW (for Empowering Digital Workplaces) platform.

Since Ricoh acquired it in 2019, DocuWare has finished building sales and support structures in all regions, launching in 45 countries to accelerate synergies

H1 FY2021 New Order Growth YoY



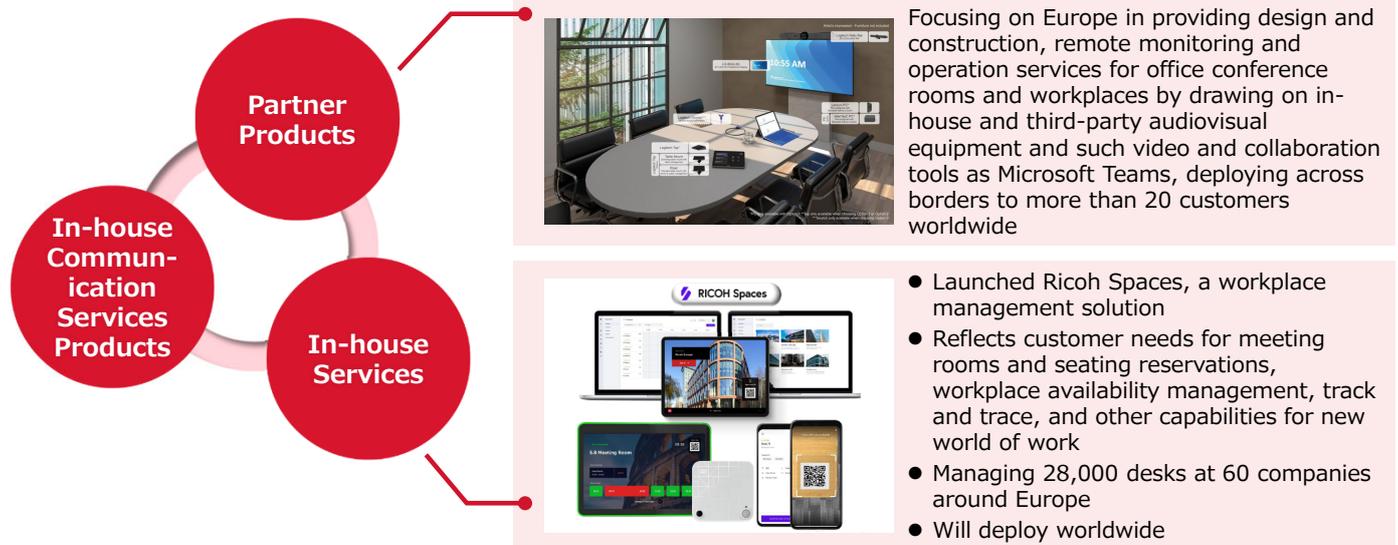
- Developing proprietary templates for priority sectors and tasks (including for contract management and order processing)
- In Japanese market, creating more projects in preparation for the revision of Japan's law on preserving electronic records as of January 1, 2022, to mandate electronic storage for all taxation-related documentation
- In October, enhanced features to link with applications of other companies

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8/10

- In explaining efforts to global deploy our strengths across operating regions, I will start by overviewing DocuWare.
- DocuWare, which we purchased in 2019, is a German firm that provides cloud services for content management.
When we acquired DocuWare, it focused on Europe and the United States. It now has sales and support structures in 45 of the 50 countries in which Ricoh has sales companies. More than 800 Ricoh employees engage in the DocuWare business. As we noted on IR Day in November 2020, DocuWare has done very well by catering to the emerging needs of customers seeking to build business workflows on the cloud so they people can work remotely amid the COVID-19 pandemic.
- It is also important to note that DocuWare should benefit considerably from the January 2022 revision of Japan's law on preserving electronic records. In October 2021, DocuWare released version 7.5 with upgraded functions to link with the enterprise resource planning, electronic signature systems, and other applications of other companies. We will continue to enhance the functionality of DocuWare.

