

# Progress Report on Enterprise Value Improvement Project

February 6, 2024

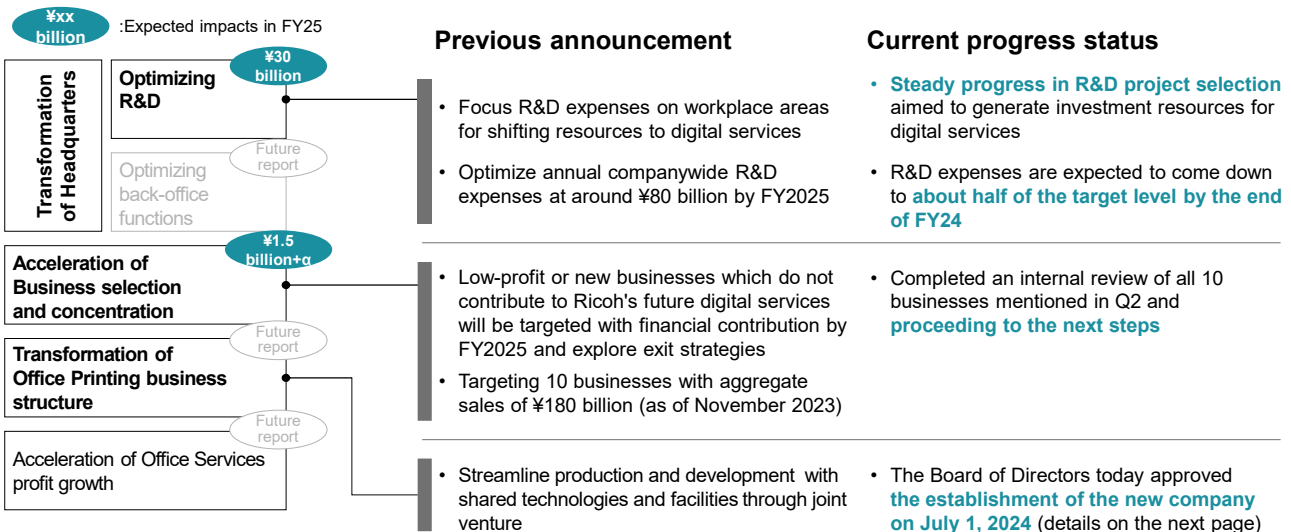
**Akira Oyama**

President and Chief Executive Officer  
Ricoh Company, Ltd.

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- Today, I will present our progress report on our Enterprise Value Improvement Project. In our second-quarter results briefing, we announced that our next progress briefing would be during our mid-term management strategy briefing in March this year. In light of subsequent feedback, we concluded that it would be better to explain the whole picture at the stage after finalizing our annual results and outlook finalized instead of in March when our results are incomplete.
- But as that would mean explaining things considerably later, we decided to include a progress report on the project during today's third quarter results briefing.

The initiatives announced in November are progressing as planned



- The left of this slide snapshots the Transformation Program that I explained in my presentation in November last year. Today, I will update our efforts to optimize R&D and accelerate business selection and concentration and comment on the joint venture with Toshiba Tec Corporation that we disclosed today.
- We are progressing well in optimizing R&D. As I explained in November, we are back-casting from our ideal business structure and lowering R&D expenses to the optimum level. We will select and focus on projects, prioritizing areas close to digital services. R&D expenses will accordingly drop around 30 billion yen. We are reviewing what has been favorable progress. As we target spending of around 80 billion yen for fiscal 2025, we think we will be able to improve the fiscal 2024 figure to between the fiscal 2023 and 2025 levels.
- Regarding business selection and concentration, I mentioned in November that we would review 10 businesses. We are finalizing all of the internal reviews. Options include changing strategy, consolidating businesses, or divesting them to best owners, and my thoughts on next steps are coming together.
- And while we need a little more time before we can make a public announcement, I am pleased to report that we are making steady progress.
- With respect to efforts to transform the Office Printing business structure, we have finalized some of the various details regarding the joint venture. Today, we announced an absorption-type company split agreement.

