Annual Securities Report

(The 120th Business Term)
From April 1, 2019 to March 31, 2020

3-6, Nakamagome 1-chome, Ohta-ku, Tokyo
Ricoh Company, Ltd.

[Cover]

[Document Filed]	Annual Securities Report ("Yukashoken Houkokusho")
[Applicable Law]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	June 29, 2020
[Fiscal Year]	The 120th Business Term (from April 1, 2019 to March 31, 2020)
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[Company Name in English]	Ricoh Company, Ltd.
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[Contact Person]	Hidetaka Matsuishi, Director, Corporate Executive Vice President, Chief Financial Officer
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan. Certain information is only included in this English translation of the Annual Securities Report for ADR holders and not included in the original report. The translation of the Independent Auditors' Report is included at the end of this document.

In this document, the term "Ricoh" refers to Ricoh Company, Ltd. and our consolidated subsidiaries or as the context may require, and the term "the Company" refers to Ricoh Company, Ltd. on a nonconsolidated basis. References in this document to the "Financial Instruments and Exchange Act" are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan. References in this document to the "Companies Act" are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

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I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	IFRSs				
Fiscal year	116th business term	117th business term	118th business term	119th business term	120th business term
Year end	March 2016	March 2017	March 2018	March 2019	March 2020
Sales	2,209,028	2,028,899	2,063,363	2,013,228	2,008,580
Profit(loss) before income tax expenses	95,684	29,955	(124,182)	83,964	75,891
Profit(loss) attributable to owners of the parent	62,975	3,489	(135,372)	49,526	39,546
Comprehensive income(loss) attributable to owners of the parent	18,332	(6,705)	(118,072)	30,304	6,949
Equity attributable to owners of the parent	1,077,813	1,042,106	909,565	932,577	920,371
Total assets	2,776,461	2,759,287	2,641,030	2,725,132	2,867,645
Equity per share attributable to owners of the parent (yen)	1,486.87	1,437.62	1,254.79	1,286.56	1,270.47
Earnings(loss) per share attributable to owners of the parent, basic (yen)	86.87	4.81	(186.75)	68.32	54.58
Earnings(loss) per ADR share attributable to owners of the parent, basic (yen)	86.87	4.81	(186.75)	68.32	54.58
Earnings per share attributable to owners of the parent, diluted (yen)	-	-	-	-	54.58
Earnings per ADR share attributable to owners of the parent company, diluted (yen)	-	-	-	-	54.58
Equity attributable to owners of the parent ratio (%)	38.82	37.77	34.44	34.22	32.10
Profit(loss) to equity attributable to owners of the parent ratio (%)	5.83	0.33	(13.87)	5.38	4.27
Price earnings ratio (times)	13.19	190.44	-	16.93	14.55
Net cash provided by operating activities	99,858	88,299	110,288	81,947	116,701
Net cash used in investing activities	(104,138)	(106,715)	(81,077)	(45,931)	(164,591)
Net cash provided by (used in) financing activities	42,669	(19,921)	6,407	42,424	75,757
Cash and cash equivalents at end of year	167,547	126,429	160,568	240,099	262,834
Number of employees	109,361	105,613	97,878	92,663	90,141

(Note) 1. Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").
2. Sales do not include consumption tax, etc.
3. There were no diluted shares for the year 2016, 2017 and 2019.
4. There were net losses and no diluted shares for the year 2018.
5. There were Losses per share attributable to owners of the parent, for the year 2018.

