

RICOH Digital Services' Vision and Initiatives

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Takahiro Irisa

President of Ricoh Digital Services Business Unit

December 7, 2023

RICOH Digital Services

- **Recapping Progress with Enterprise Value Improvement Project** *Reproduced
- **Accelerating Digital Services to Reinforce Customer Value Proposition**
- **Progress with Transformation into a Digital Services Company**
 - **Global** (Takahiro Irisa)
 - **Japan** (Toru Kasai)
 - **EMEA** (Nicola Downing)
 - **North America** (Carsten Bruhn)

- Today, I will overview the RICOH Digital Services Business Unit. I will focus on our vision and initiatives and highlight activities for customers and success stories.
- My presentation will focus on the three areas shown in this slide.
- During our recent results announcement for the second quarter, President Akira Oyama reported on progress with our Enterprise Value Improvement Project. He mentioned digital services during that report, and I will recap on that information today.
- I will then explain how we will accelerate digital services. I and our Japan, EMEA, and North America heads will then highlight perspectives on progress with efforts to transform Ricoh into a digital services company.

Recapping Progress with Enterprise Value Improvement Project

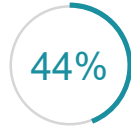


- Focus all business resources on transforming into a digital services company

Transition from an office automation manufacturer into a digital services company

Digital services sales ratio

FY2022 result



FY2025 target



Key initiatives

Profit growth in Office Services

Deploy Office Services to global customer base to generate recurring revenues while investing to improve profitability, such as by reinforcing products through acquisitions

Continuous structural transformation in Office Printing

Sustainably generate cash in maturing market to fund investments, becoming more cost competitive by enhancing sales model, pricing, and production efficiency and partnering with other companies

- This slide is from Mr. Oyama's progress report, when we announced our second-quarter results.
- We aim to transition from an office automation manufacturer into a digital services company. We will focus all of our business resources on that endeavor.
- We accordingly target a digital services sales ratio of more than 60% by fiscal 2025. We are prioritizing that ratio since it directly reflects how customers rate us.
- It is all about growing revenue in Office Services business. We will create and deliver valuable services to customers and build recurring revenues. And, we will generate stable earnings in that area by reinforcing our organization and operational processes to contribute sustainably to results. the Office Printing business, which has underpinned our operations to date and remains valuable. We will specifically undertake two key initiatives to transform Ricoh.

Ricoh's vision as Digital Services Company and its strength

Reproduced from Progress Report on Enterprise Value Improvement Project presented on November 8, 2023

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- Becoming a global workplace services provider

Vision

Serve as **workplace services provider** with global delivery capability in the changing workplace environment with increasing remote work and new role of office

Focuses

IT Services

Provide service to implement and manage information and communications infrastructure in workplaces

Business Process Automation (BPA)

Improve customers' productivity by digitalizing and automating their business processes

Communication Services (CS)

Drive customers creativity by delivering collaborative meeting rooms and hybrid work environments

Strengths

Customer base

Global customer base of 1.4 million companies, cultivated through Office Printing business

Customer touchpoints

Regional sales and support networks with depth understanding of workplaces and customer trust

Intellectual Property

Ricoh's high-value-added products and services which can be offered as a total solution

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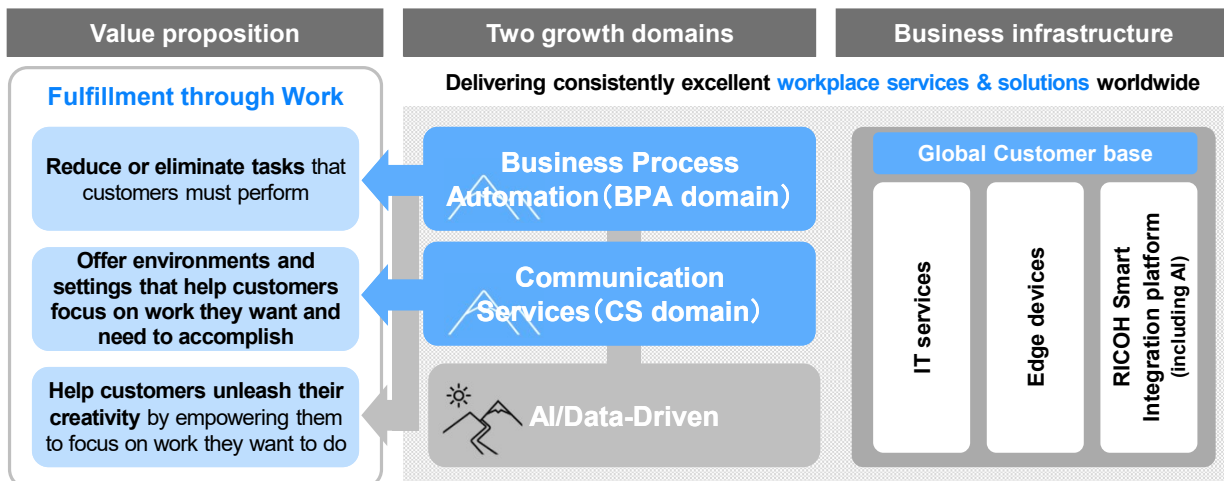
- As Mr. Oyama said in describing workplaces when we announced our second-quarter results, the definition of what constitutes an office has changed since the COVID-19 pandemic broke out.
- We aim to become a global workplace services provider. We will accordingly generate value by focusing on three Office Services areas that we have cultivated over the years. These are IT services, business process automation, and communication services.
- We will produce that value by offering digital services that combine our global customer base of 1.4 million companies, customer touchpoints from our sales, marketing, and support personnel, and our development capabilities and intellectual property for creating a range of value.

