

**RICOH Digital
Services Briefing**

Japan

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December 7, 2023

RICOH Digital Services

Customer base	Number of sites	Number of employees	Number of sales and service partners
1 million offices	350	18,500	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	

*As of April 1, 2023

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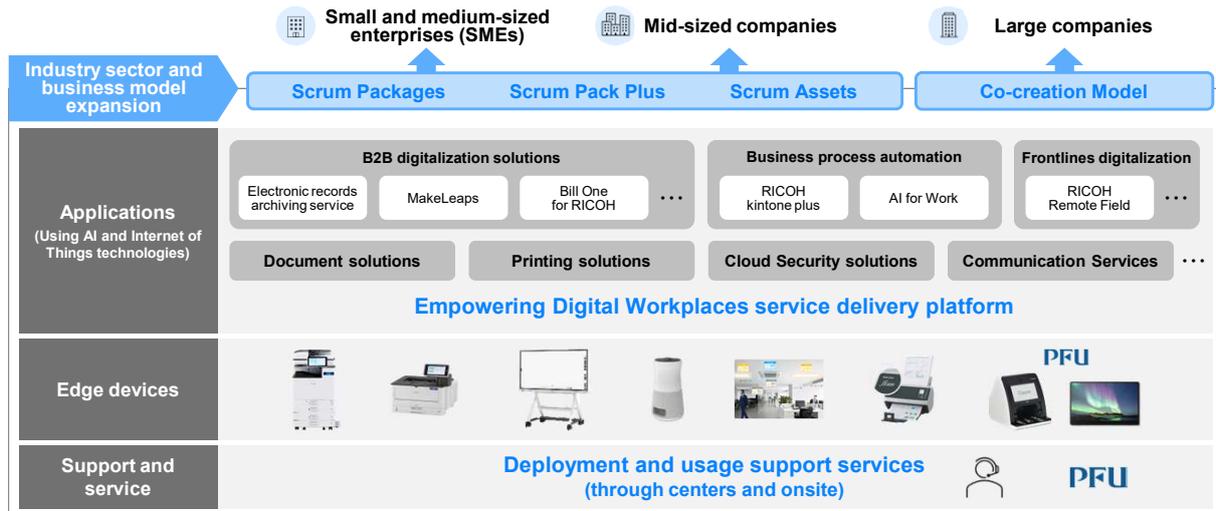
- Today, I will provide as many specifics as possible in presenting our domestic digital services.
- Ricoh Japan's role is to deliver digital services to large nationwide enterprises and local companies across the country through the setup in this chart.

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

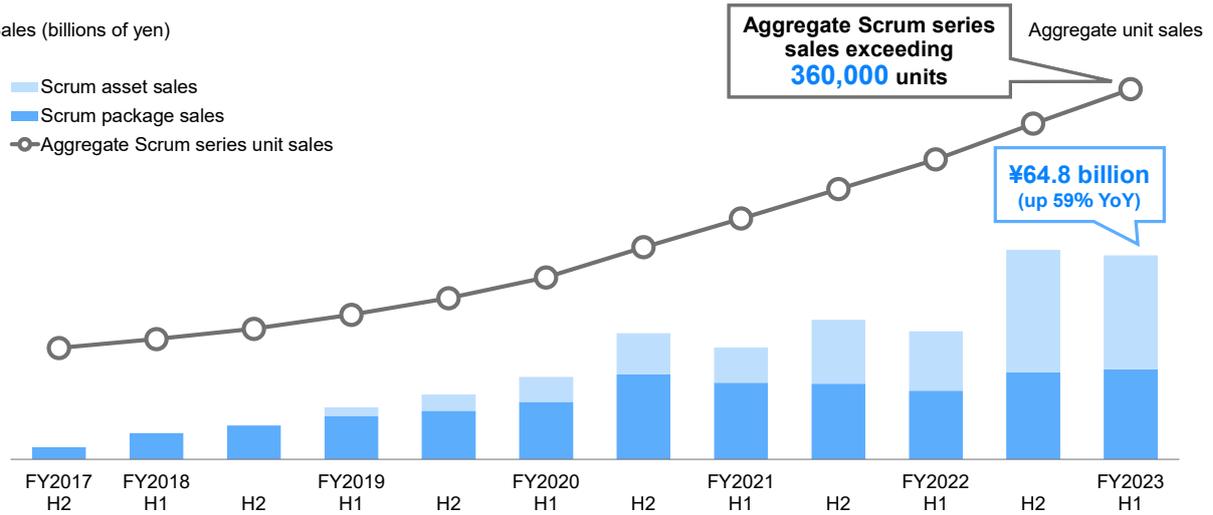


- The value we deliver encompasses edge devices from Ricoh and from PFU, which became part of the Group last year, information and communications technology and other services, the business process automation capabilities that Mr. Irisa mentioned a little earlier, and communication services.
- We also incorporate Ricoh's solutions, collaborating with domestic partners to offer packaged solutions that help small and medium-sized enterprises address their industry and business challenges.