2. HISTORY

February 1936	Riken Kankoshi Co., Ltd. is formed in Kita-kyushu to manufacture and sell sensitized paper.
March 1938	The Company's name is changed to Riken Optical Co., Ltd. and starts manufacturing and selling optical devices and equipment.
May 1949	The Company lists its securities on the Tokyo and Osaka Stock Exchanges.
April 1954	The Company establishes an optical device and equipment plant in Ohmori, Ohta-ku, Tokyo (now known as the Head office).
May 1955	The Company begins manufacturing and selling desktop copiers.
May 1961	The Company establishes a sensitized paper plant in Ikeda, Osaka (now known as the Ikeda plant).
October 1961	The Company lists its securities on the First Section of each of the Tokyo and Osaka Stock Exchanges.
June 1962	The Company starts operations of a paper plant in Numazu, Shizuoka, which featured a fully-integrated sensitized paper production system (now known as the Numazu plant).
December 1962	The Company establishes Ricoh of America, Inc. (a subsidiary, now known as Ricoh USA, Inc.).
April 1963	The Company changes its corporate name to Ricoh Company, Ltd.
July 1967	The Company establishes Tohoku Ricoh Co., Ltd. in Shibata-gun, Miyagi.
May 1971	The Company completes its manufacturing facility in Atsugi, Kanagawa (now known as the Atsugi plant), to which it transfers some of its office equipment production from the Ohmori plant.
June 1971	The Company establishes Ricoh Nederland B.V. (a subsidiary, later known as Ricoh Europe B.V. and now known as Ricoh Europe Holdings B.V.) in the Netherlands.
January 1973	The Company establishes Ricoh Electronics, Inc. (a subsidiary) in the United States.
December 1976	The Company forms Ricoh Credit Co., Ltd. (a subsidiary, now known as Ricoh Leasing Co., Ltd.).
December 1978	The Company establishes Ricoh Business Machines, Ltd. (a subsidiary, now known as Ricoh Hong Kong Ltd.).
March 1981	The Company builds the Ricoh Electronics Development Center at the Ikeda plant to develop and manufacture electronic devices.
May 1982	The Company establishes sensitized paper production facilities in Sakai, Fukui (now known as the Fukui plant).
December 1983	The Company establishes Ricoh UK Products Ltd. (a subsidiary).
October 1985	The Company builds a copier manufacturing plant in Gotemba, Shizuoka which takes over some of production from Atsugi plant.
April 1986	The Company opens a research and development ("R&D") facility in Yokohama, Kanagawa (now known as the Yokohama Nakamachidai office) in commemoration of the Company's 50th anniversary, to which it transfers some of its R&D operations from the Ohmori plant.

April 1987	The Company establishes Ricoh Industrie France S.A. (a subsidiary, now known as Ricoh Industrie France S.A.S.).
April 1989	The Company sets up an electronic devices facility in Kato, Hyogo (now known as the Yashiro plant at Ricoh Electronic Devices Company, Ltd.).
January 1991	The Company establishes Ricoh Asia Industry (Shenzhen) Ltd. (a subsidiary) in China.
March 1995	Ricoh Corporation acquires Savin Corporation, an American office equipment sales company.
September 1995	The Company acquires Gestetner Holdings PLC (now known as Ricoh Europe PLC), a British office equipment sales company.
January 1996	Ricoh Leasing Co., Ltd. lists its securities on the Second Section of the Tokyo Stock Exchange (currently listed on the First Section of the Tokyo Stock Exchange).
December 1996	The Company establishes Ricoh Asia Pacific Pte Ltd (a subsidiary) in Singapore.
March 1997	The Company establishes Ricoh Silicon Valley, Inc. (a subsidiary, now known as Ricoh Innovations Corporation) in the United States.
August 1999	Ricoh Hong Kong Ltd. acquires Inchcape NRG Ltd., a Hong Kong-based office equipment sales company.
January 2001	Ricoh Corporation acquires Lanier Worldwide, Inc., an American office equipment sales company.
October 2002	The Company establishes Ricoh China Co., Ltd. (a subsidiary).
April 2003	Tohoku Ricoh Co., Ltd. becomes a wholly-owned subsidiary of the Company.
October 2004	The Company acquires Hitachi Printing Solutions, Ltd. in Japan.
August 2005	The Company opens Ricoh Technology Center in Ebina, Kanagawa to integrate its domestic development facilities and offices.
November 2005	The Company relocates its headquarters to Chuo-ku, Tokyo.
January 2007	Ricoh Europe B.V. acquires the European operations of Danka Business Systems PLC.
June 2007	Info Print Solutions Company, LLC, a joint venture company of Ricoh and International Business Machines Corporation (“IBM”), commences its operations.
May 2008	The Company establishes Ricoh Manufacturing (Thailand) Ltd. (a subsidiary) in Thailand.
August 2008	Ricoh Elemex Corporation becomes a wholly-owned subsidiary of the Company.
October 2008	Ricoh Americas Corporation acquires all of the outstanding shares of IKON Office Solutions, Inc. (“IKON”, now known as Ricoh USA, Inc.), an American office equipment sales and service company.
July 2010	Seven domestic sales subsidiaries and the marketing group of the Company are merged into one domestic sales subsidiary named Ricoh Japan Corporation.
August 2010	The Company completes the construction of a new building that expands the Ricoh Technology Center located in Ebina, Kanagawa.
October 2011	The Company acquires the PENTAX imaging systems business from HOYA Corporation (now known as Ricoh Imaging Co., Ltd.).

