

Progress Report on Corporate Value Improvement Project

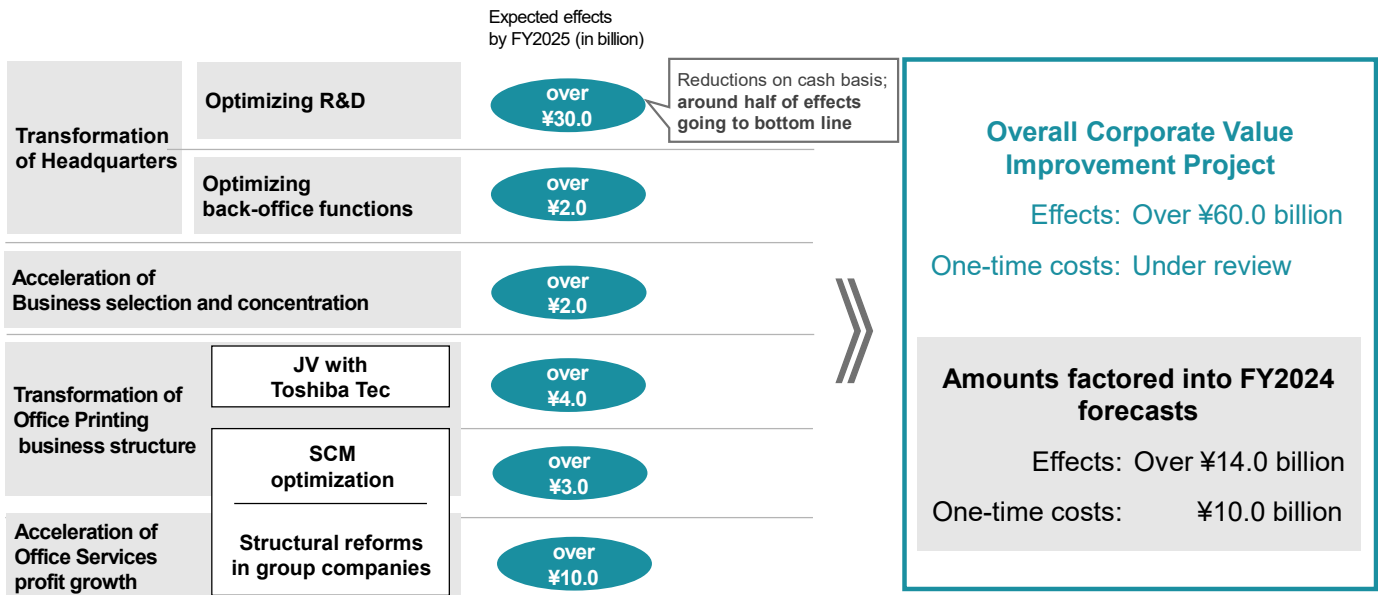
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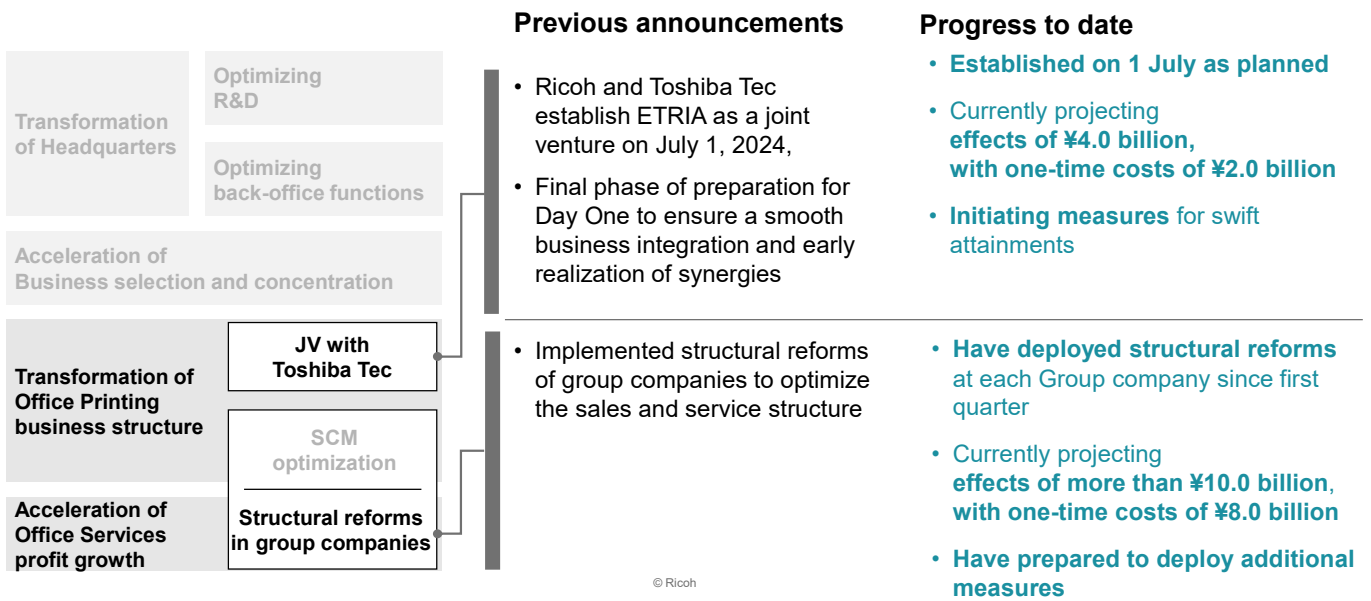
- I will now reiterate and explain details of our Corporate Value Improvement Project.

