

# Progress Report on Corporate Value Improvement Project and Efforts to Drive beyond FY2025

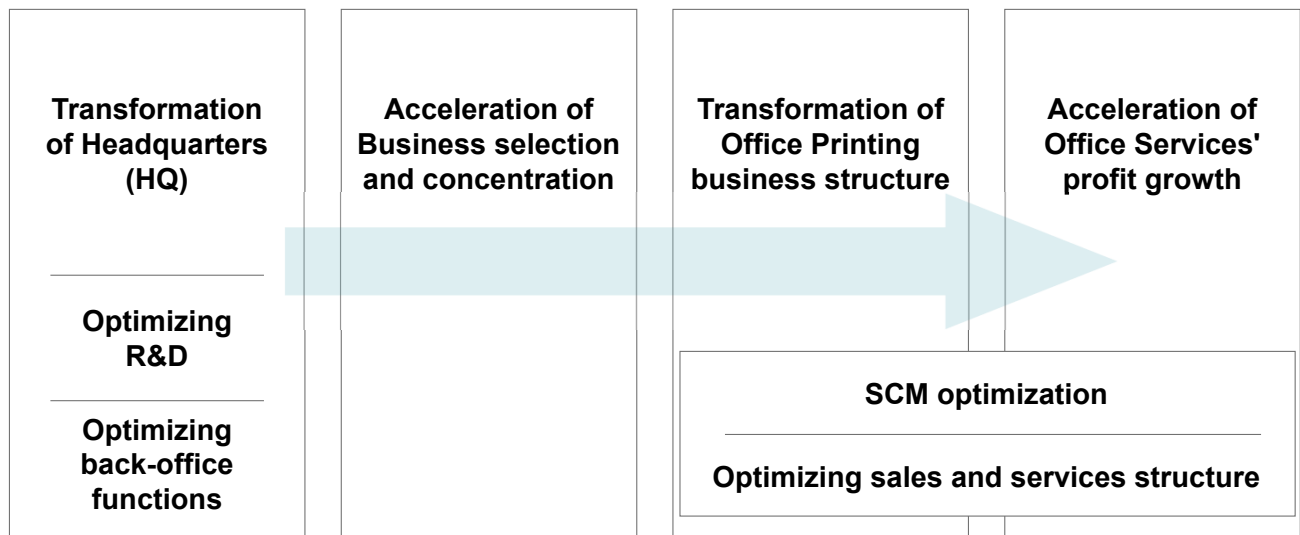
May 14, 2025

**Akira Oyama**

President and Chief Executive Officer  
Ricoh Company, Ltd.

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- Today, I will report on progress with the Corporate Value Improvement Project and outline our efforts to drive sustainable progress beyond fiscal 2025.



- We have previously presented this overview of our Corporate Value Improvement Project.
- It shows that we are striving to shift management resources and capital, including human capital, to growth areas by transforming headquarters, accelerating business selection and concentration, and transforming the Office Printing business structure. By implementing the measures shown on this slide, we aim to increase earnings by around ¥60 billion from the fiscal 2023 level by fiscal 2025.

## Project has delivered around ¥20 billion in savings in FY2024, and will keep progressing with additional measures

Projected savings by FY2025 from FY2023 baseline (in billions)

Transformation of Headquarters	Optimizing R&D	about ¥15
	Optimizing back-office functions	over ¥2.0
Acceleration of business selection and concentration		over ¥5.0
Transformation of Office Printing business structure	Production and Development JV	over ¥4.0
	SCM optimization	over ¥3.0
Acceleration of Office Services profit growth	Optimizing sales and services structure	over ¥23
<b>Total</b>		<b>over ¥52</b>

### Progress to date

- Business selection and concentration progressed as planned
- Established ETRIA, with Oki Electric to join after Toshiba Tec
- Reviewed domestic and overseas sales and service structures (Second Career Support Program) and optimized personnel levels

