

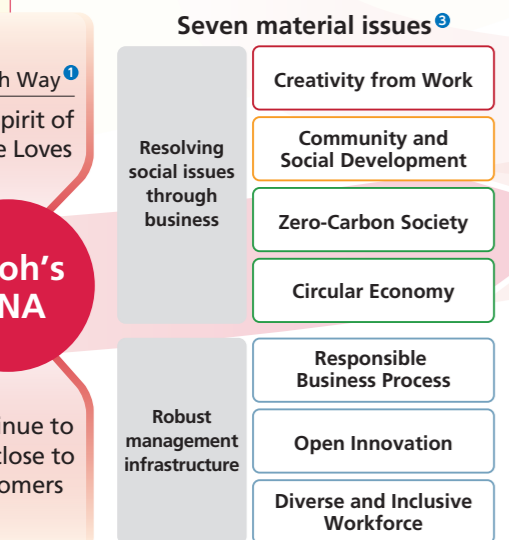
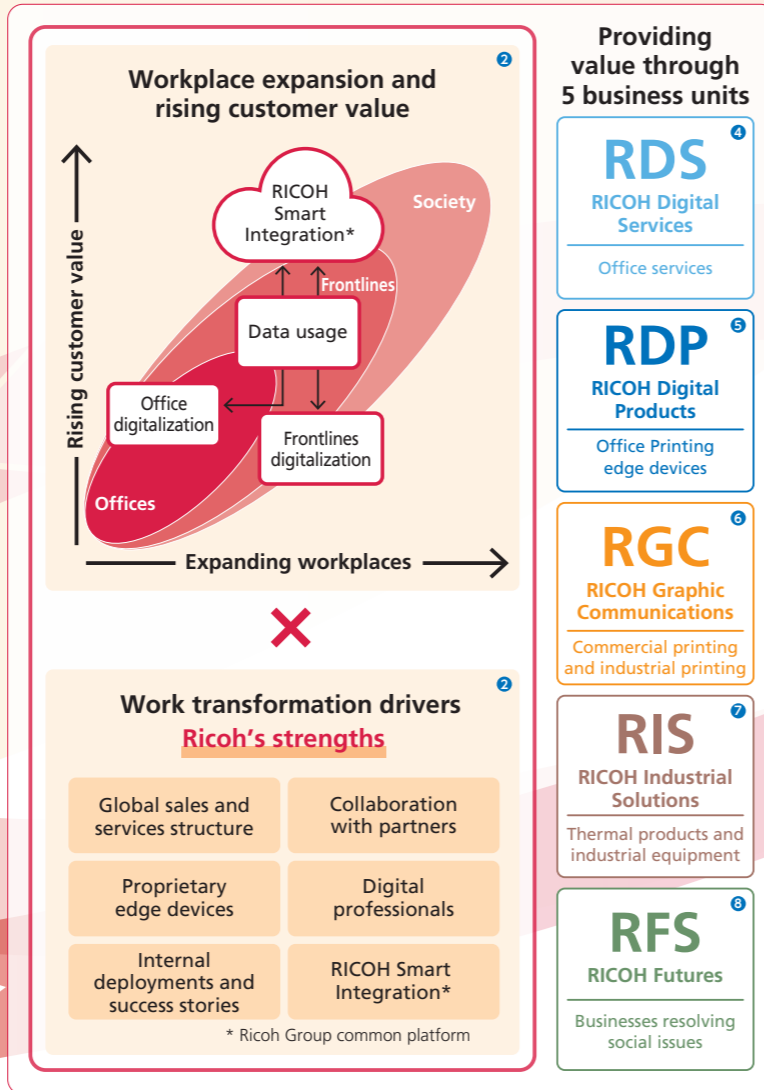
# Value Creation Process

The Ricoh Group is becoming a digital services company that supports worker creativity. We will stay close to workers in pursuing business growth and ESG-centric management to realize Fulfillment through Work.