Deliver new value by realizing new work practices, deploying workplace communication and collaboration globally as Group strategy, combining in-house and third-party communication products with in-house services

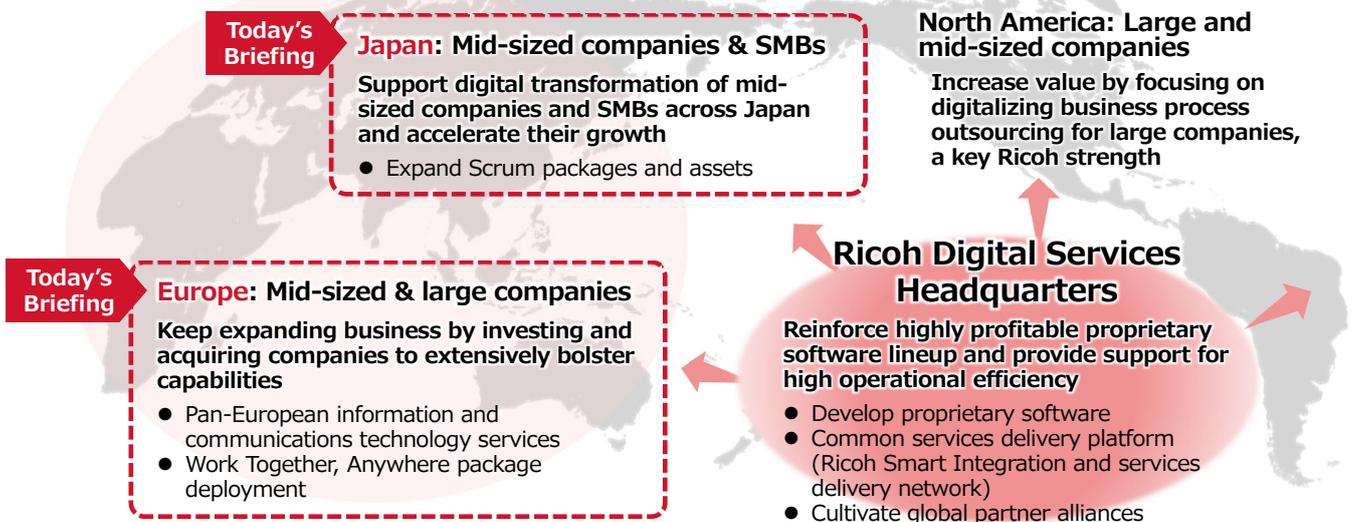


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9/10

- Another global deployment example is how we deliver new value to customers by realizing new work practices.
- While catering to the changing needs of customers, we provide design and construction services for conference rooms and other workplace areas around the world by combining in-house services and partner offerings. We are building our track record in serving large global accounts. Organizations increasingly look to have a single provider cater to uniform office specifications in each region. Ricoh is addressing that need. We currently serve more than 20 major multinational customers.
- I would also like to highlight Ricoh Spaces, a workplace management solution that we developed in Europe.
 Ricoh Spaces is a software as a service setup that enables people to return safely to office environments in this new world of work by enabling them to reserving seating, book meeting rooms, submit usage reports, and even identify others with they have been near for track and trace purposes. Ricoh Spaces has been very well received, with about 60 companies in Europe deploying it in the first 18 months or so after launch. The Ricoh Group itself employs Ricoh Spaces for 5,300 users, 300 meeting rooms, 5,000 desks, and 63 offices worldwide.
 We look to offer Ricoh Spaces in each of our operating regions as a unified Group service.

- Drive growth by investing extensively in Japanese and European markets and cultivating services among customers
- Increase stock revenues and enhance profitability by boosting common global infrastructure



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10/10

- I shared some examples today of our overall medium-term growth scenario, highlighting our global initiatives.

Up next is Mr. Kimura, whom I mentioned earlier. He will discuss our Digital Services Business in Japan. After him, Ricoh Europe CEO David Mills, will discuss our Office Services business in Europe.

Thank you very much for your time.



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

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Note: These materials define fiscal years as:
FY2021 (or fiscal 2021) = Fiscal year ended March 31, 2022, etc.

Business category and other changes

From fiscal 2021, Ricoh reclassified the Office Services segment as the Office Printing and Other segments. It also allocated some headquarter expenses to relevant business units. Prior year comparative figures have been retrospectively adjusted to reflect these changes.

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