- 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



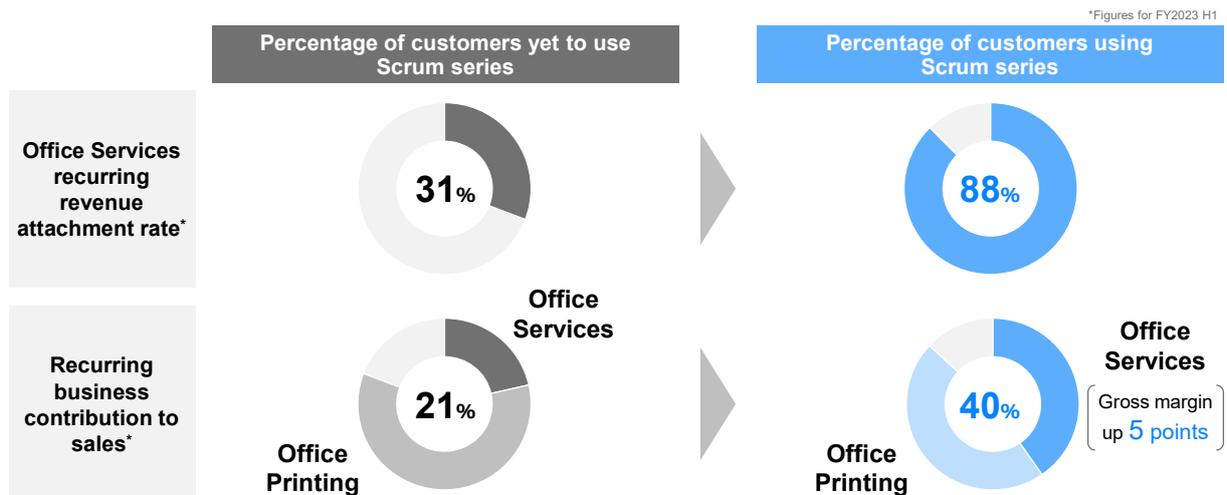
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- In fiscal 2017, we brought out the Scrum series, which includes Scrum packages. Deployments have since risen steadily. Aggregate Scrum series sales exceeded 360,000 by the end of the first half of this fiscal year. That is quite a robust figure for our solution services.
- Annual revenues of fiscal 2022 have exceeded 100 billion yen. Revenues were 65 billion yen in the first half of this fiscal year.

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



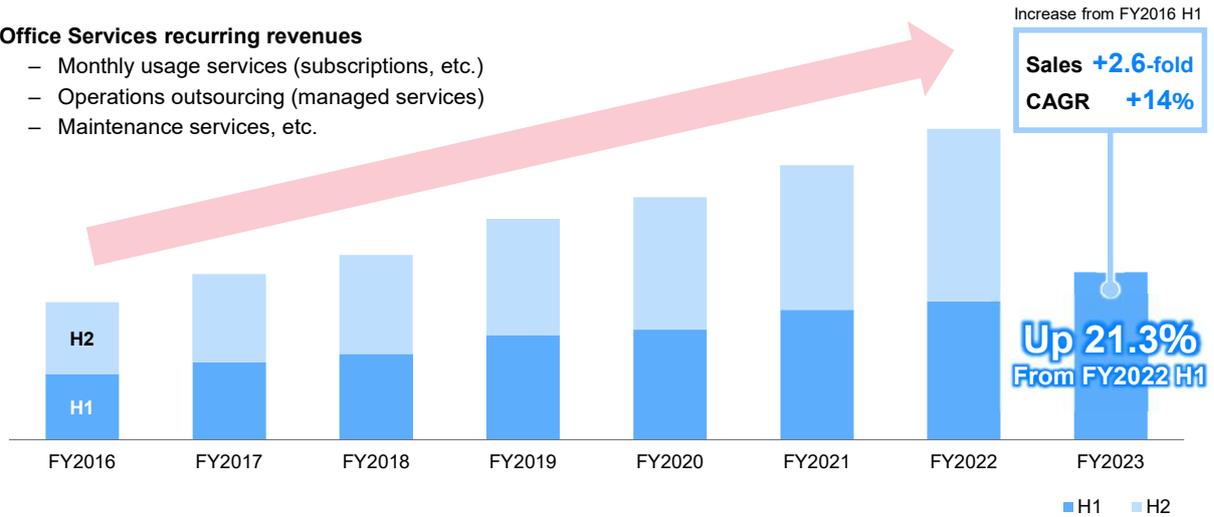
- The right of the slide shows the percentages of customers using the Scrum series. The left of the slide shows the percentages of customers that have yet to use this series. The recurring revenue attachment rate for customers yet to use the Scrum series is 31%, compared with 88% for customers using this series.
- New Scrum series offerings incorporate ongoing services, so almost are under subscription agreements.
- Accordingly, among customers that have yet to use the Scrum series the office services recurring revenue business contribution to sales is 21%, with office printing accounting for most of those recurring sales.
- The office services recurring sales contribution for customers that use the Scrum series exceeds 40%. This demonstrates strong acceptance of the value of our new services.

