

**RICOH Digital
Services Briefing**

Japan

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Ricoh Digital Services Business Unit
President of Ricoh Japan Corporation

December 7, 2023

RICOH Digital Services

Customer base

1 million offices

Number of sites

350

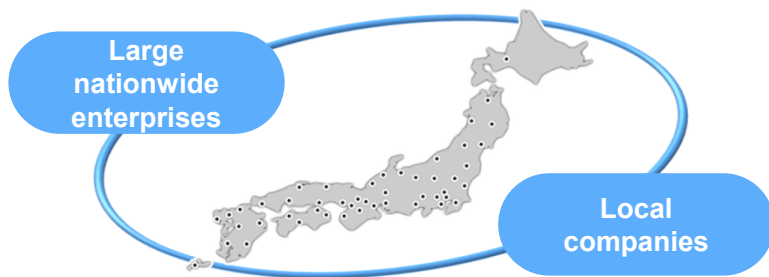
Number of employees

18,500

Number of sales and service partners

3,200

Nationwide network of salespeople and customer and systems engineers



A robust customer footprint

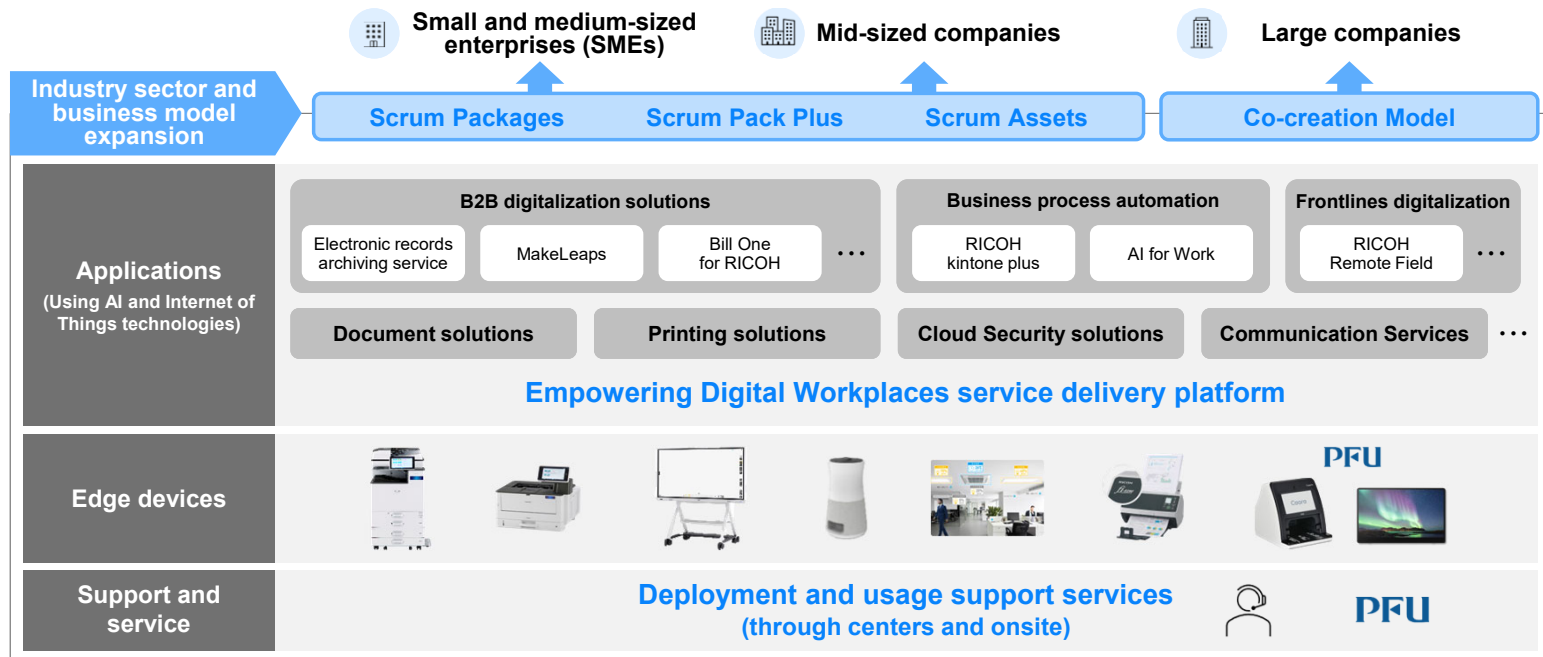
	Ricoh Japan	Including sales and service partners
Salespeople	7,600	12,300
Customer engineers	4,500	6,000
Systems engineers	1,300	
Contact centers	1,000	