### Latest one-time costs (all incurred in FY2024)

	Previous target	Result
Acceleration of business selection and concentration	¥4 billion	¥4.2 billion
Production and Development JV	¥2 billion	¥2.3 billion
Optimizing sales and services structure	¥11 billion	¥10.4 billion
Second Career Support Program	¥16 billion	¥12.8 billion
<b>Total</b>	<b>¥33 billion</b>	<b>¥29.7 billion</b>

- I will now report on progress with each measure at the end of the first year of the project.
- In our previous forecast, we estimated that the project would generate more than ¥52 billion yen in savings over two years, with one-time costs of ¥33 billion in fiscal 2024.
- Savings in fiscal 2024 were around ¥20 billion. Costs that year were ¥3 billion lower than expected, at ¥29.7 billion. This was due to expenses associated with implementing the Second Career Support Program in Japan being lower than projected despite the number of applicants exceeding expectations.
- Other project initiatives progressed as planned.
- As part of efforts to transform the Office Printing business structure, Ricoh and Toshiba Tec established ETRIA on schedule as a development and production joint venture and swiftly made it operational. We overcame the challenge of setting up this single entity by spinning off our respective development and production units. Oki Electric Industry is scheduled to join ETRIA in October this year. This involvement should enhance economies of scale and strengthen product development.



## KPIs for profit growth



### Number of customers

Total number of existing customers



### Office Services adoption rate

Proportion of customers with Office Services contracts



### Recurring sales growth rate

The sales growth rate of recurring business offerings in Office Services business

## FY24 result

**1.4M** companies

**36** %

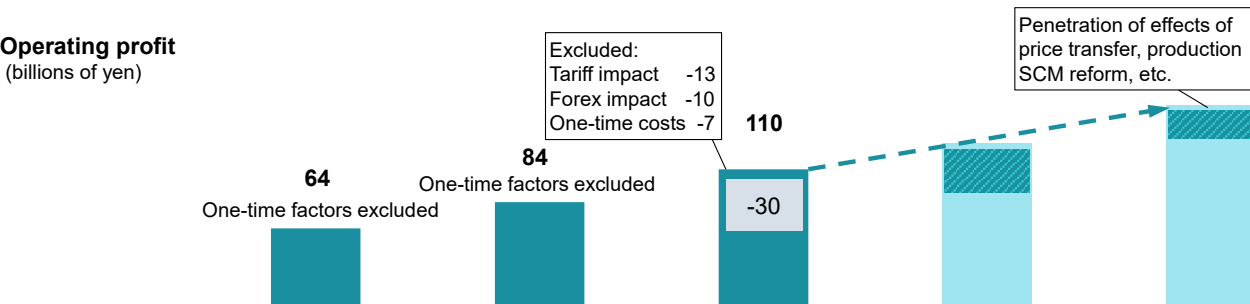
**+10** %

- Office Services adoption rate: **Office Services customer base expanding beyond existing Office Printing customer base**; while overall adoption rate has not grown significantly, we are **steadily reinforcing our Office Services customer base**
- Recurring revenue growth rate: 10% overall, with **growth exceeding 15%** in Japan, Europe and DocuWare

- This slide shows key performance indicators tracking profit growth in Office Services.
- The Office Services adoption rate measures how widely customers have deployed these offerings. The recurring revenue growth rate shows year-on-year progress.
- We consider the latter indicator particularly important because profitability improves as recurring revenues accumulate. There are several recurring revenue growth scenarios. In some instances, existing Office Printing customers may adopt new Office Services. In other cases, we deliver multiple services to the same customer. We also provide services to entirely new customers outside our current Office Printing customer base. The number of customers has increased recently in response to Office Services demand.
- Recurring revenues are increasing across regions, particularly in Europe and Japan. On top of that, software subsidiary DocuWare has achieved more than 20% recurring revenue growth. Office Services is gaining more traction with existing and new customers. Recurring revenue from Office Services is accumulating through our unique sales organization, which is a very positive trend.
- In fiscal 2024, Office Services recurring revenue climbed 14% after factoring in foreign exchange rates and 10% after excluding them.