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.



- This chart shows that office services recurring revenues have expanded steadily at Ricoh Japan. These sales have expanded 2.6-fold since the first half of fiscal 2016, illustrating consistent annual growth.

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

Hakkou Co., Ltd.

- Headquarters: Hiroshima
- Business: Painting and construction

President
Tomoyuki
Shoda

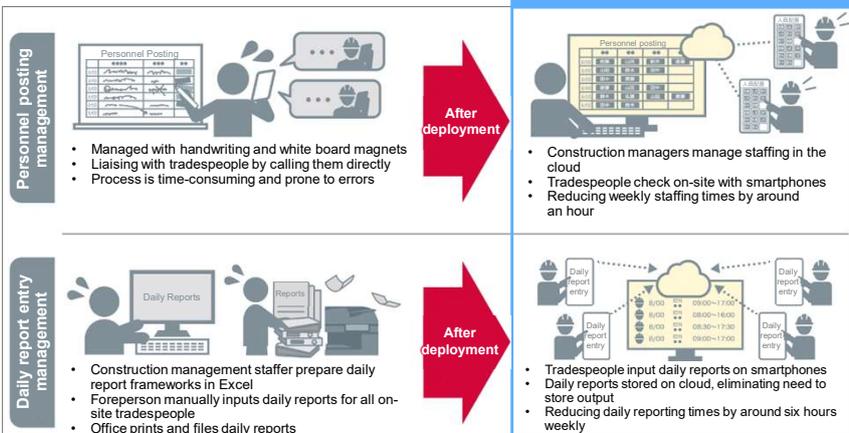


"People tend to think that construction sector work is difficult, dirty, and dangerous.

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



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- I will now present a success story about a customer's Scrum package deployment and the specific issues that it has resolved. This slide exemplifies what we are doing for mid-sized companies and SMEs (small and medium-sized enterprises). The customer here is Hakkou, a construction business.
- As you would be aware, the construction industry finds it hard to attract workers. That company realized that it needed to change its work practices and secure and retain people. Mr. Tomoyuki Shoda took the helm at Hakkou as its second president. He is striving to overcome these issues to ensure sustainable growth. Ricoh Japan has helped to address the challenges of adopting digital processes.

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

(In Japanese)

- I will now present Mr. Shoda's feedback in the following video (click below; in Japanese only).
<https://www.youtube.com/watch?v=c3fC5NQAzW8>
- Productivity is clearly very important for his company, as this video illustrates. Ricoh Japan helps connect the office and frontlines with the Ricoh Comprehensive Telework Pack, which is one of our Scrum packages. Mr. Shoda mentioned the improvements over a conventional analog process such as whiteboards. Ricoh Japan helped to develop and implement Hakkou's approach based on kintone. We also offer ongoing support services.
- We look forward to presenting more such success stories in coming years.