Digital Services Initiatives

1. Ricoh Japan's Digital Services
2. Scrum Series Sales
3. Expanding Office Digital Services Recurring Revenue Business through Scrum Series Deployments
4. Office Digital Services Recurring Revenues
5. Scrum Package Deployment Success Stories



- Combining support and services for edge devices and applications to expand industry sector and business issues solutions model

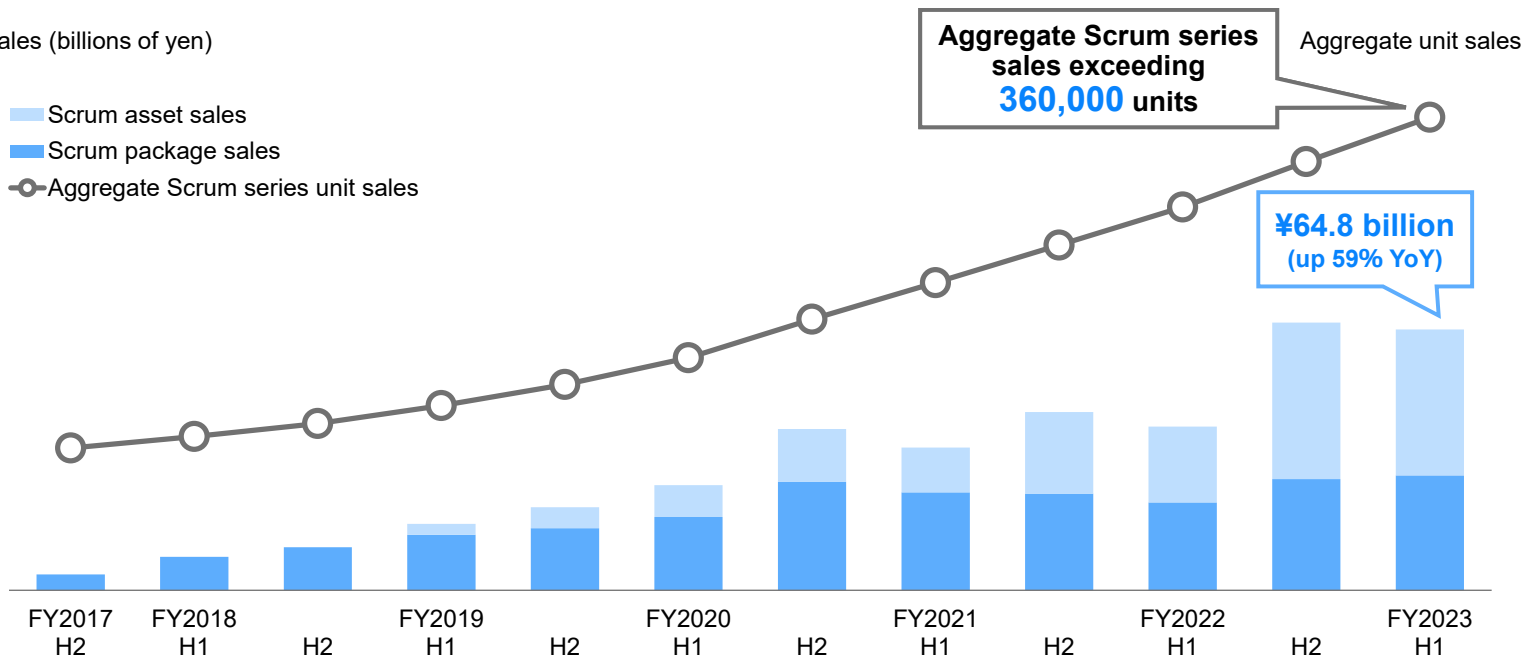


Scrum Series Sales

- Increasingly helping to resolve issues of mid-sized companies and SMEs

Sales (billions of yen)