## Offering a compelling platform through establishing a JV with Toshiba Tec

### Purpose of Establishment :

- Offering competitive products **leveraging economies of scale**
- Securing a stable product supply **through the optimization of production sites**
- Creation of distinctive value for each company **through a shared engine**

### Company name :

**ETRIA Co., Ltd**

### Establishment :

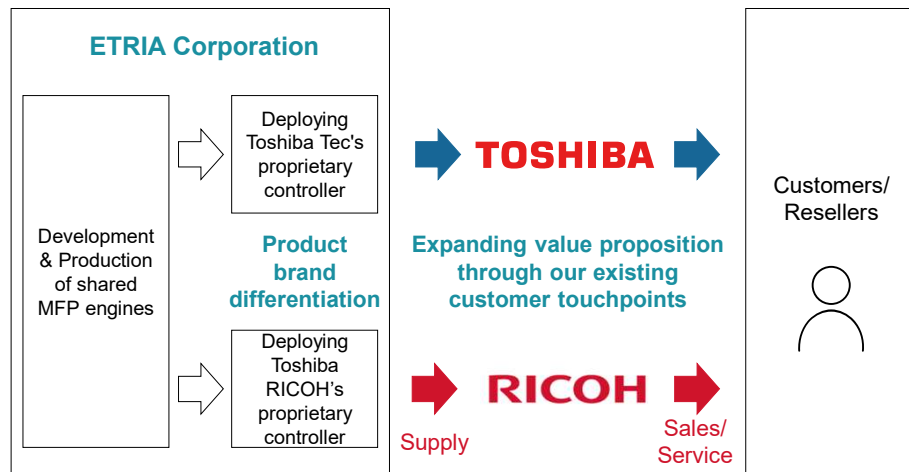
**July 1, 2024 (scheduled)**

### Investment ratio :

RICOH(85%), Toshiba Tec(15%)

### Business Overview :

Development and manufacturing focused on MFP edge devices

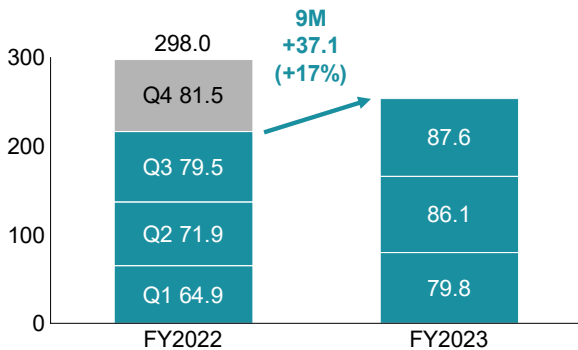


- The name of the joint venture resulting from this agreement will be ETRIA Co., Ltd., which we plan to establish on July 1. The new entity will bring together the technologies of Toshiba TEC and Ricoh company to create a competitive engine by integrating device development and production, centered on MFPs.
- While launching engines delivering competitive performance and costs, Toshiba TEC and Ricoh will differentiate their products for each other's sales channels through software and other approaches. They will market these offerings through their respective brands.
- We will generate technology, quality, cost, and other synergies, while sales differentiation will be possible. Although differentiation is inherently hard when pursuing economies of scale, we believe that the joint venture will serve as a very attractive model for simultaneously delivering economies of scale and differentiation. We hope that many other brands interested in the joint venture will take advantage of this opportunity for progress.