April 2013	The Company transfers part of its engineering functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Technologies Company, Ltd.
April 2013	The Company transfers part of its production functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industry Company, Ltd.
July 2014	Domestic sales and service subsidiaries are merged into Ricoh Japan Corporation.
October 2014	The Company transfers its direct sales of optical equipment and electronic components divisions previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industrial Solutions Inc.
October 2014	The Company transfers its Electronic Devices Division to Ricoh Electronic Devices Company, Ltd.
April 2016	The Company opens Ricoh Eco Business Development Center in Gotemba, Shizuoka.
November 2017	The Company establishes Ricoh Manufacturing (China) Ltd.
January 2018	The Company relocates its headquarters to Ohta-ku, Tokyo.
March 2018	The Company transfers 80% of the outstanding shares of Ricoh Electronic Devices Co., Ltd., to Nisshinbo Holdings Inc.
August 2018	The Company transfers 66.6% (figures below the second decimal place are omitted) of the outstanding shares in Ricoh Logistics System Co., Ltd. (“Ricoh Logistics System”, now known as SBS Ricoh Logistics System Co., Ltd.), to SBS Holdings Co., Ltd.

3. DESCRIPTION OF BUSINESS

Ricoh consists of the parent company, Ricoh Company, Ltd., 209 subsidiaries and 20 affiliates as of March 31, 2020.

Ricoh's development, manufacturing, sales and service activities center on the business segments of Office Printing, Office Services, Commercial Printing, Industrial Printing, Thermal Media and Other.

Ricoh Company, Ltd., the parent company of Ricoh, heads development. The Company and its respective subsidiaries and affiliates maintain an integrated domestic and overseas manufacturing structure.

Ricoh is represented in roughly 200 countries and runs its sales and service activities out of four regional headquarters located in the geographic areas of 1) Japan, 2) the Americas, 3) Europe, the Middle East and Africa and 4) Other, which includes China, South East Asia and Oceania.

Our main product areas and the locations of key subsidiaries and affiliates are listed below.

<Office Printing >

In the Office Printing segment, as our core business, we supply multifunctional printers for use in offices, for which we have the top market share worldwide, as well as imaging devices such as printers and related services.

<Office Service>

The Office Service segment contributes in solving customer issues in offices through total solutions that combine building of IT environment, operation support of network environment, user support and more, such as the provision of products and services that support new workstyles.

<Commercial Printing>

The Commercial Printing segment provides customers in the printing industry with digital printing related products and services capable of high-mix, low-volume printing.

<Industrial Printing>

The Industrial Printing segment manufactures and sells industrial inkjet heads, inkjet ink, industrial printers, etc., which enables a wide range of printing, including furniture, wallpaper, automobile exteriors and furnishing fabric.

