

Business unit overview

RGC

RICOH Graphic Communications



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Message from Business Unit President

Striving to make this business Ricoh's second major growth driver by helping customers to digitalize their printing sites

The printing sector has to cater to the increasingly complex business and environmental challenges of its customers. That is why demand for digital printing is rising. Its many advantages over analog methods include lower costs, energy savings, and on-demand flexibility. RICOH Graphic Communications helps the sector to adopt digital processes by offering excellent, exceptionally reliable products and services. This will enable us to automate, reduce labor, and visualize processes, thereby helping to improve our customers' profitability. In addition, we will actively work to achieve the SDGs

by aligning business growth with resolving social issues. Together with global customers and partners, Ricoh co-creates value and delivers solutions in their digital transformation journey, as well as contribute to realize a sustainable society.

Business features and strengths

Commercial Printing business

- Helping customers digitalize processes by providing comprehensive solutions and services that extend from digital printing-related products and workflows for printing sites to marketing support. Assisting them in shrinking their environmental footprints by enabling them to reduce waste, conserve energy, and decarbonize
- A global market leader in color cutsheet and high-speed inkjet printers, providing high-value-added solutions by leveraging customer touchpoints

Industrial Printing business

- Manufacture and sell industrial inkjet heads, inks, and printers for wide-ranging applications. These include construction materials, furniture, wallpaper, signage displays, apparel fabrics, labels and packages, and 3D printing
- Provide high-quality, highly reliable inkjet printheads developed in-house to foster digitalization, shorten delivery times, and enable small print runs. At the same time, help resolve environmental issues, such as large waste volumes and water consumption resulting from analog printing

Business risks and opportunities

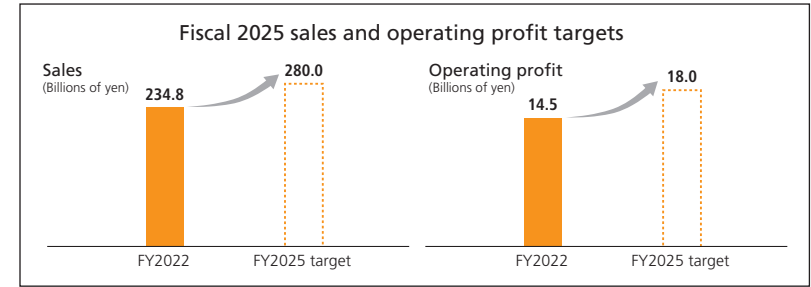
We expect demand for digital commercial and industrial printing to rise over the medium through long terms. In a survey in 2022, Caslon & Company, an American market advisory and research firm, predicted that digital color commercial print volumes would expand at a compound annual growth rate of around 10% from 2022 through 2030. A shift to digital printing continues in Europe and the United States. Market growth should be high in China and other emerging economies owing to increasing demand. To become the industry leader, we are addressing the business challenges of our customers and their growing interest in safeguarding the environment.

Risks

- Printing industry's dwindling profitability and reduced investment appetite due to soaring raw materials, logistics, and electricity costs
- Falling demand for in-house printing as online media usage expands

Earnings opportunities

- Accelerating shift to digital printing to resolve automation, process visualization, and other emerging customer management issues
- Greater environmental awareness fueling demand for eco-friendly digital printing



Medium- and long-term opportunities and strategies under 21st MTS

Opportunities

- Expand new products and services to cater to accelerating digital printing needs
- Reinforce value-added solutions to address a range of customer issues
- Strengthen business foundations to drive profitable growth

Strategic initiatives

Commercial Printing business

We will accelerate progress with digital printing by rolling out excellent, dependable models. We will reinforce our lead in color cutsheet and high-speed inkjet printers by meeting the digital printing needs of customers around the globe. We will improve printing site workflows and provide new digital services that help customers to automate and visualize processes and support their marketing activities. We will bolster sales in China, Indonesia, India, and in other highly promising markets.

Industrial Printing business

Markets are expanding for various applications in the inkjet head business. These include signage displays, apparel fabrics, packaging, labels, and 3D printing. We aim to expand sales in key Chinese and other regional markets by providing high-value-added solutions, including technical support and tools. On the textiles front, we will bring out new products to expand our share of the direct-to-garment printer market and expand applications for this hardware.

Strengthening our business foundations

Digitalizing and streamlining development, production, sales, and service processes will enable us to achieve profitable growth.

Development: Digitalize processes to streamline operations, optimize product and development portfolio, and overhaul development processes

Production: Optimize plants and reinforce production capabilities through digital manufacturing and automation

Sales and service: Increase the number of sales and service employees with outstanding expertise in commercial printing and improve efficiency of remote maintenance services

Resolving social issues through business

Helping a customer switch from analog to digital printing

In the United States in November 2022, long-time customer Heeter opened its Digital Printing Center at a cost of more than \$4 million. It installed three RICOH Pro VC70000 continuous feed printers, two RICOH Pro C 9210 production sheet-fed presses, and a pre-release version of the RICOH Pro Z75 sheet-fed inkjet press. We formed a partnership with Heeter to aid its transition from analog to digital printing. Over the past five years, it has digitalized 60% of its operations, lifting production capacity by 65% and energy efficiency by 25%. That company has acquired more than 80 new customers over the past four years. Ricoh will keep co-creating with Heeter and other customers around the world to help them resolve their DX and social issues.