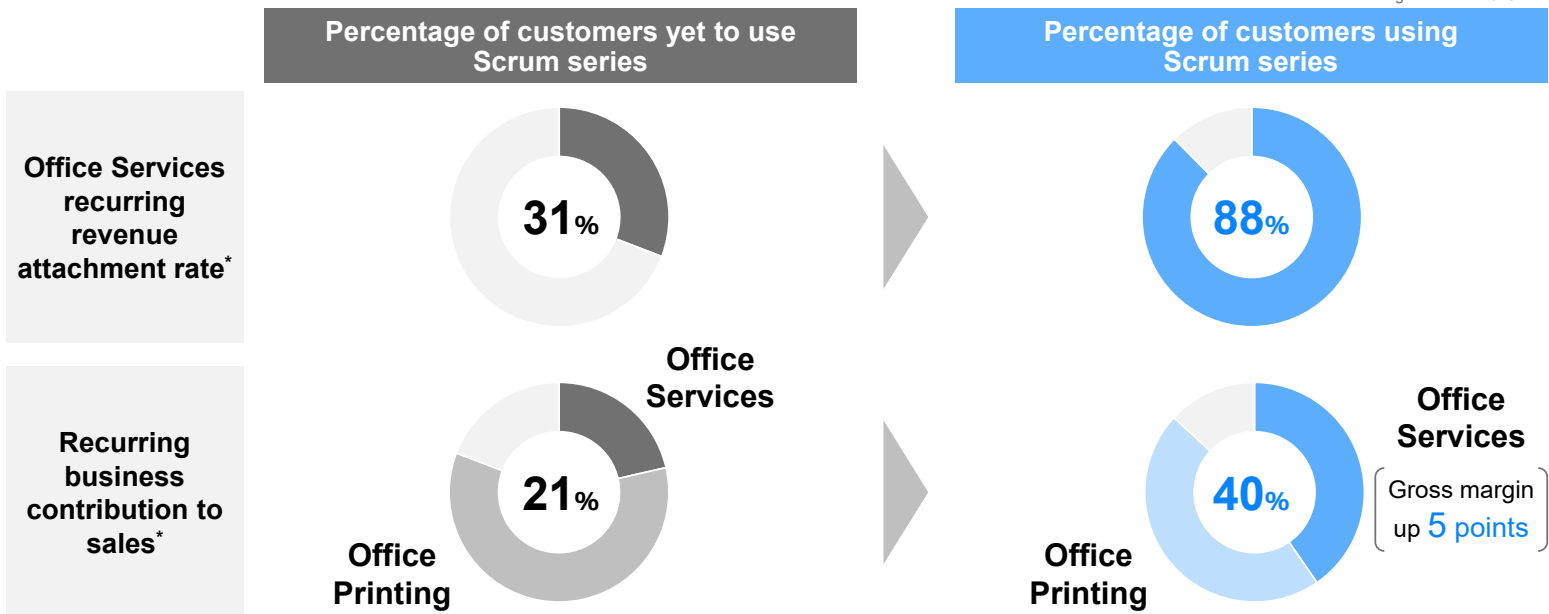
- Scrum asset sales
- Scrum package sales
- Aggregate Scrum series unit sales



Expanding Office Digital Services Recurring Revenue Business through Scrum Series Deployments

- Providing ongoing office digital services support to Scrum series customers
⇒ Accelerate office digital services recurring revenues by deploying Scrum series