Accelerating Digital Services to Reinforce Customer Value Proposition



The Path to Accelerating Digital Services

- Accelerate growth by concentrating management resources on Business Process Automation and Communication Services, delivering Fulfillment through Work and supporting those services by creating IT Services and RICOH Smart Integration platform (including AI) offerings



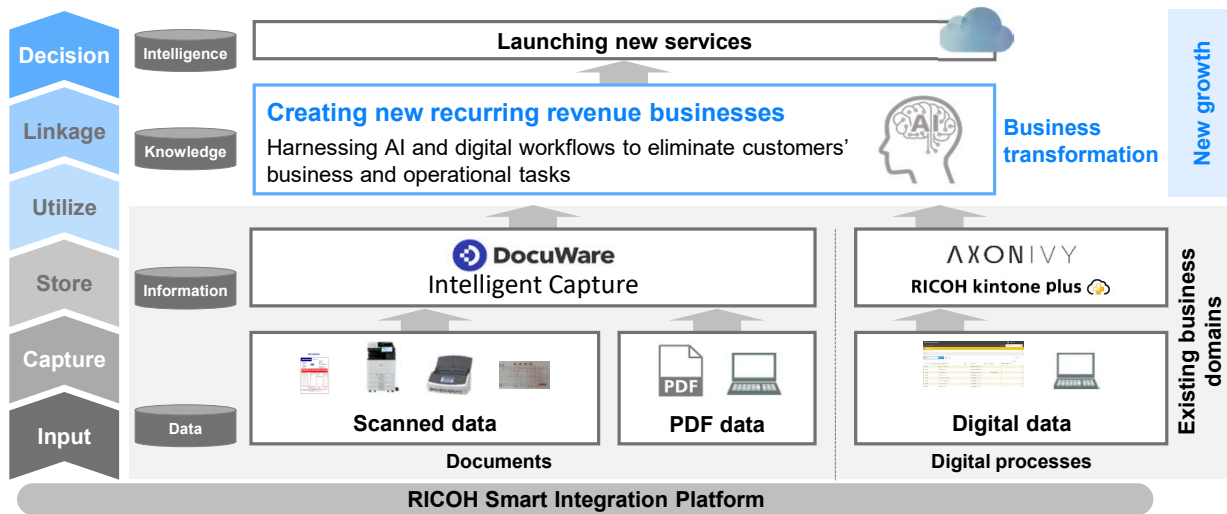
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- My presentation today focuses on our path to accelerating digital services, including some conceptual perspectives.
- The left of the slide shows our value proposition. We have committed to delivering Fulfillment through Work.
- We will get there by eliminating jobs that offer relatively little value.
- We will draw on AI and other available technologies to offer environments in which people can focus on the work they need to accomplish. We want to help them to use their time to undertake more creative and innovative endeavors.
- Underpinning our efforts will be our global customer base, as you see in the right of the slide. We have developed and reinforced RICOH Smart Integration as our platform for providing services globally to this customer base.
- We offer unique edge devices that capture all sorts of information and IT services that we deploy securely over the cloud and other networks. We consider these Ricoh's key business foundations.
- On top of that, we will reinforce and deploy business process automation as a service to reduce or eliminate tasks.
- The overall idea is to provide spaces for creative work that generates new value through communication services.

