November 25, 2024

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Notice Regarding the Arbitral Award of Arbitration Request Filed by Ricoh Subsidiary and Revision to the Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2025

Ricoh Company, Ltd. (hereinafter "Ricoh") hereby announces that Ricoh Asia Industry (Shenzhen) Ltd. (hereinafter "RAI"), a subsidiary of Ricoh, has received the arbitral award (hereinafter the "Arbitral Award") for the arbitration of which the proceedings were filed and continued by RAI against Shenzhen Spacetime Ltd. (深セン市航天時代置業有限公司) (hereinafter "SSTL") and Derun Real Estate Development Group Co., Ltd. (德潤房地産開発集団有限公司), a joint guarantor of SSTL (hereinafter "Derun Real Estate" and collectively with SSTL, "SSTL, etc."), at the Shenzhen Court of International Arbitration (hereinafter "SCIA"), as follows.

In response to the Arbitral Award, Ricoh also announces a revision to the forecast of consolidated operating results for the fiscal year ending March 31, 2025, announced on November 8, 2024.

1. Arbitration institution and date where the award was made

Arbitration institution: Shenzhen Court of International Arbitration
Date of Award: November 18, 2024

2. Background of the Arbitral Award

In connection with RAI's relocation from Futian District, Shenzhen, to the city of Dongguan, in December 2016, RAI, a subsidiary of Ricoh, entered into an alliance agreement with SSTL, a real estate developer, for the urban redevelopment project of the site in Futian District, Shenzhen in accordance with the Urban Renewal Measures of Shenzhen Municipality, etc. (hereinafter the "Alliance Agreement"), and had agreed to partner with SSTL on the development and execution of the project subject to SSTL obtaining the necessary approvals for the redevelopment of the site.

After the execution of the Alliance Agreement, RAI received from SSTL a portion of the compensation for vacating the site in Futian District, Shenzhen in accordance with the Alliance Agreement. The compensation was recorded as a deposit on Ricoh's consolidated statements of financial position because the cancellation of the registration for the right to use the site had not yet been completed, and the site had not yet been vacated at the time of the receipt, instead of being recognized as income when the cancellation of the registration and the vacation of the site are completed, and there is no longer a possibility of RAI being required to refund all or a part of the compensation to SSTL. However, SSTL's application for the approvals of the redevelopment project did not progress due to the government restrictions on real estate and other factors, and there were several delays in payments from SSTL to RAI for the remaining amount of the compensation for vacating the site. Therefore, in addition to receiving the late penalty from SSTL, RAI, together with Ricoh, engaged in multiple rounds of negotiations and discussions with SSTL and

granted SSTL a grace period for payment of the compensation to continue the project. Nevertheless, due to the subsequent failure of SSTL to obtain the necessary approvals for the redevelopment and the continued delay in the payment of the remaining amount of the compensation, in October 2020, RAI notified SSTL of its intention to terminate the Alliance Agreement and demanded a penalty for SSTL's breach of the Alliance Agreement, and then the Alliance Agreement was terminated.

On May 22, 2022, RAI filed a request for arbitration with SCIA to fix the amount of the penalty owed by SSTL, etc. to RAI upon the termination of the Alliance Agreement, to which SSTL, etc., filed a counterclaim with SCIA seeking, among other things, the return of the paid compensation and late penalty from RAI (hereinafter the "Arbitration"). Ricoh and RAI have made thorough claims at SCIA and expected to receive an arbitral award by summer in 2023. However, the arbitration process was significantly prolonged due to a change of the lead arbitrator in September 2023 and a reopening hearing by the new lead arbitrator in November 2023. In May 2024, RAI received a settlement recommendation from SCIA. Although settlement discussions were held, no settlement was reached due to a significant divergence in the intentions of the two parties.

Subsequently, in November 18, 2024, the Arbitral Award was issued based on the outline provided as section 4 below.