*Figures for FY2023 H1

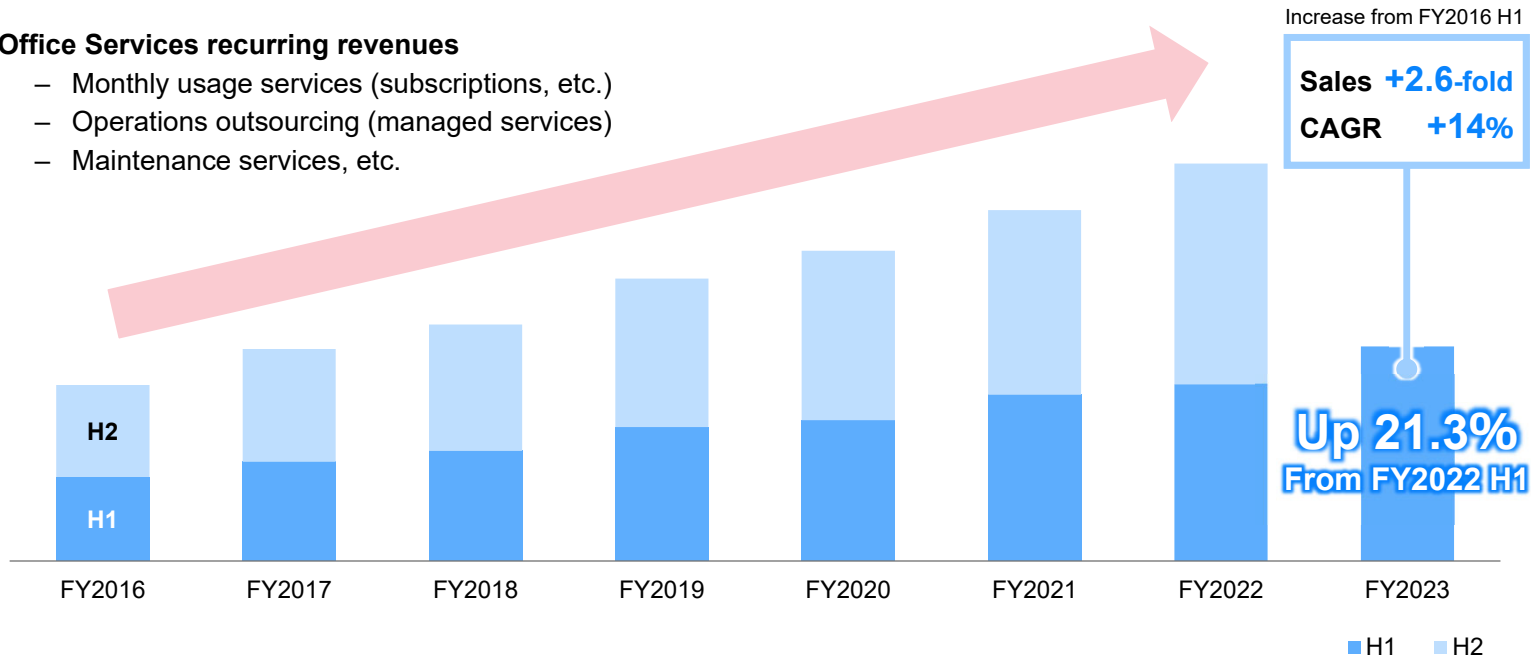


Office Digital Services Recurring Revenues

- Steadily expanding office services recurring revenues and reinforcing sales base

Office Services recurring revenues

- Monthly usage services (subscriptions, etc.)
- Operations outsourcing (managed services)
- Maintenance services, etc.



Scrum Package Deployment Success Story

- Hiring and retaining people and digitalizing processes between office and frontlines

Hakkou Co., Ltd.

- Headquarters: Hiroshima
- Business: Painting and construction

President Tomoyuki Shoda



"People tend to think that construction sector work is difficult, dirty, and dangerous.

The industry is generally committed to creating a positive future in which people enjoy good pay and vacation times and opportunities.

We are working on our own work practice reforms in-house to drive progress.