Accelerating Business Process Automation Domain Cultivation

- Digital workflows linking all assets help enhance productivity by eliminating operational tasks
- Our ability to support customer digital transformation initiatives from document workflow and digital process perspectives is a key strength

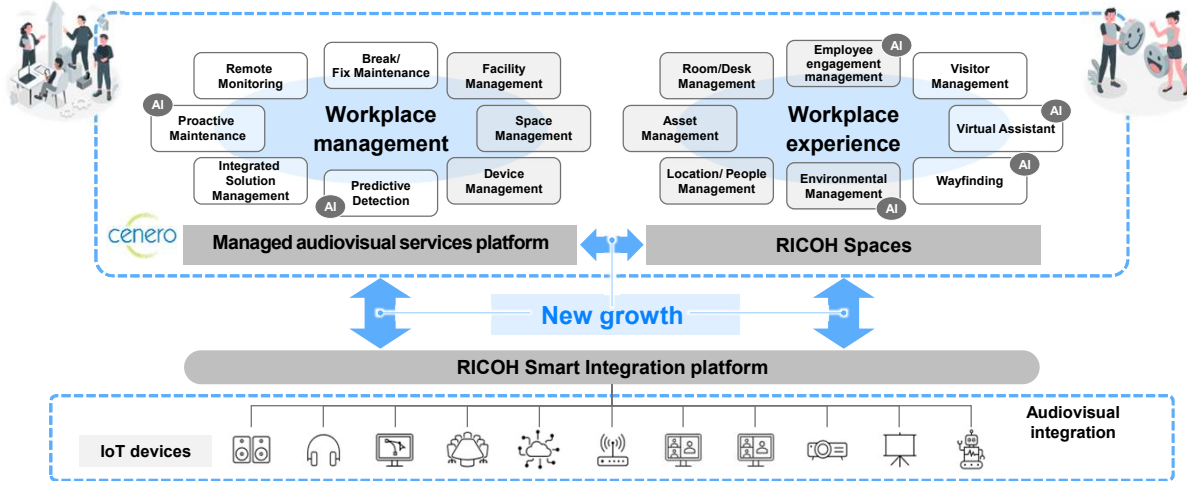


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- This slide shows how we will accelerate efforts to cultivate the business process automation domain.
- The lower left of the slide shows documents. Many types of paper-based media still exist, including handwritten documents. We will digitalize them with our MFPs and scanners from PFU, which is now part of the Ricoh Group.
- And as we have had digitalization technology from the outset, we are deploying DocuWare software globally to use various input media to store and employ information.
- We are also digitalizing processes with an array of useful software.
- We offer RICOH kintone plus and Axon Ivy software, with which we are digitalizing existing business areas.
- We believe that seamlessly connecting various media, devices, and software can reduce tasks for our customers. We are striving to ensure such connections.
- We can thus accumulate data. By analyzing it, we can provide new value to customers.
- We believe that this approach will pave the way to businesses in new growth areas for Ricoh.
- We will generate new value that customers do not know exists.

Accelerating Communication Services Domain Cultivation

- Help customers become more creative by providing globally standardized hybrid workspace services
- Expand audiovisual integration capabilities to establish leading position in global communication services market, which offers clear path to competitive success



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- We also aim to accelerate efforts to cultivate the communication services domain.
- We believe that communication services derive from working out how to create workplace experiences as communication spaces and, as you see the left of the slide, how to provide usage environments that are consistently stable and accessible.
- RICOH Spaces on the right of the slide is proprietary software from Ricoh Europe that we are deploying worldwide. For secure meeting spaces and communication, Ricoh USA acquired Cenero's managed audiovisual services platform, which has proven very popular.
- Customers would find integrating workplace management and experience services more convenient. So, we aim to create a world in which customers can communicate and create in the same environment wherever they are by integrating these services and putting them on the RICOH Smart Integration platform.
- Around a week ago, American publication Systems Contractor News ranked Ricoh third worldwide on its SCN Top Systems Integrators list for commercial audiovisual systems integrations.
- We are confident that our global assets and deployment capabilities equip us to deliver value worldwide, and will endeavor to become the top player in the communication services market.

Progress with Transformation into a Digital Services Company

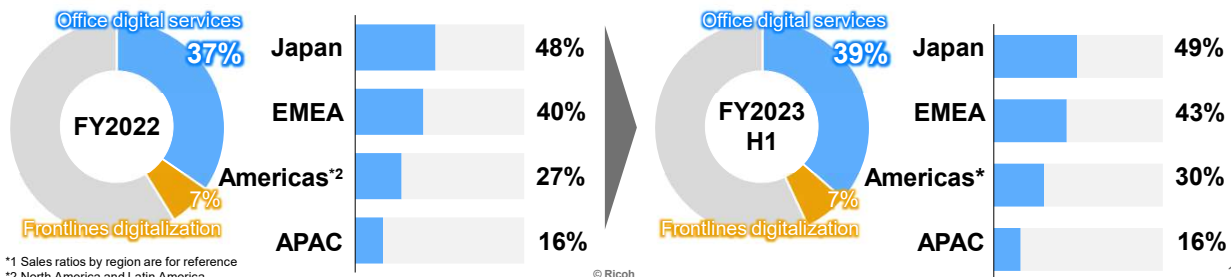


Office Digital Services Sales Ratio

- Despite varying regional progress, on track globally to generate 50% of sales from office digital services by FY2025
- Japan and Europe driving global growth. Sales ratio have risen 3 points in Europe and Americas and 1 point in Japan from a year ago.