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

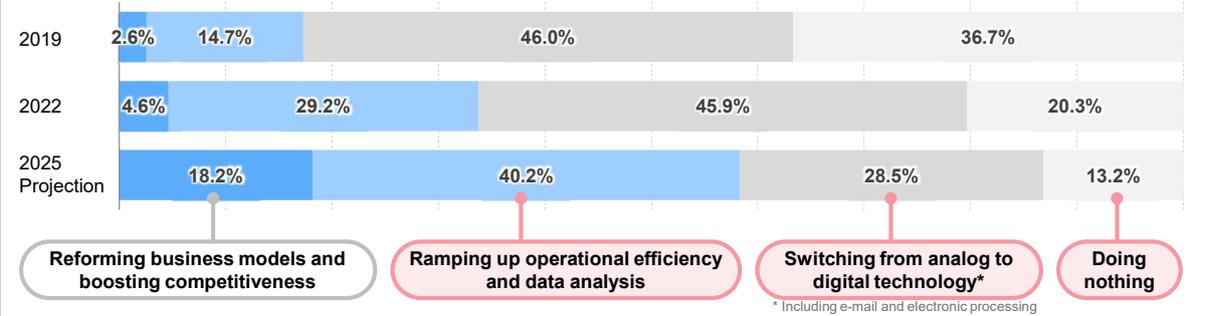


Total IT market demand forecast

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

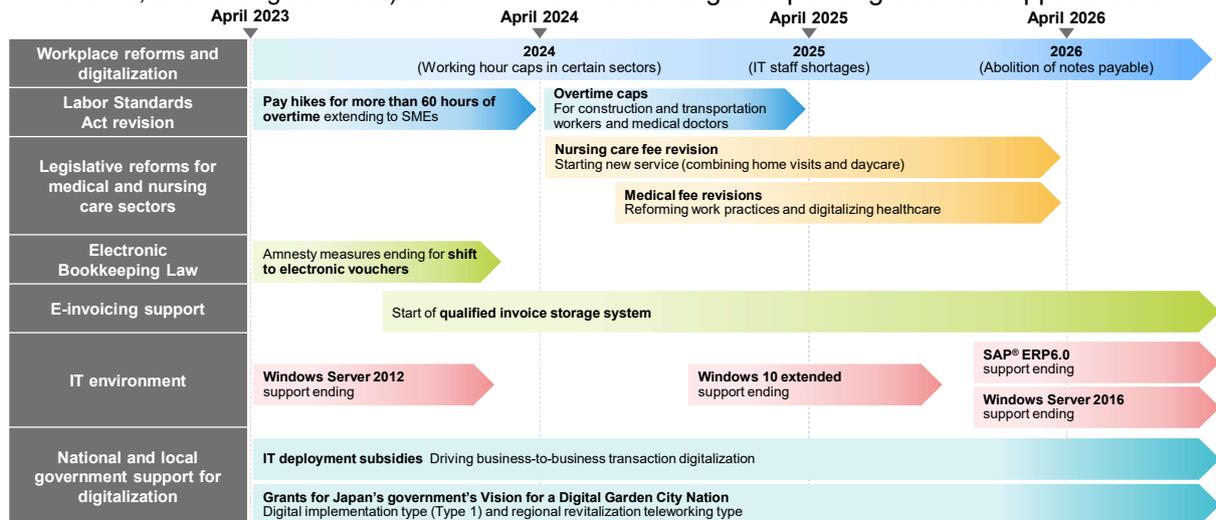
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- I will now talk about the future.
- This slide is from the 2023 White Paper on Small and Medium Enterprises in Japan, presenting progress among these entities in adopting digital processes.
- As of fiscal 2022, 4.6% of companies were reforming their business models and boosting competitiveness through digital transformation. An additional 29.2% of companies were ramping up their operational efficiency and data analysis with digital technology. One of them was Hakkou, which we just highlighted. That left almost two-thirds of companies having to tackle the challenges of digitalizing their business processes.
- While aggregate Scrum series purchases have soared to 360,000 units, many more customers have yet to deploy these offerings.
- Ricoh Japan aims to keep supporting the more than 60% of companies that look to adopt digital processes in fiscal 2025.

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



- The white paper that I mentioned earlier projected that around one-third of our customers could find themselves left behind in the transition to digital processes. The business climate means that they cannot afford to let that happen.
- All of our customers have to face the task of enhancing their work environments, including in terms of job practices and working hours. Such was the case at Hakkou. These issues are spreading across the construction sector to also encompass transportation and medical care and eldercare companies.
- An amnesty for shifting to electronic vouchers will end this year. The electronic invoicing system started in October this year. A range of dates for support to end loom in the IT environment, and national and local governments have created support programs to accelerate digitalization among SMEs (small and medium-sized enterprises) and mid-sized companies.