[Main Subsidiaries and Affiliates]

Manufacturing

Japan: Ricoh Industry Co., Ltd. and Ricoh Elemex Corporation

The Americas: Ricoh Electronics, Inc.

Europe: Ricoh UK Products Ltd. and Ricoh Industrie France S.A.S.

Other regions: Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Asia Industry (Shenzhen) Ltd., Ricoh Components & Products (Shenzhen) Co., Ltd. and Ricoh Manufacturing (Thailand) Ltd.

Sales, Service and Support

Japan: Ricoh Japan Corporation, Ricoh Leasing Co., Ltd. and Ricoh IT Solutions Co.,Ltd.

The Americas: Ricoh Americas Holdings, Inc., Ricoh Canada Inc., Ricoh USA Inc., mindSHIFT Technologies, Inc. and Ricoh Printing System America, Inc.

Europe: Ricoh Europe Holdings PLC, Ricoh Sverige AB., Ricoh UK Ltd., Ricoh Deutschland GmbH, Ricoh Nederland B.V., Ricoh Europe SCM B.V., Ricoh Belgium N.V., Ricoh France S.A.S., Ricoh Schweiz AG, Ricoh Italia S.R.L. and Ricoh Espana S.L.U.

Other regions: Ricoh China Co., Ltd., Ricoh Asia Industry Ltd., Ricoh Asia Pacific Operations Ltd., Ricoh Hong Kong Ltd., Ricoh Thailand Ltd., Ricoh Asia Pacific Pte. Ltd., Ricoh Australia Pty, Ltd. and Ricoh New Zealand Ltd.

<Thermal Media>

The Thermal Media segment manufactures and sells thermal paper used in POS labels for food products, barcode labels, delivery labels, etc., and thermal transfer ribbon used to print clothing price tags, brand tags, tickets, and the like.

[Main Subsidiaries and Affiliates]

Manufacturing

Ricoh Electronics, Inc., Ricoh Industrie France S.A.S. and Ricoh Thermal Media (Wuxi) Co., Ltd

<Other>

The Other segment comprises "Industrial Products," "Smart Vision," and "Other," which includes a wide range of other business segments. In this segment, we use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.

Industrial Products: We provide precision device components that utilize optical technologies and image processing technologies.

Smart Vision: We manufacture and sell unique and compelling products such as 360° spherical cameras, DSLR cameras for professional use and action cameras with exceptional waterproof, dustproof and impact resistance properties.

Other: We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (healthcare) business, focusing primarily on the magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

[Main Subsidiaries and Affiliates]