**Steady growth in recurring revenue for Office Services**

**Disclose KPIs to measure progress of profit growth in Office Services from FY24**

Recurring revenue for office services (Billions of yen)



**Number of customers**

Total number of existing customers



**Office Services adoption rate**

Proportion of customers with Office Services contracts

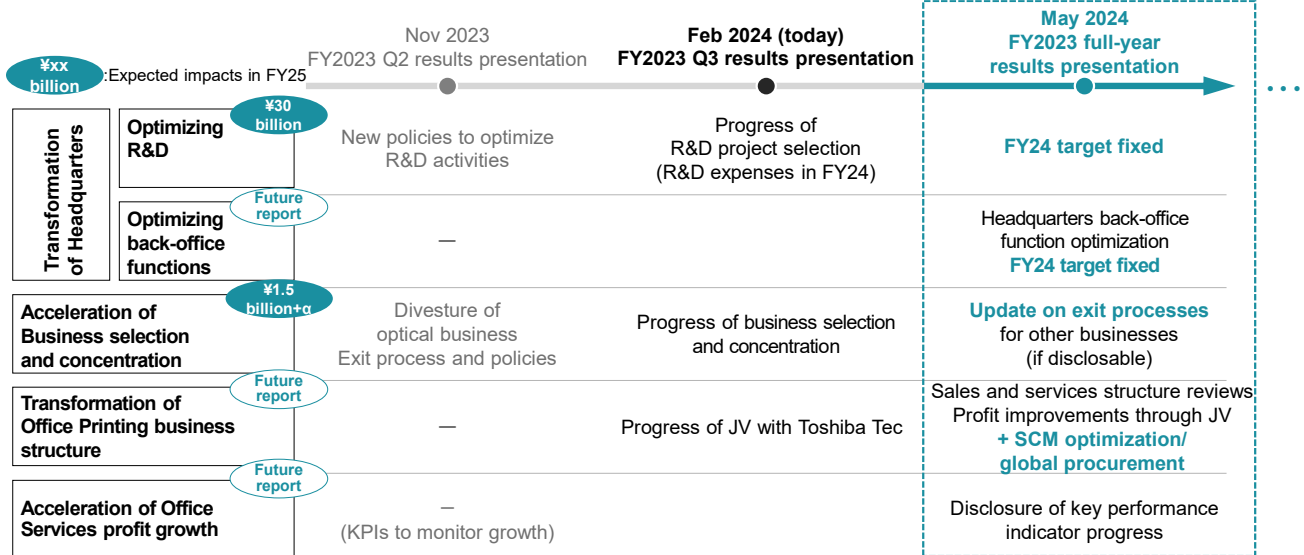


**Recurring revenue ratio**

Recurring revenues ratio within Office Services revenue

- I have said before that we would set appropriate key performance indicators for progress in accelerating Office Services earnings growth so you can monitor our progress. Our Office Services business is on track for further growth. Its recurring revenues expanded 17% from a year earlier in the nine months.
- Our Office Services recurring revenues rely on customers using various Ricoh services continuously with satisfaction. This model ensures stable growth by increasing per-customer sales and recurring revenues.
- We are working on the three key performance indicators on the right side of the slide with a view to disclosing them next fiscal year.

## Progress to be announced in May full-year statement



- Under this roadmap, we plan to deploy new measures as necessary in addition to those we explained previously.
- We think that the printing market will shrink over the long term. We consider it vital to respond decisively to that trend, and will devote particular attention to addressing it.
- I also note that we will constantly and flexibly optimize our value chain in view of fluctuations in the quantities of goods.
- Think that flexible responses are crucial, such as to improve operations by enhancing our supply chain management system and generating more accurate forecasts. One important effort for the future will be to expand our efforts to Europe and other regions.
- In Office Services, we will also explore improving costs by procuring equipment and materials globally. I will be able to explain more about our future efforts, including additional measures, when we present our full-year results in May.



- We unfortunately had to lower our annual forecasts even though we generated higher revenues and earnings in the third quarter. We have reflected deeply on this situation, and recognize just how important it is to properly complete our project. We are determined to deliver tangible results.
- Sensitive information associated with many aspects of the project prevents us from providing progress updates, and some of you may find that unsatisfactory. I can report, however, that our project is delivering steady progress.
- We seek to advance by drawing on advice from dialogue with market players. We plan to present our next report in May this year.

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.**

**Change in business category**

Effective from the fiscal year ending March 31, 2024, Ricoh recategorized the PFU business and some common expenses from the Other segment into Ricoh Digital Products and Ricoh Digital Services.