- 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	*FY2025 market scale
		Ricoh Japan customer composition*	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%	

Sources: Research firm

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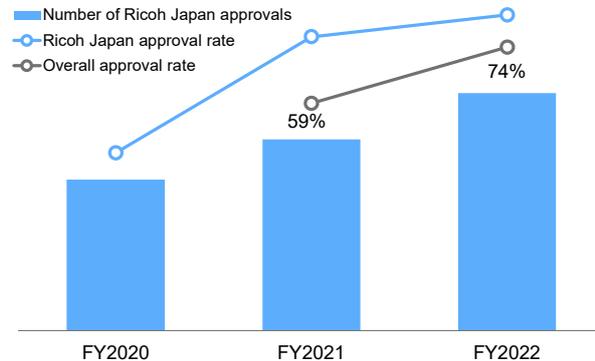
- There are issues specific to the manufacturing, construction, retailing, healthcare, and local government sectors that are our prime focuses. Those sectors together represent 50% of our customer base. We realize that we have to do much more to address the business challenges and particular issues of each sector.

- 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

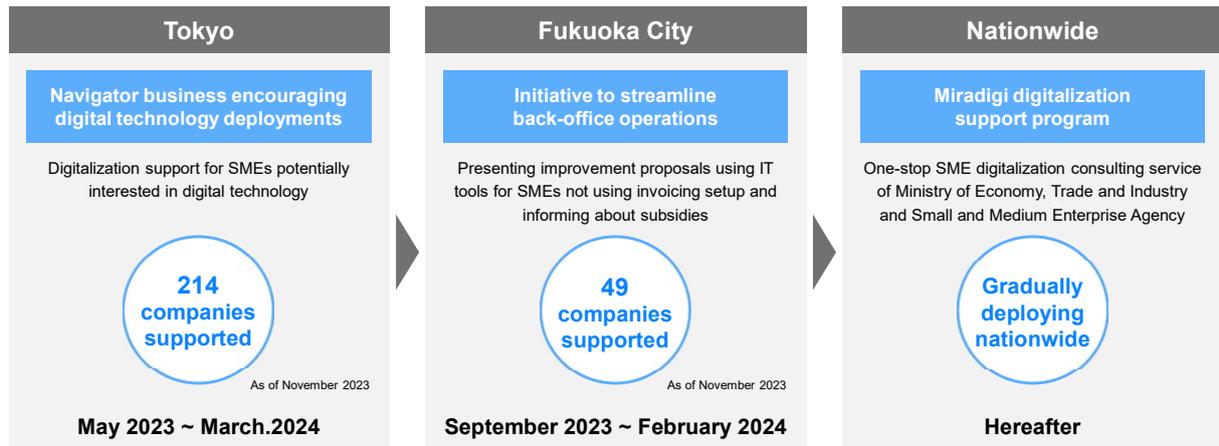
- 1 Support for applications based on expertise from internal practices and deployment case studies**
- 2 Numerous wide-ranging IT tools registered to meet diverse customer needs as multi-vendor**
- 3 Nationwide customer footprint and solid solutions capabilities (through 650 key employees)**

IT deployment subsidy approval numbers and rates



- It is against that backdrop that the government has deployed IT subsidies for small and medium-sized enterprises as part of its policies since 2017.
- Ricoh Japan has assisted such customers since then to help them deploy IT. In the process, we have registered wide-ranging IT tools that are eligible for subsidies. We have thus ranked high domestically in terms of subsidy approval figures, with an approval rate exceeding 80%

- 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.