Aim to generate over ¥60 billion in impact on the income statement, including future disclosures



- This slide summarizes this ongoing initiative, which we updated at our fiscal 2023 results in May (see page 8 of our previous Corporate Value Improvement Project presentation).
- We will reinforce Digital Services and Office Services by transforming Headquarters, accelerating business selection and concentration, transforming the Office Printing business structure, and accelerating Office Services profit growth.
- During the May briefing, we did not fully explain 30 billion yen in effects from optimizing R&D, so I will provide details today.
- That figure relates to total R&D expenditure shown on the cover of our Quarterly Report. It is a cash-based amount. We aim to reduce R&D expenditure around 30 billion yen on a cash basis by 2025. In other words, we will drop that spending from around 110 billion yen, to something like 80 billion yen.
- Since that reduction will be on a cash basis, it will not immediately lead to a 30 billion yen cost reduction on the income statement. On the latter basis, we expect effects to be billions of yen in fiscal 2024 and tens of billions of yen in fiscal 2025.
- So, if we assume that effects in the income statement from optimizing R&D by fiscal 2025 are around half of the 30 billion yen mentioned, the combined impact of measures from R&D optimization to accelerating Office Service profit growth would be around 40 billion yen.
- The amount shown in the slide is 40 billion yen, which is less than the 60 billion yen effects envisaged from the entire Corporate Value Improvement Project. We are not in a position to clearly indicate right now which measures we will undertake to produce the balance of 20 billion yen in effects. That is because some measures require formal decisions.
- For all measures including “Optimizing back-office functions,” we use “over” to indicated the expected effects by fiscal 2025.
- We intend to generate even greater effects than the numbers shown, and have roadmapped efforts internally. We can only share estimates at this stage but plan to eventually present concrete numbers. We thus ultimately expect to deliver effects exceeding 60 billion yen.
- We will update you with details when presenting our second-quarter results and will generally present progress semiannually with the Corporate Value Improvement Project.
- Our forecast for fiscal 2024 includes 14 billion yen in effects from the Corporate Value Improvement Project. Our projected operating profit of 70 billion yen in this forecast already factors in project costs and effects.

Progressing well with measures delivering effects and one-time costs forecast for FY2024



- For this slide on progress with the Corporate Value Improvement Project I will explain the 14 billion yen in effects and 10 billion yen in one-time costs. I can share two measures today.
- We established ETRIA with Toshiba Tec on July 1. Projected contributions from ETRIA for fiscal 2024 are unchanged from the figures we announced when presenting fiscal 2023 results. We look for ETRIA to generate a profit increase of more than 4 billion yen, with one-time costs of 2 billion yen, as part of the Ricoh Group.
- We have already begun reviewing our sales and service structure. At this juncture, we estimate fiscal 2024 effects of 10 billion yen, with one-time structural reform costs of 8 billion yen.
- By adding ETRIA's effects of 4 billion yen and one-time costs of 2 billion yen and structural reform effects of 10 billion yen and one-time costs of 8 billion yen, we arrive at the effects of 14 billion yen and one-time costs of 10 billion yen that we presented on the previous page.
- That completes our progress report on the Corporate Value Enhancement Project. Thank you for your time and attention.

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 - b. Exchange rates and fluctuations
 - c. Rapid technological innovations
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Note: These materials define fiscal years as:
FY2024 (or fiscal 2024) = Fiscal year ended March 31, 2025, etc.