Ricoh Comprehensive Telework Pack digitally streamlines construction management tasks

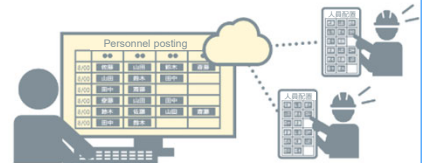
Personnel posting management



- Managed with handwriting and white board magnets
- Liaising with tradespeople by calling them directly
- Process is time-consuming and prone to errors

After deployment

kintone®



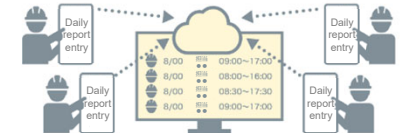
- Construction managers manage staffing in the cloud
- Tradespeople check on-site with smartphones
- Reducing weekly staffing times by around an hour

Daily report entry management



- Construction management staffer prepare daily report frameworks in Excel
- Foreperson manually inputs daily reports for all on-site tradespeople
- Office prints and files daily reports

After deployment



- Tradespeople input daily reports on smartphones
- Daily reports stored on cloud, eliminating need to store output
- Reducing daily reporting times by around six hours weekly

<https://www.youtube.com/watch?v=c3fC5NQAzW8>

(In Japanese)

Further Expanding of Digital Services

1. Business Potential of Mid-Sized Companies and SMEs Underpinning Customer Base
2. Future Legislative Revisions and Domestic Market Trends
3. Business Sector Trends and IT Market Scale
4. Working with National and Local Governments to Help SMEs Digitalize Processes
5. Investing in Human Capital
6. Bolstering Digital Skills of All Employees
7. Cultivating Professionals Needed to Expand Business



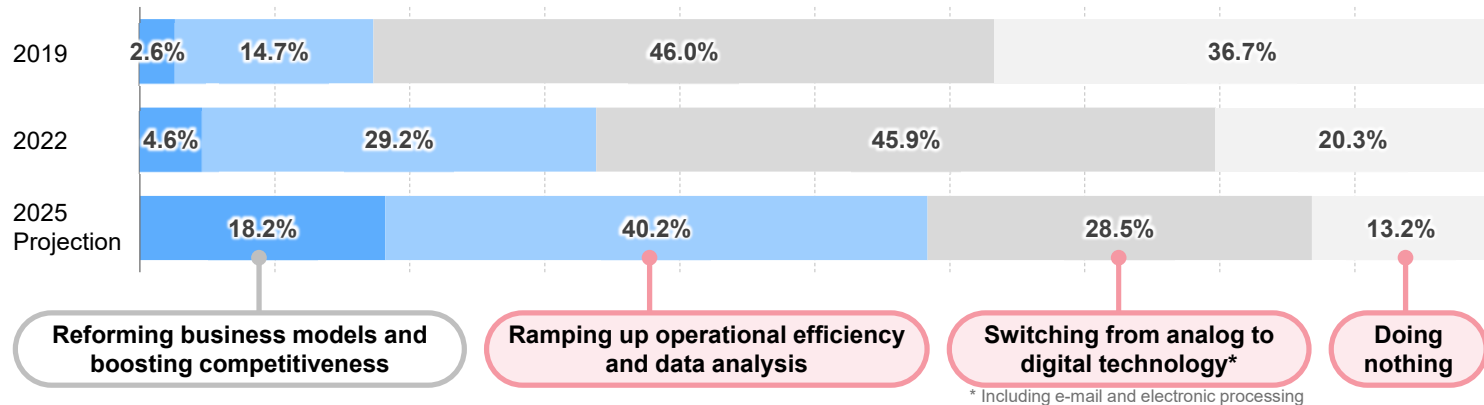
Business Potential of Mid-Market Companies and SMEs Underpinning Customer Base

Total IT market demand forecast

Tremendous market potential, with mid-sized company and SME* investments remaining robust
Mid-sized company and SME market in 2022: ¥5.0 trillion → CAGR of 4.2% toward 2025