3. Overview of Counterparties to the Arbitration

3-1. Shenzhen Spacetime Ltd.*

(1)	Trade name:	Shenzhen Spacetime Ltd. (深セン市航天時代置業有限公司)
(2)	Address:	403, Building B, No.3 Lipu Road, Dafapu Community, Bantian Street, Longgang District, Shenzhen
(3)	Representative name:	Wang Lijian (Vice President/General Manager)

3-2. Derun Real Estate Development Group Co., Ltd.*

(1)	Trade name:	Derun Real Estate Development Group Co., Ltd. (德潤房地産開発集団有限公司)
(2)	Address:	In Miyun District Industrial Development Zone, Beijing
(3)	Representative name:	Zhuang Hongyi (President/General Manager)

*Shenzhen Spacetime Ltd. and Derun Real Estate Development Group Co., Ltd. have no capital relationship with China Aerospace Science and Technology Corporation (中国航天科技集団有限公司), which is not a party to the Arbitration.

4. Details of the Arbitral Award

During the arbitration process, Ricoh and RAI requested SCIA to render promptly a fair and impartial award that was in accordance with the contents of the Alliance Agreement. The Arbitral Award by SCIA dismissed RAI's claims against SSTL, etc., partially admitted SSTL's counterclaim against RAI, and ordered RAI to return RMB 940 million of the compensation already received from SSTL. While it is regrettable that Ricoh and RAI's claims were not upheld, Ricoh and RAI accept the Arbitral Award and will take appropriate measures in response.

As a result of the Arbitral Award, the penalty owed by SSTL, etc. to RAI upon the termination of the Alliance Agreement has been fixed as RMB 940 million. In addition to the RMB510 million that RAI has already received as late penalties in previous years, RMB 430 million of the RMB1.37 billion that RAI had received as compensation for vacating the site in previous years, excluding RMB 940 million to be returned to SSTL, will be allocated towards the penalty for terminating the Alliance Agreement.

5. Future Outlook

As described in section 4 above, the amount of the penalty owed by SSTL, etc. to RAI upon the termination of the Alliance Agreement has been fixed at RMB 940 million.

Consequently, RMB 430 million of the RMB1.37 billion received by RAI in previous years as compensation for vacating the site will no longer be refundable and is expected to be recorded as Other Income in Ricoh's consolidated financial results for the third quarter of the fiscal year ending March 31, 2025. Additionally, the RMB510 million that RAI has already received as a late penalty has been recorded as Other Income in previous years.

Furthermore, RAI retains ownership of the land use rights for the vacated site in Futian District, Shenzhen after the Arbitral Award. The application of these rights will be considered in the future.

6. Revision to the Forecast of Ricoh's Consolidated Operating Results for Fiscal Year Ending March 31, 2025 (from April 1, 2024, to March 31, 2025)

The revision to the forecast of Ricoh's consolidated operating results for fiscal year ending March 31, 2025 based on the Arbitral Award is as below.

	Sales (Millions of yen)	Operating profit (Millions of yen)	Profit before income tax expenses (Millions of yen)	Profit (Millions of yen)	Profit attributable to owners of the parent (Millions of yen)	Earnings per share attributable to owners of the patent basic (yen)
Forecast announced in May 2024 (A)	2,550,000	52,000	58,000	40,500	38,000	64.78
New forecast (B)	2,550,000	61,000	67,000	47,000	44,500	75.86
Increase/ Decrease (B-A)	—	9,000	9,000	6,500	6,500	11.08
Increase/ decrease (%)	—	17.3%	15.5%	16.0%	17.1%	17.1%
(Reference) Results for the fiscal year ended March 31, 2024	2,348,987	62,023	68,202	44,242	44,176	72.58

Note: The forecasts above take into account the earnings impact of the Arbitral Award on the forecasts announced in November 8, 2024. Actual financial results may differ from the figures above in the future due to various factors.

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