Manufacturing

Japan: Ricoh Industrial Solutions Co., Ltd. and Ricoh Elemex Corporation

Other regions: Ricoh Imaging Products (Philippines) Corporation

Sales, Service and Support

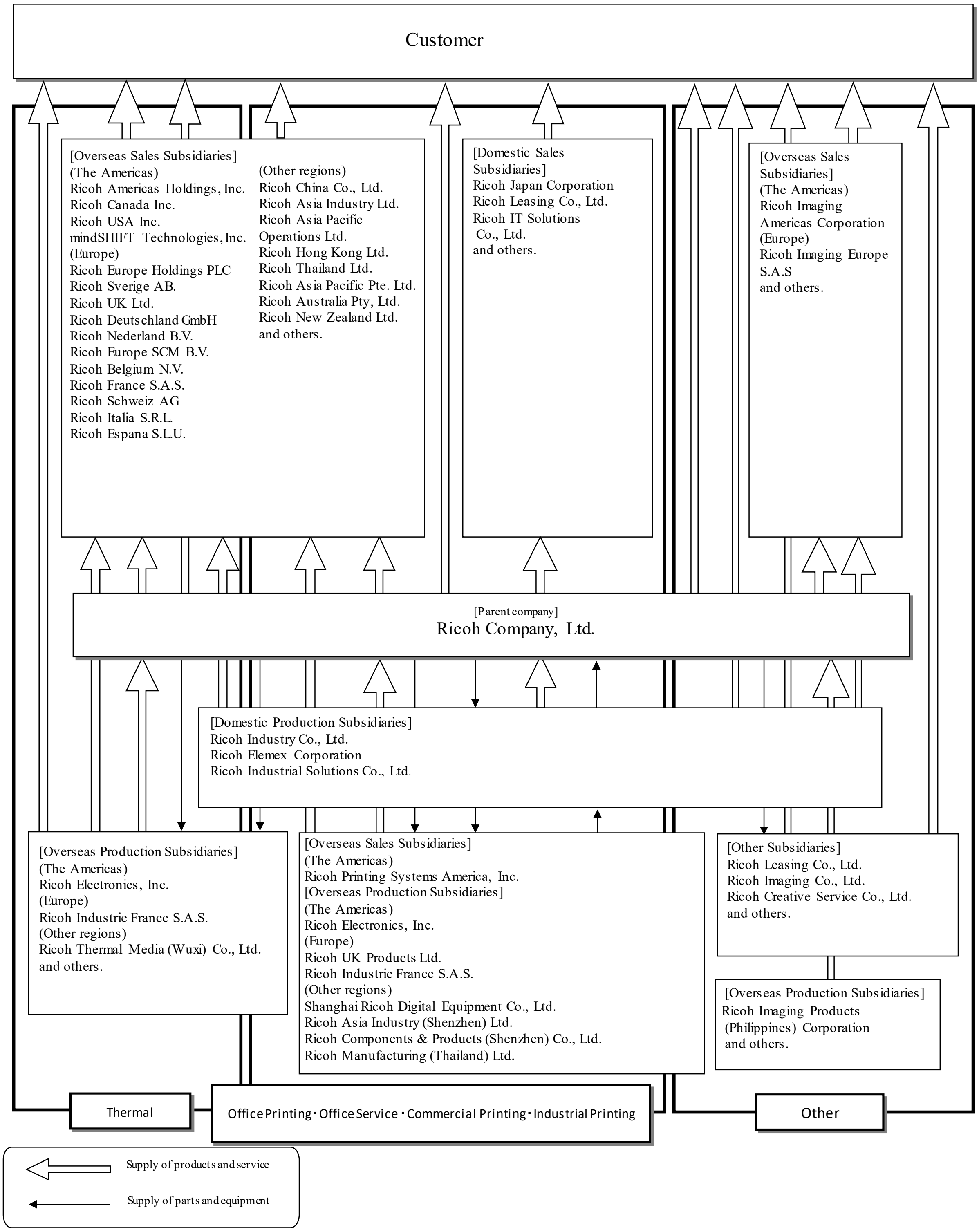
Japan: Ricoh Leasing Co., Ltd., Ricoh Imaging Co., Ltd. and Ricoh Creative Service Co., Ltd.

The Americas: Ricoh Imaging Americas Corporation

Europe: Ricoh Imaging Europe S.A.S

<Chart of Operational Flow>

The following chart shows the group's positions.



4. INFORMATION ON AFFILIATES

(As of March 31, 2020)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Consolidated Subsidiaries)			
Ricoh Industry Co., Ltd.	Japan	Manufacturing office equipment	100.0
Ricoh Elemex Corporation	Japan	Manufacturing and sale of office equipment	100.0
Ricoh Japan Corporation	Japan	Sale, maintenance and service of office equipment	100.0
Ricoh Leasing Co., Ltd.	Japan	General leasing	53.7
Ricoh IT Solutions Co., Ltd.	Japan	Development and construction of network systems	100.0
Ricoh Imaging Co., Ltd.	Japan	Manufacturing and sale of digital cameras	100.0
Ricoh Creative Service Co., Ltd.	Japan	Management of group facility, advertisement and printing	100.0
Ricoh Industrial Solutions Co., Ltd.	Japan	Manufacturing and sale of optical equipment and electronic components	100.0
Ricoh Technologies Co., Ltd.	Japan	Development and design of office equipment	100.0
Ricoh Electronics, Inc.	U.S.A.	Manufacturing office equipment and related supplies and Manufacturing and sale of thermal media	100.0 (100.0)
Ricoh UK Products Ltd.	U.K.	Manufacturing office equipment	100.0 (100.0)
Ricoh Industrie France S.A.S.	France	Manufacturing office equipment, related supplies and Manufacturing and sale of thermal media	100.0