* With annual sales of less than 30 billion yen
 Source : Ricoh Japan

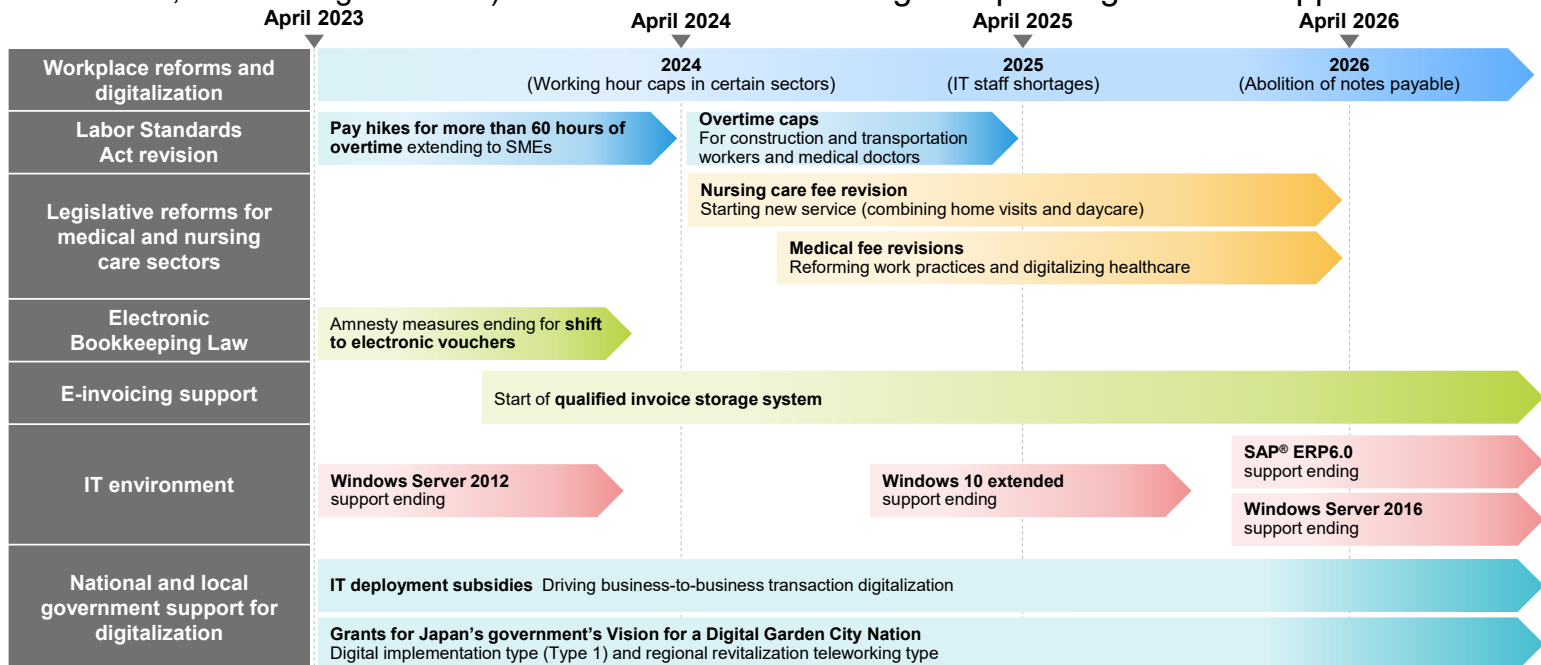
Digitalization progress among mid-sized companies and SMEs



Source: 2023 White Paper on Small and Medium Enterprises in Japan

Future Legislative Revisions and Domestic Market Trends

- Legislative amendments (including to Electronic Bookkeeping Law and laws for invoicing, work practice reforms, and nursing care fees) and IT environment changes expanding business opportunities



Business Sector Trends and IT Market Scale

- Ricoh Japan focusing on sectors where it can leverage strengths and anticipates growth, delving deep into customer issues and creating business-specific solutions

Sector trends		*FY2023 H1 Ricoh Japan customer composition*	*FY2025 market scale IT market scale*
Manufacturing	Expanding investments in decarbonization and sustainability, modernization, manufacturing digitalization leveraging data, and operational technology security	10.3%	¥6,611.8 billion
Construction	Lifting investments in building and civil information modeling, automated and remote construction, and safety improvements to address labor shortages and overtime caps (from 2024)	12.5%	¥536.7 billion
Retailing	Digitalizing stores, reassessing supply chains, and increasing store decarbonization and sustainability investments in response to labor shortages and purchasing behavior changes	17.6%	¥2,501.9 billion
Healthcare Medical and care	Expanding medical information platforms, online medical systems, nursing care support systems, and AI in diagnosis and treatment to overcome overwork	9.1%	¥550.3 billion
Local govt	Expand investments in such areas as the Government Cloud, the Global and Innovation Gateway for All school program initiatives, online administrative procedures, and the digitalization of internal operations	4.2%	¥894.8 billion
		Total: 53.7%	