Digital services sales ratio	FY2022	FY2023 H1	FY2023 target	FY2025 target	
	44%	46%	49%	60%+	<ul style="list-style-type: none"> • Attain primarily through Office Services growth • Also benefit from overall growth
<small>Frontlines digitalization</small> <small>Office digital services</small>	7% 37%	7% 39%	8% 40%	13% 50%	

Office digital services sales ratios by region¹

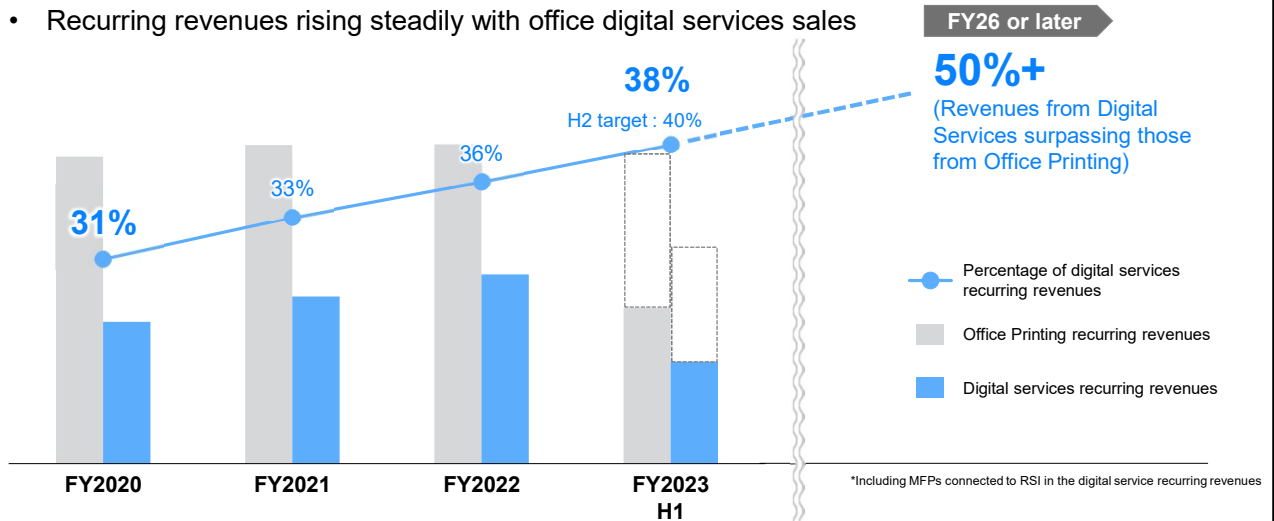


- We look to generate 60% of sales from digital services by fiscal 2025. We believe that that 50% of sales will come from office digital services. Note that I said office instead of workplace.
- In the first half of fiscal 2023, digital services accounted for 46% of sales. Office digital services represented 39% of sales.
- We have not disclosed regional figures to date, but as we are presenting regional updates today we are also showing regional percentages purely for reference. That is because we are assessing classification tracing, one example being for the Americas, which currently represents the total for results in North America and Latin America.
- Japan and Europe are driving global growth in digital services sales. Sales ratio have risen 3 percentage points from a year ago in Europe and Americas. These three developed markets are leading transformation into a digital services company.
- The Asia-Pacific market is still office printing-centric. We are working on a framework for digital transformation and talent development, primarily in Europe.
- We will build on that framework to cultivate potential in the Asia-Pacific region, including by acquiring and training talent.
- We will keep up the effort to swiftly lift the office digital services sales ratio in the Asia-Pacific from 16% today to 20%, 25%, or even 30%.



Business Unit's Digital Services Recurring Revenues

- Recurring revenues accounted for 38% of RICOH Digital Services sales in FY2023 H1, up 7 percentage points from two and a half years earlier
- Recurring revenues rising steadily with office digital services sales