## Key management capital

<b>Financial capital</b> <sup>2</sup>	
• Capitalization (as of March 31, 2023):	¥135.3 billion
• Growth investments (fiscal 2021–2025):	¥500 billion
<b>Intellectual capital</b>	
• Number of patents held:	Around 35,000
• R&D expenditures:	¥107.7 billion
<b>Human capital</b>	
• Number of employees:	Around 80,000
• Number of digital experts (in Japan):	Around 2,200
• Number of employees with Robotic Process Automation training:	Around 6,100
<b>Social capital</b>	
• Customer base:	Around 1.4 million companies
• Number of @Remote*-connected units:	Around 4.1 million
• Global operations:	Around 200 countries and regions
* Support and services for remote management of MFPs and other equipment	
<b>Manufacturing capital</b>	
• Key production sites:	21
• Key suppliers that are signatories to Ricoh Group Supplier Code of Conduct:	303
<b>Natural capital</b>	
• Energy inputs:	3,501 terajoules
• Total resource inputs:	Around 320,000 metric tons

## Digital services company business model



## Financial and future financial value creation

	Financial <sup>15 15 16</sup>	Future financial perspectives <sup>3 15 17 18</sup>	
	Business perspectives	Financial perspectives	Resolve social issues through business
<b>21st Mid-Term Management Strategy<sup>15</sup></b> Fiscal 2023–2025 (Targets)	<ul style="list-style-type: none"> <li>Generate more than <b>60%</b> of sales from digital services</li> <li>Increase recurring revenue business earnings by <b>18%</b></li> <li>Increase recurring revenue business earnings from non-Office Printing to <b>54%</b></li> <li>Increase profitability per employee by <b>70%</b></li> </ul>	<ul style="list-style-type: none"> <li>ROE exceeding <b>9%</b></li> <li>Return on invested capital (ROIC) exceeding <b>6.5%</b></li> <li>Operating profit <b>¥130 billion</b></li> <li>Total return ratio exceeding <b>50%</b></li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey scores: <b>29%</b></li> <li>Number of people to whom we have contributed by improving social infrastructure: <b>15–20 million</b></li> <li>Greenhouse gas Scope 1 and 2 reduction rate: <b>50%*</b></li> <li>GHG Scope 3 reduction rate: <b>35%*</b></li> <li>Renewable energy usage ratio: <b>40%</b></li> <li>Avoided emissions: <b>1.4 million metric tons</b></li> <li>Virgin materials usage ratio: <b>80%</b> or less</li> </ul>
<b>20th Mid-Term Management Plan<sup>16</sup></b> Fiscal 2021–2022 (Results vs targets)	<ul style="list-style-type: none"> <li>Digital services sales ratio <b>44%</b> vs <b>46%</b></li> <li>Transition to business unit structure</li> <li>Adoption of ROIC management</li> <li>Adoption of business portfolio management</li> <li>Growth investment implementation plans</li> </ul>	<ul style="list-style-type: none"> <li>ROE <b>5.9%</b> vs <b>7%</b></li> <li>ROIC <b>4.9%</b> vs <b>5%</b> or more</li> <li>Operating profit <b>¥78.7 billion</b> vs <b>¥90 billion</b></li> <li>Total return ratio <b>93.8%</b> vs <b>50%</b> or more</li> </ul>	<ul style="list-style-type: none"> <li>Top score rate in customer surveys Japan <b>37%</b>, Europe, Middle East, and Africa (EMEA) <b>20%</b>, APAC <b>32%</b>, Americas <b>89%</b> vs <b>30%</b> or more</li> <li>Number of people to whom we have contributed by improving social infrastructure <b>10.01 million</b> vs <b>10 million</b></li> <li>GHG Scope 1 and 2 reduction rates <b>45.5%</b> vs <b>30%*</b></li> <li>GHG Scope 3 reduction rate <b>31.4%</b> vs <b>20%*</b></li> <li>Renewable energy usage ratio <b>30.2%</b> vs <b>30%</b></li> <li>Virgin material usage ratio <b>84.9%</b> vs <b>85%</b> or less</li> </ul>
			<ul style="list-style-type: none"> <li>Corporate Human Rights Benchmark score <b>Top</b> in information and communication technology sector</li> <li>Compliance with NIST SP 800-171 Coverage of Ricoh's core business environment <b>80%</b> or more</li> <li>Percentage of low-compliance risk Group companies: <b>80%</b> or more</li> <li>Contracted joint R&amp;D agreement ratio: <b>25%</b></li> <li>Digital service patent application ratio: <b>60%</b></li> <li>Number of Japan employees with Ricoh Digital Skills Level 2 or above rating: <b>4,000</b></li> <li>Process DX Silver Stage certified employee ratio: <b>40%</b></li> <li>Employee engagement score: <b>3.91</b> globally</li> <li>Female-held managerial position ratio: <b>20%</b> globally (<b>10%</b> in Japan)</li> </ul>