Working with National and Local Governments to Help SMEs Digitalize Processes (1)

- National issue for SMEs to adopt digital processes, with Ricoh Japan assisting customers since fiscal 2017 while tapping IT deployment subsidies as part of government policies
⇒ Customer-centric, supportive approach enabled company to rank high domestically in terms of application and approval figures, for high adoption rates

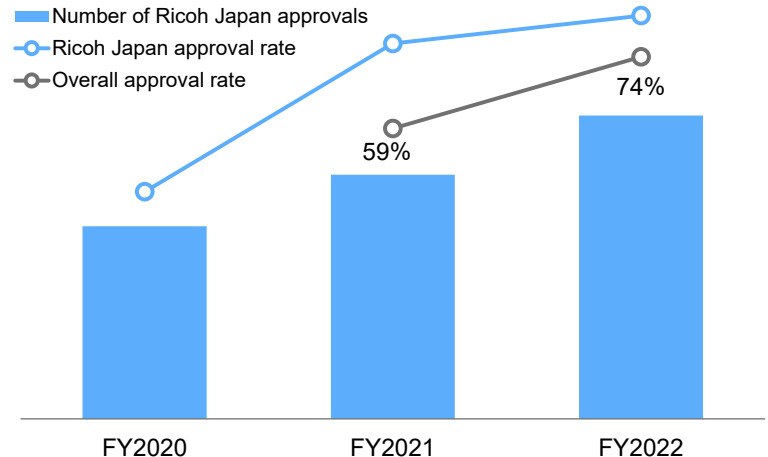
Three key Ricoh Japan strengths

1 Support for applications based on expertise from internal practices and deployment case studies

2 Numerous wide-ranging IT tools registered to meet diverse customer needs as multi-vendor

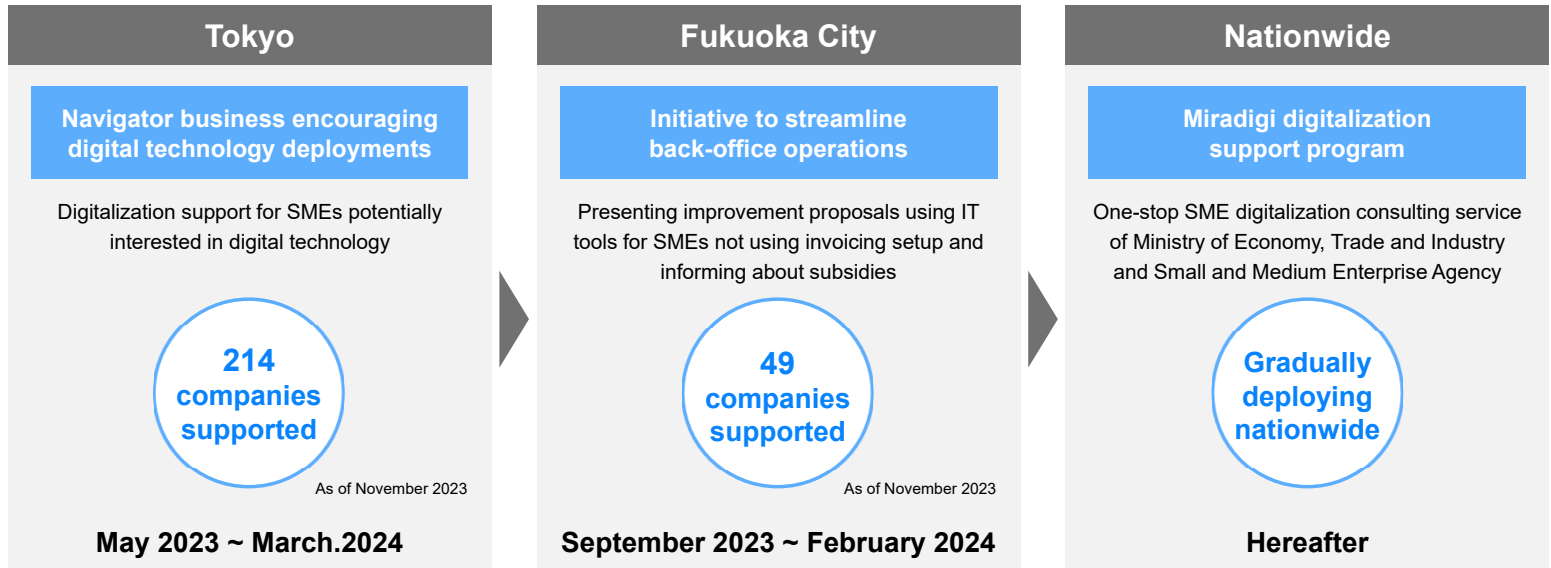
3 Nationwide customer footprint and solid solutions capabilities (through 650 key employees)