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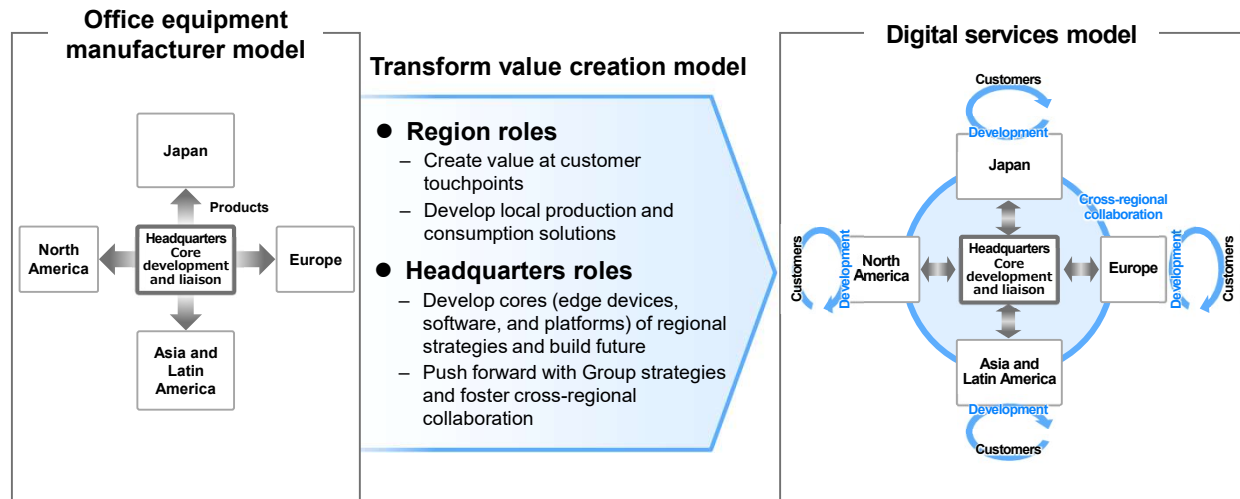
- Another important performance indicator for us is our ability to increase recurring revenues to stabilize operations.
- In the graph, the gray bars show recurring revenues in the Office Printing business. The blue bars represent recurring revenues from Digital Services.
- As of the first half of fiscal 2023, Digital Services-related recurring revenues accounted for 38% of sales. The target for the second half is 40%. This would represent a 7 percentage point gain from fiscal 2020, which I believe represents steady progress.
- That said, we will not only strive to balance Office Printing and Digital Services recurring revenues but will also seek to have Digital Services recurring revenues surpass those from Office Printing. From fiscal 2026, we look for more than 50% of recurring revenues to come from Digital Services.
- We understand that we need to reach that target faster than scheduled, and aim to accelerate digital transformation efforts so we can achieve as much of that target as possible by fiscal 2025.

Overall: Enhance Customer Touchpoint Value

Reproduced from 21st Mid-Term Management Strategy briefing in March 2023

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- Transition into a digital services company with regional strategy to create value with regional customers



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- I will briefly discuss our approach to value creation by drawing on the materials we presented in the 21st Mid-Term Management Strategy briefing in March this year.
- As you can see on the left of this slide, our business model when we were solely an office automation manufacturer was to have headquarters create value, deliver that value worldwide, and have regional units provide that value to local customers.
- With the digital services model on the right, we create value at customer touchpoints. The role of regional units is thus to develop local production and consumption solutions. I will present examples of such activities later in my presentation.
- At the same time, we recognize that there are limits to the added value that regional units can generate by themselves. The role of headquarters will change to developing platforms and software that we can deliver worldwide and fostering cross-regional collaboration to accelerate co-creation.

- Centered around four-region strategy to enhance ability to create value at customer touchpoints and foster collaboration between regions

Transform value creation model

● Region roles

- Create value at customer touchpoints
- Develop local production and consumption solutions

● Headquarters roles

- Develop cores (edge devices, software, and platforms) of regional strategies and build future
- Push forward with Group strategies and foster cross-regional collaboration

Key Initiatives

Regions:

Steadily amassing recurring revenues by reinforcing regional strategies

- **Japan:** Expanding Scrum series and RICOH kintone plus
- **Europe:** Developing and expanding recurring revenue services and maximize synergies with acquired companies
- **North America:** Expanding services to major Business Process Services customers and strengthening Communication Services
- **APAC and Latin America:** Stepping up shift to Office Services, capturing new areas by leveraging machine-in-field positions

Headquarters:

Advancing Group strategy and foster interregional collaboration

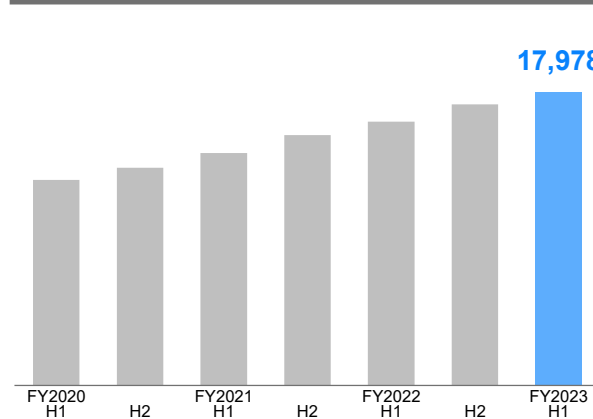
- Globally deploying proprietary software
- Strengthening global cross-border project capabilities
- Expanding services capabilities through acquisitions and capital alliances
- Boosting reputation as digital services company

- It is based on that strategy that we are engaging in various activities.
- We will later detail key initiatives in Japan, Europe, and North America.
- I will continue to discuss headquarters and Group efforts.