\* Compared with 2015

For more details see: 1 Ricoh Way on pages 3–4 2 Business model as a digital services company on pages 15–16 3 ESG Strategy on pages 33–36 4 RDS on pages 43–44 5 RDP on pages 45–46 6 RGC on pages 47–48 7 RIS on pages 49–50 8 RFS on pages 51–52 9 Human Capital Strategy on pages 23–26 10 Digital Strategy on pages 27–28

11 Operational Excellence Strategy on pages 29–30 12 Technology and Intellectual Property Strategy on pages 31–32 13 Financial and Capital Strategy on pages 37–40 14 Governance on pages 71–92 15 Overview of 21st Mid-Term Management Strategy on pages 19–20 16 Reviewing the 20th Mid-Term Management Plan on pages 17–18 17 Environment on pages 55–60 18 Social on pages 61–68

# Business model as a digital services company

We will simultaneously enhance customer value and deliver corporate growth by leveraging our global customer touchpoints and other strengths and through providing digital services that help bolster productivity and unleash creativity. This section describes the key components of The Value Creation Process, presented on page 13.

## 1 Capital as a source of corporate value

### Financial capital: Factor ROIC into strategic resource allocations

We seek to generate returns exceeding the cost of capital. We will primarily allocate equity to growth businesses with relatively high risks and leverage debt for stable businesses. We will constantly verify and improve cash flow allocations to optimize our capital structure.

### Intellectual capital: Strengthen our ability to innovate

We will create, acquire, and apply useful intangible assets through research and development based on our business and technology strategies.

- Edge device technology (image processing and optical technologies), development, and production capabilities
- RICOH Smart Integration
- Practical know-how harnessing digital technology and data to improve business processes

### Human capital: Develop talent to support creativity

Our 80,000 global employees draw on the Ricoh Way in using digital technology to change the world of work. They aim to deliver fulfillment through Work by helping customers to become more productive and creative.

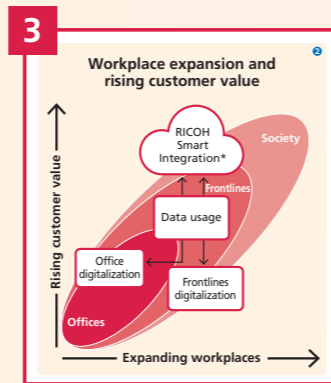
### Social capital: Expand global coverage

We draw on a global customer base of 1.4 million companies and 4.1 million devices in field by providing diverse services and solutions that cater to the challenges of those entities.

### Manufacturing capital: Build a resilient supply chain

We built a resilient development and production structure that encompasses multi-replacement design\*1 and a flexible production site structure\*2 to optimize our global supply chain.

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### Natural capital: Achieve a carbon-neutral, circular economy through business

We are committed to minimizing the energy and resources used in our operations and reducing our carbon footprint.

\*1 Highly general and versatile designs that make it possible to cater swiftly to sudden parts changes

\*2 Makes it possible to manufacture key models across multiple sites and later retrofit missing parts

## 2 Ricoh's strengths driving work transformations

### Global sales and services structure

One key strength is that we deal directly with customers through a locally grounded, global sales and service structure. We provide high-value-added solutions by balancing an optimal regional presence and Group synergies.

### Proprietary edge devices

We leverage our image processing, optics, and other technical expertise, development capabilities, and production capacity to develop and provide multifunctional and other devices serving as entry and exit points for text, photos, audio, video, and other analog and digital information.

### Internal deployments and case studies

We deploy digital technology to transform workflows in back offices and in development, production, and other frontlines to strengthen our solutions capabilities. We also deliver value to customers by drawing on successes within the Ricoh Group.

### Collaboration with partners

We collaborate with partners with various strengths to cater to national and regional market characteristics and deliver high value that aligns effectively with customer needs.

### Digital professionals

We develop and acquire professionals who can use digital technology and data to create and accelerate our digital services. These people work closely with customers through our five business units to generate new value.

### RICOH Smart Integration

This common Group platform makes it possible to provide high-value-added services by connecting edge devices and applications from Ricoh and other companies. We address wide-ranging customer challenges by building an ecosystem centered around this platform.