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Thermal Media (Wuxi) Co., Ltd.	China	Manufacturing and sale of thermal media	99.0 (10.0)
Shanghai Ricoh Digital Equipment Co., Ltd.	China	Manufacturing and sale of office equipment	100.0 (55.3)
Ricoh Asia Industry (Shenzhen) Ltd.	China	Manufacturing office equipment and related supplies	100.0 (100.0)
Ricoh Components & Products (Shenzhen) Co., Ltd.	China	Manufacturing parts for office equipment	100.0 (100.0)
Ricoh Manufacturing (Thailand) Ltd.	Thailand	Manufacturing office equipment and related supplies	100.0
Ricoh Imaging Products (Philippines) Corporation	Philippines	Manufacturing digital cameras	100.0 (100.0)
Ricoh Americas Holdings, Inc.	U.S.A.	Holding company in the U.S.A.	100.0
Ricoh Canada Inc.	Canada	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh USA, Inc.	U.S.A.	Sale, maintenance and service of office equipment	100.0 (100.0)
mindSHIFT Technologies, Inc.	U.S.A.	Provision of IT services	100.0 (100.0)
Ricoh Printing Systems America, Inc.	U.S.A.	Sale of inkjet head	100.0 (4.4)
Ricoh Imaging Americas Corporation	U.S.A.	Sale of digital cameras	100.0 (100.0)
Ricoh Europe Holdings PLC	U.K.	Holding company in Europe	100.0
Ricoh Sverige AB.	Sweden	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh UK Ltd.	U.K.	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Deutschland GmbH	Germany	Sale, maintenance and service of office equipment	100.0 (100.0)
DocuWare GmbH	Germany	Development and sale of CSP (Contents Service Platform)	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Nederland B.V.	Netherlands	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Europe SCM B.V.	Netherlands	Sale of office equipment	100.0 (100.0)
Ricoh Belgium N.V.	Belgium	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh France S.A.S.	France	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Espana S.L.U.	Spain	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital cameras	100.0 (100.0)
Ricoh China Co., Ltd.	China	Sale, maintenance and service of office equipment	100.0
Ricoh Asia Industry Ltd.	Hong Kong, China	Sale of office equipment	100.0
Ricoh Asia Pacific Operations Ltd.	Hong Kong, China	Sale of office equipment	100.0 (100.0)
Ricoh Hong Kong Ltd.	Hong Kong, China	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Thailand Ltd.	Thailand	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Asia Pacific Pte Ltd	Singapore	Sale of office equipment	100.0
Ricoh Australia Pty, Ltd.	Australia	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh New Zealand Ltd.	New Zealand	Sale, maintenance and service of office equipment	100.0 (100.0)
And 164 other consolidated subsidiaries			

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Affiliates)			
Ricoh Electronic Devices Co., Ltd.	Japan	Manufacturing and sale of semiconductors	20.0
SBS Ricoh Logistics System Co., Ltd.	Japan	Logistics services and custom clearances	33.3 (33.3)
18 affiliates (none of which are material affiliates)			

(Note) The percentage in the parenthesis under “Ownership percentage of voting rights” indicates the indirect ownership out of the total ownership noted above.

As of April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing Co., Ltd. to Mizuho Leasing Company, Ltd. As a result of the share transfer, Ricoh's voting rights in Ricoh Leasing Co., Ltd. changed to the ownership ratio of 33.7%, and Ricoh Leasing Co., Ltd. moved from being a consolidated subsidiary of Ricoh to an equity-method affiliate.