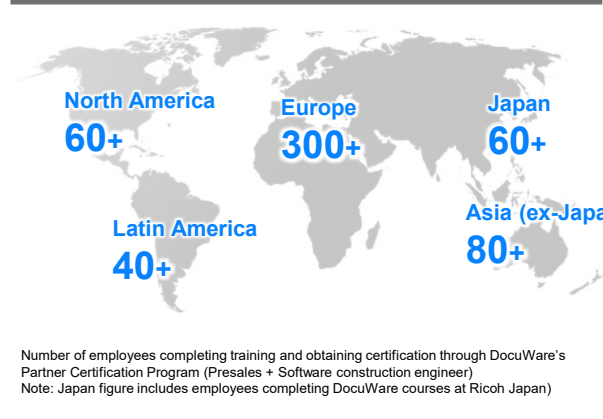
- +11% customer growth and+ 21% sales increase from FY2022 (YoY)
- Deployed in 45 countries, with number of qualified employees (Presales + Software construction engineer) exceeding 500
- Reinforcing global sales and support systems overall with emerging nations by sharing expertise from deployment front-runner Europe



Cumulative number of Customers



Number of DocuWare-certified employees



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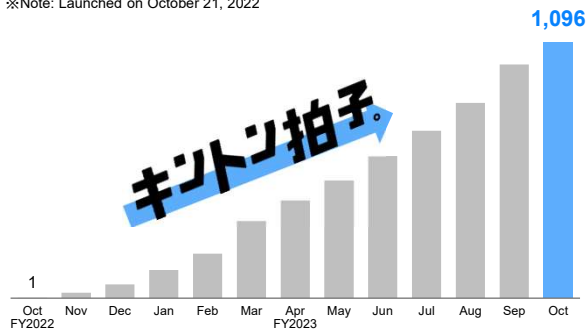
- For a start, DocuWare document-related application software is part of our drive to deploy proprietary software worldwide.
- As of the first half of fiscal 2023, the number of DocuWare customers had steadily risen to almost 18,000.
- Compared with a year earlier, the number of customers was up 11%, while sales had increased 21%.
- The sales growth rate is above that for the number of customers because on deploying DocuWare customers typically find it very valuable. More and more of their departments and people use it, increasing the number of contract IDs.
- DocuWare is excellent software. We want to sell it globally through our network.
- For that, it's necessary for employees to gain competence with DocuWare in engaging with customers to understand their issues and the value they can expect to create with it.
- We have accordingly endeavored to cultivate salesperson knowledge about DocuWare, starting in Europe, and are now broadening expertise around the world. More than 500 of our presales and software construction engineers have secured qualifications to offer DocuWare to our customers.

Deploying Global Proprietary Software: RICOH kintone plus

- Ricoh Japan has acquired 1,000 new customers, primarily mainly SMEs struggling to digitalize business processes
- Have launched sales in Japan and North America, planning to roll out in Latin America from January 2024

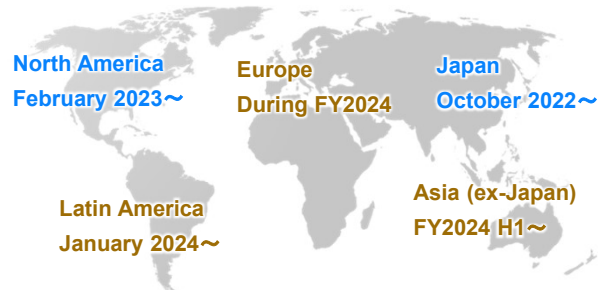
Cumulative Ricoh Japan customer acquisitions

※Note: Launched on October 21, 2022



Ricoh is Japan's no. 1 kintone-certified company
(401 employees qualified as of end-September 2023)

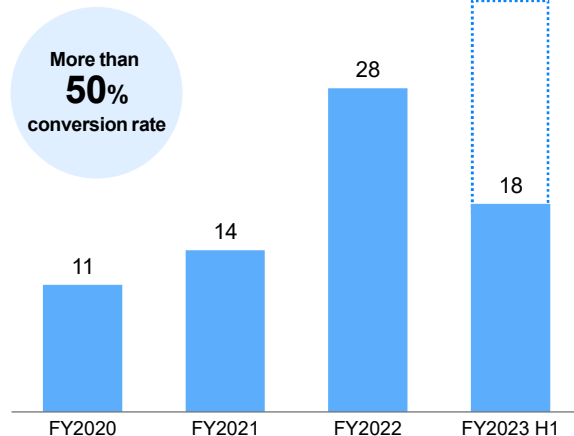
Global rollouts of RICOH kintone plus



- The second proprietary software platform that I want to highlight today is RICOH kintone plus.
- We launched our Ricoh-branded version of kintone in October last year. We have since acquired more than 1,000 new customers for that offering. I think that's an excellent result.
- A recently published press article in Japan noted that the artificial intelligence features of kintone enable customers to use it without requiring special expertise. We aim to help customers create value by incorporating artificial intelligence in RICOH kintone plus so they can easily employ it without specialized knowledge when they want to get things done.
- So, that's what's happening with RICOH kintone plus.
- We seek to cultivate RICOH kintone plus as a global asset. We debuted it in Japan and now offer it in the United States.
- In Latin America, we will roll out a Spanish version of RICOH kintone plus in January next year. We thereafter plan launches across Asia, Europe, and the rest of the world.