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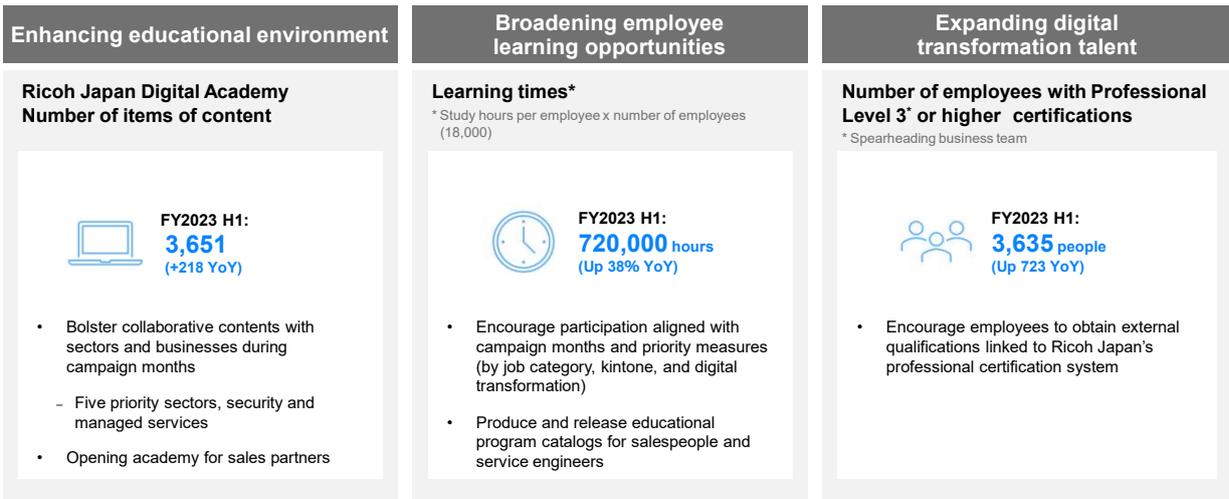
- Ricoh Japan has earned considerable recognition for its activities to date.
- The national government has rolled out the 'Miradigi' digitalization support program, while local governments are formulating support projects for SMEs (small and medium-sized enterprises) and mid-sized companies.
- Ricoh Japan will collaborate in these developments, serving in various ways as an IT support partner.

- 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

<p>Reform personnel and compensation structures</p>	<ol style="list-style-type: none"> 1 Enhance professional certification program (from April 2019) Assess <u>professional levels</u> 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 	<p>Under way</p>
<p>Reinforce skills and practical competence</p>	<ol style="list-style-type: none"> 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. 	<p>Discussed later</p>

- For our office services business to grow, we must keep investing in people who can provide IT services. As Ms. Seto, Ricoh's chief human resources officer, stated in a recent ESG briefing, we launched a professional certification program in fiscal 2019 that covers eight professional levels. From this fiscal year, we started aligning personnel evaluations and compensations with these professional levels.
- We have extensively stepped up educational investments to help our people enhance their skills.
- We are undertaking initiatives to bolster the digital proficiency of all employees and increase the number of qualified specialists we need in businesses we are strengthening.

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



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- One specific step has been to establish the Ricoh Japan Digital Academy for all employees, which offers more than 3,000 items of content in diverse fields. We are broadening employee opportunities by enabling them to set time aside for that purpose during work hours.
- The number of with Professional Level 3 or higher certifications exceeded 3,600 in the first half of this fiscal year. Such individuals can deliver digital services in their regions as business mainstays. We aim to increase the number of employees at Professional Level 3 or above to 5,000 and 6,000. We will also bolster the number of people who can also work outside the in-house framework.

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

<p>Microsoft Solutions Evangelists</p> <p>*FY2022</p> <p>325 (up 14% YoY in FY2022)</p>	<ul style="list-style-type: none"> Office 365 sales Up 39% YoY Microsoft Partner of the Year award recipient in 2023 <ul style="list-style-type: none"> Third straight win recognized exceptional efforts of evangelists 	
<p>kintone® certified professionals</p> <p>*FY23H1</p> <p>401 (up 124% YoY in FY2023 H1)</p>	<ul style="list-style-type: none"> kintone sales Up 49% YoY Number of kintone certified professionals No. 1 in Japan <ul style="list-style-type: none"> Cybozu Award winner for 14 straight years Full three-star ratings in integration and sales categories in FY2023 	  
<p>Information security managers</p> <p>*FY23H1</p> <p>1,287 (up 52% YoY in FY2023 H1)</p>	<ul style="list-style-type: none"> Scrum packages: Security pack sales Up 18% YoY TREND MICRO Partner Award 2022 XDR Cybersecurity category award 	

- To secure the specialists we need to expand our business, we are also having employees obtain kintone and Microsoft certifications and acquire security-related skills so we can broaden the pool of people who can produce important business proposals.
- It is through such endeavors that we will equip ourselves to keep delivering digital services to SMEs (small and medium-sized enterprises) and mid-sized companies.
- Thank you very much for your time and attention today.

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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