IT deployment subsidy approval numbers and rates



Working with National and Local Governments to Help SMEs Digitalize Processes (2)

- Regarded highly for securing IT subsidies, obtaining Smart SME Supporter*1 certification from Ministry of Economy, Trade and Industry, and participating as IT specialist in digitalization support projects*2 for SMEs in collaboration with national and national governments



*1 The Small and Medium Enterprise Agency created this program certifying IT vendors and other entities as information processing support organizations providing IT tools that enhance SME productivity.

*2 Encompassing such areas as digitalization diagnostics, issue identification, business inventories, solution proposals, subsidy utilization support, digitalization, and utilization support.

- Invest more in human capital to bolster digital skills of all employees
- Steadily improve skills by enhancing professional certification program and Ricoh Japan Digital Academy

Reform personnel and compensation structures

1 Enhance professional certification program (from April 2019)

Assess professional levels based on specific skills, proficiency, and results for job categories

2 Overhaul professional personnel structure (from April 2023)

Transition regular and senior employees to evaluations and compensation aligning with professional levels

Under way

Reinforce skills and practical competence

1 Strengthen and apply digital skills of all employees

Enhance educational environment and learning opportunities

2 Cultivate specialists needed to expand business

Develop specialists in priority areas and enhance employee solutions skills
✓ Microsoft Solution Evangelist, kintone certified, and Information Security Management, etc.

Discussed later

Bolstering Digital Skills of All Employees

- Strengthening digital skills of all employees by enhancing educational environment and learning opportunities centered around Ricoh Japan Digital Academy

Enhancing educational environment

Ricoh Japan Digital Academy Number of items of content



FY2023 H1:
3,651
(+218 YoY)

- Bolster collaborative contents with sectors and businesses during campaign months
 - Five priority sectors, security and managed services
- Opening academy for sales partners

Broadening employee learning opportunities

Learning times*

* Study hours per employee x number of employees
(18,000)



FY2023 H1:
720,000 hours
(Up 38% YoY)

- Encourage participation aligned with campaign months and priority measures (by job category, kintone, and digital transformation)
- Produce and release educational program catalogs for salespeople and service engineers

Expanding digital transformation talent

Number of employee with Professional Level 3* or higher certifications

* Spearheading business team



FY2023 H1:
3,635 people
(Up 723 YoY)

- Encourage employees to obtain external qualifications linked to Ricoh Japan's professional certification system

Cultivating Professionals Needed to Expand Business

- Expand specialist personnel to improve solutions capabilities and gain recognition from partners

Microsoft Solutions Evangelists

*FY2022

325

(up 14% YoY in FY2022)

- Office 365 sales **Up 39% YoY**
- Microsoft Partner of the Year **award recipient in 2023**
 - Third straight win recognized exceptional efforts of evangelists



kintone® certified professionals

*FY23H1

401

(up 124% YoY in FY2023 H1)

- kintone sales **Up 49% YoY**
- Number of kintone certified professionals **No. 1 in Japan**
 - Cybozu Award winner for 14 straight years
 - Full three-star ratings in integration and sales categories in FY2023



Information security managers

*FY23H1

1,287

(up 52% YoY in FY2023 H1)

- Scrum packages: Security pack sales **Up 18% YoY**
- TREND MICRO Partner Award 2022 **XDR Cybersecurity category award**



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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:
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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