- Global deal negotiation numbers up on enhanced support structure for such efforts, with conversion rate of 50% for communication services (against around 20% for IT services and other areas)

Number of global communication services deals negotiated



Managed audiovisual service success story

€8 million deal across 27 countries for Major Global Telecommunications Company

- ✓ Provided recovery and repairs/replacements through remote and on-site maintenance from AV Network Operations Centre
- ✓ Rated highly for global customer footprint enabling us to deliver world-class audiovisual solutions and services across regions
- ✓ Customer requested completions of meeting spaces and systems in three sizes in six countries by end of December 2023, with followed by setups in other countries



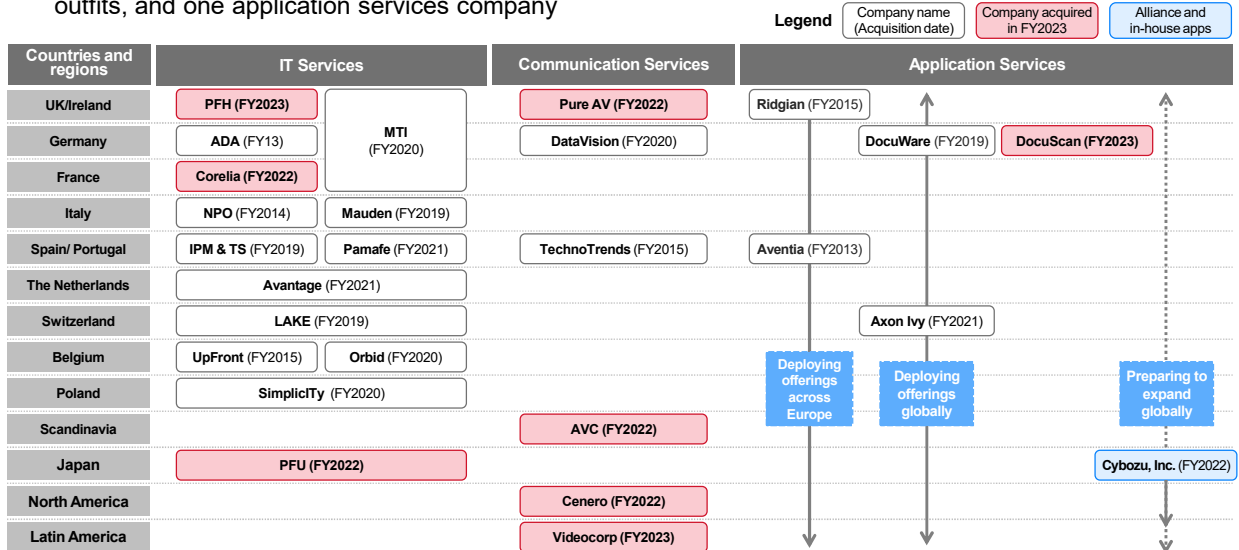
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- I will now discuss our ability to serve global customers across borders rather than just for distinct software or services in the communication services domain.
- The pandemic transformed work practices. Hybrid work has become the norm, and we believe that this shift is irreversible.
- Customers have told us that they want to maintain the quality of traditional communications even with hybrid work environments and even across borders and the quality enhances their competitive edge.
- Actually, the graph on the left shows that the number of global communications services deals negotiated is rising every year. We naturally compete with multiple vendors.
- Ricoh's conversion rate for such deals exceeds 50%.
- On the right of the slide, we present one success story, for a major global telecommunications company. It wanted to communicate and discuss business worldwide in-house and with customers.
- We understand that meeting requirements differ around the globe according to the corporate scale and personnel setups, so we offer meeting spaces that match how the customer's people work, as the images below illustrate.
- It is a basic to keep communications optimal whenever the customer wants to access them by constantly monitoring them remotely. We provide our services through the AV Network Operations Centre.
- At the same time, in the event of systems failing to function, Ricoh can provide on-site maintenance as well as remote maintenance, and the customer greatly appreciates that.
- I think this example demonstrates Ricoh's strength in cross-border communication services. We will focus on that area in coming years.

Expanding Capabilities through Acquisitions and Capital Alliances

- Have reinforced organization since FY2022 by acquiring three IT firms, four communication services outfits, and one application services company



- I will now highlight our acquisitions. We have listed the relevant countries and regions on the left of the table and grouped our digital services across the top of it.
- Our acquisitions approach is to determine domains to strengthen by country and region or expand globally.
- We are constantly boosting our capabilities as the names of the companies shaded in pink indicate.
- Our acquisitions strategy remains important. We will continue to strengthen it.