## 3 Digital services company business model

### Rising customer value

#### Digitalizing office and frontlines processes to boost productivity

We combine proprietary edge devices with applications and services for different industries and tasks to streamline office and frontlines operations. We transform entire workflows by offering managed services that support everything from installation to management and operations.

#### Tapping data to create new value

Storing and using digital office and frontlines data on the RSI platform helps to enhance and automate business operations. We use AI to analyze data in continuously creating new value that exceeds customer expectations.

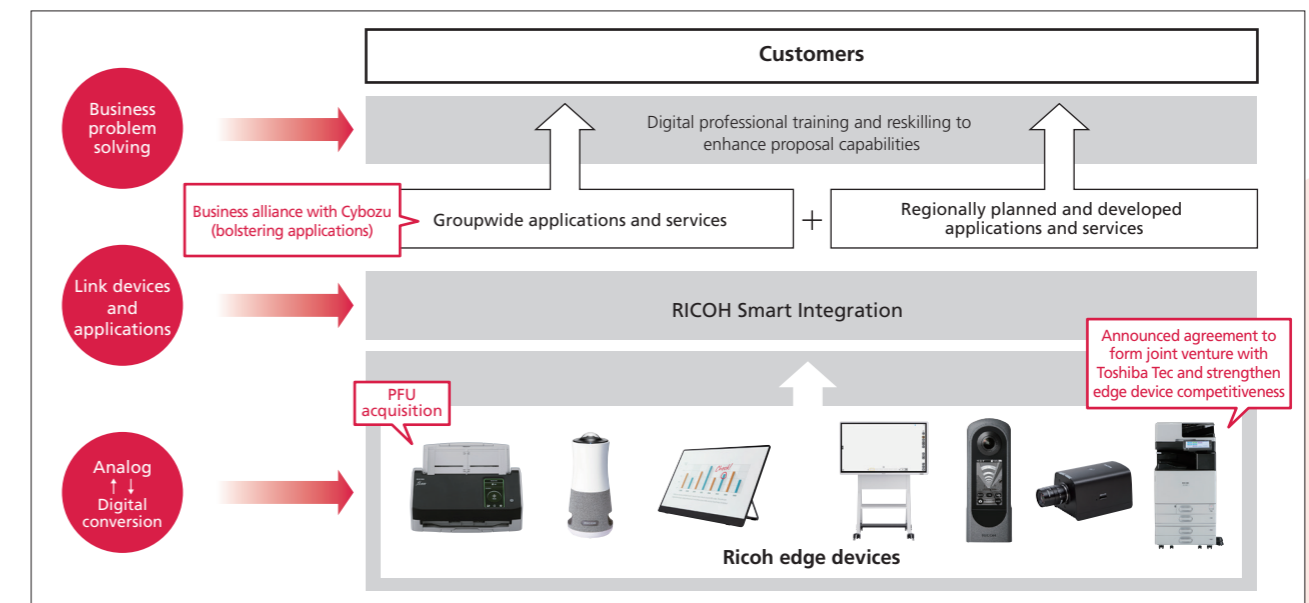
### Workplace expansion

By digitally connecting people, offices, and workplaces, we transform how customers work and help realize a sustainable economy.

### Ricoh's digital services

We help digitalize customer work processes by combining our unique strengths. Digital professionals in around 200 countries and regions draw on in-house practices and success stories in working closely with customers to offer digital services that resolve their issues. RICOH Smart Integration connects devices, applications, and services from Ricoh and other companies to generate new value.

We have made two significant moves to reinforce our edge device positioning. In fiscal 2022, we acquired global business scanner leader PFU. In May 2023, we announced a basic agreement to establish a joint venture with Toshiba Tec. We bolstered our capabilities in applications in fiscal 2022 by forming a business alliance with Cybozu to develop RICOH kintone plus in Japan and North America.



### Establish and monetize digital services-based recurring revenues business

As a value co-creation partner, we aim to help enhance business efficiency and creativity by swiftly identifying the constantly changing issues of our customers.

We augment revenues from our printing business by accelerating efforts to generate recurring revenues in the growing digital services field and expand earnings over the medium through long terms. We will continue to build recurring revenues from application services and support services for the various devices used in our digital service offerings.