**Although the FY25 forecast falls short of our mid-term management targets, our earnings capacity is steadily improving. We will continue to grow recurring revenue from OS and Commercial Printing, aiming for an ROE of 10% or higher.**

**Operating profit**  
(billions of yen)



**Recurring sales growth rate**  
(forex excluded, %)

	FY23	FY24	FY25 forecast
OS recurring revenue	+10%	+10%	+10%
Commercial Printing	+4%	+2%	+2%
Non-Hardware			
OP Non-Hardware	-1%	-4%	-2%

May 14, 2025

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- This slide tracks the all-important recurring revenue growth rate and earnings trends.
- Office Services recurring revenues are a key earnings driver. The growth rate was 10% in both fiscal 2023 and 2024. We target growth of at least 10% in fiscal 2025. Recurring revenues from Commercial Printing are also vital, and we will continue to expand them while accelerating growth in fiscal 2025.
- We seek to minimize a decline in Office Printing non-hardware revenue while strengthening the recurring revenue base for Office Services and Commercial Printing.
- Gains from initiatives under the Corporate Value Improvement Project launched in fiscal 2024 are starting to materialize.
- The chart shows our underlying profitability after excluding one-time factors. On that basis, operating profit was ¥64.0 billion in fiscal 2023 and ¥84.4 billion in fiscal 2024. Exchange rates have fluctuated significantly in response to various policy changes in the United States. After excluding the impacts of exchange rates and one-time factors, we project ¥110 billion in operating profit in fiscal 2025, indicating that our underlying profitability is steadily improving.
- Fiscal 2025 is the final year of our 21st Mid-Term Management Strategy, under which we have targeted a return on equity of at least 9%. Our current operating profit forecast means that we will not achieve that objective. Also, we believe that by continuing to improve at the current pace our return on equity will exceed 9% and even surpass 10% in the near future.



## Accelerate Recurring Sales Earnings Growth

Achieve **stable profitability improvement and profit growth** by thoroughly accumulating OS and Commercial Printing recurring sales and minimizing OP Non-Hardware sales decline.

## Improving Asset-Light Management and Capital Efficiency

Promote asset-light management as a digital services company and **achieve stable ROE of 10% or more** by reviewing and optimizing the business portfolio.

## Responding to Rapid Changes in the International Politics, Economy and Technology

Provide high-value products and services in a timely manner that contribute to customers' competitive advantage under the rapid changing environment, while flexibly and swiftly reallocating our capital/resources.

- We will now outline the direction we must take to improve corporate value sustainably.
- First, we must accelerate recurring revenue growth. It is vital to keep building recurring revenues from Office Services and Commercial Printing while minimizing a decline in Office Printing non-hardware revenue.
- Our second priority is to improve asset-light management and capital efficiency.
- As our focus shifts to digital services, we will need less capital investment than conventional manufacturers. DocuWare and Software-as-a-Service applications typically require upfront payments and no inventories. As the proportion of businesses with negative cash conversion cycles increases, we will progress toward a more asset-light earnings structure that helps boost return on equity. On top of that, by rigorously reviewing our business portfolio and concentrating human capital and other management resources on growth areas, we aim to consistently achieve a return on equity of at least 10%.
- The third priority is to respond to rapid changes in international politics, the economy, and technology.
- Political and economic conditions have changed rapidly in recent years, with technology evolving swiftly. We will reallocate capital and resources flexibly and quickly, and accordingly streamline our organization. This will position us to deliver timely solutions and high-value-added products and services that help customers facing similar challenges gain competitive advantages.
- By providing high-value-added services, we will be able to build more profitable and resilient business foundations.
- We also believe that we can flexibly address and mitigate crises and changes in the operating climate. For example, the estimated cost of U.S. tariff policies is ¥13.0 billion. We expect to offset that impact, however, by adjusting pricing and taking other steps. Swift action is paramount, and we are determined to tackle these challenges.

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- 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:**  
FY2024 (or fiscal 2024) = Fiscal year ended March 31, 2025, etc.