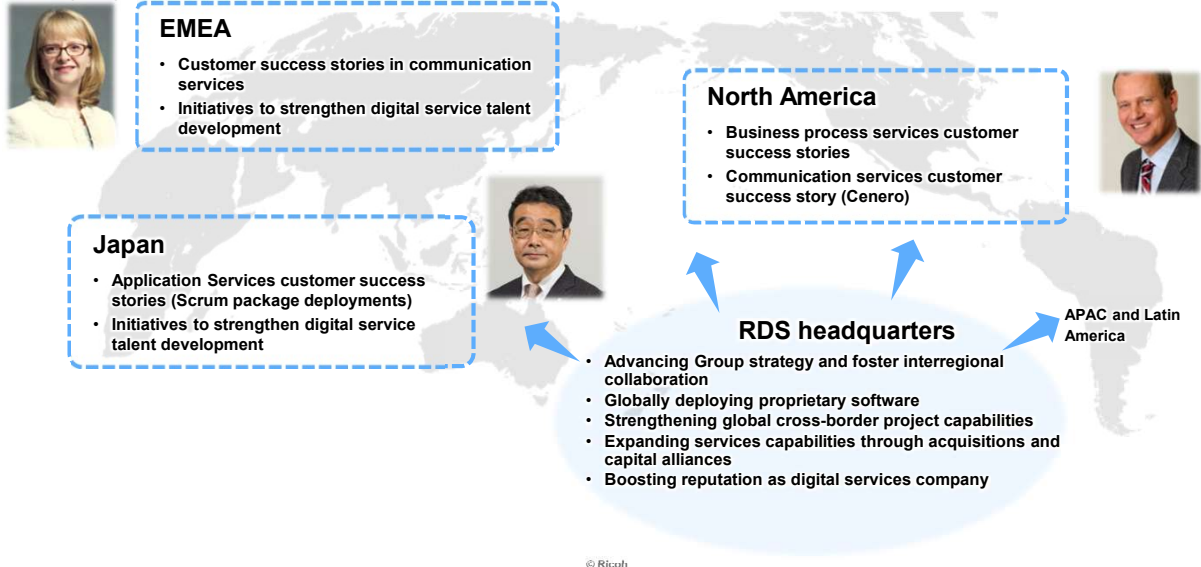
- External institutions and partners increasingly viewing us as a digital services company
- Winning recognition for entering new markets and transitioning from print to digital services

External recognition highlights for 2023

March	<ul style="list-style-type: none">• British-American analytics company Clarivate names us in its Top 100 Global Innovators 2023 list• Gartner positions us in its Magic Quadrant for Outsourced Digital Workplace Services Worldwide report for 2023 One of just 17 companies positioned thus (included for a second straight year)
June	<ul style="list-style-type: none">• Ricoh Japan wins sales, integration, and two area awards in CYBOZU AWARD 2023 program• Ricoh Japan scoops Microsoft Japan Partner of the Year 2023 award
September	<ul style="list-style-type: none">• Positioned in Leaders Category of 2023 IDC MarketScape for Worldwide Print Transformation Reflecting efforts to enter new markets by evolve from document-focused into data-centric organization• Verdantix based in British independent research firm positions us as a Specialist in its 2023 Green Quadrant for Workplace Systems Integrators report

- strategic and execution tacks by soliciting to objective external assessments and feedback.
- To cite an example, in March this year Gartner positioned Ricoh in its Magic Quadrant for Outsourced Digital Workplace Services Worldwide report for 2023.
- We are very grateful that IDC positioned us in the Leaders Category of the 2023 IDC MarketScape for Worldwide Print Transformation.
- We are constantly striving to transform into a digital services company. We will accordingly keep creating new value by clearly understanding such external evaluations, leveraging them as a springboard to generate even more value.

- Japan, EMEA, and North America regional leaders heads present digital services activities highlights



- I will now ask regional leaders to deliver their presentations.
- They will discuss more specific initiatives and what they are doing with customers.

The plans, prospects, strategies and other statements, except for historical events mentioned in these materials are forward-looking statements with respect to future events and business results. Those statements were based on the judgment of Ricoh's Directors from available information. Results may differ materially from those projected or implied in such forward-looking statements and from historical trends. Refrain from judgments based only on these statements with respect to future events and business results. The following important factors, without limiting the generality of the foregoing, could affect future results and cause those results to differ materially from those expressed in the forward-looking statements:

- 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:
FY2023 (or fiscal 2023) = Fiscal year ended March 31, 2024, etc.

Note:

The financial data in this document are figures managed by each regional sales company.
The definition is different from the figures of the financial announcement.

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