5. EMPLOYEES

(1) Consolidated basis

(As of March 31, 2020)

Segment	Number of employees
Office Printing	36,073
Office Service	21,965
Commercial Printing	5,959
Common to the 3 segments above	14,272
Industrial Printing	1,106
Thermal Media	1,361
Other	6,692
All companies (Shared)	2,713
Total	90,141

(Note) Number of employees represents the number of employed workers, but excludes temporary employees.

(2) The Company

(As of March 31, 2020)

Number of employees	Average age	Average length of service (Year)	Average annual salary (Yen)
8,216 (699)	44.9	20.2	8,279,315

Segment	Number of employees
Office Printing	2,114
Office Service	288
Commercial Printing	600
Common to the 3 segments above	729
Industrial Printing	506
Thermal Media	312
Other	791
All companies (Shared)	2,876
Total	8,216

(Note) 1. "Number of employees" represents the number of employed workers, and the numbers within brackets indicate the average number of temporary employees over the current fiscal year (converted at 7.5h/day).

2. Temporary employees include contracted staff after retirement and part time employees, but exclude temporary staff who are contracted through staffing agencies, business consignments and contractors.

3. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

A union is organized in the Company and certain subsidiaries. There were no significant labor disputes noted in fiscal year 2019, and the Company believes that it has a good relationship with its employees.

II. **BUSINESS OVERVIEW**

1. MANAGEMENT POLICIES, MANAGEMENT ENVIORMENTS AND ISSUES TO BE SOLVED

Under the 19th Mid-Term Management Plan (the "19th MTP"), which commenced in FY2017, we focused on implementing structural reform aimed at increasing the profitability of our core businesses and optimizing our assets, under the "RICOH Resurgent" strategy. We proceeded with sweeping reforms, including the reorganization and aggregation of operating sites, the recognition of impairment losses on goodwill related to past acquisitions, and the restructuring of Ricoh Group companies, with an awareness of the need to build Ricoh into a company that can continue to create cash flow to fund investment for the future. Since FY2018, we have steered towards implementing our growth strategy "RICOH Ignite" and engaged in reforms to our business structure.
We believe that the 20th Mid-Term Management Plan, commencing from FY2021, will allow us to leverage off the initiatives for growth that we built under the 19th MTP, and achieve "Lift Off." However, faced with the impact of the spread of COVID-19 around the world after the end of FY2019, we consider it necessary to concentrate on our immediate response to the crisis, while further accelerating Ricoh's transformation in anticipation of significant changes to our existing forecasts for the medium- to long-term business environment.
In addition, this section contains forward-looking statements, which are based on our judgments at the date of submission of the securities report.

Changing Times
The Ricoh Group has grown with its customers since its founding in 1936 by supplying innovative products and services around the globe. We formulated the Ricoh Way based on our Founding Principles of Love your neighbor, Love your country, Love your work, as our corporate philosophy and guide to our decisions and activities. Our mission commits us to providing excellence to improve the quality of living and to drive sustainability.
To date, the Group has built one of the best foundations in the industry, focusing on copiers and MFPs and deploying sales and services, generating significant growth by deepening our ties with customers over the world.
Since the beginning of 2020, however, the risks of a global economic downturn have increased owing to the COVID-19 pandemic. The economic climate has also continued to change amid China trade friction, slowdowns in emerging economies, and foreign exchange fluctuations. At the same time, evolutions in artificial intelligence, fifth generation mobile telecommunications technology, and other advances, as well as the expansions of the sharing and gig economies are changing customer value perceptions and work practices. They are also transforming demand trends. We accordingly recognize that it will be challenging to keep expanding earnings based on our approaches to date. We also believe that there will be opportunities for new business expansion.

Over the medium- to long-term, we expect that the impact of the COVID-19 will accelerate two major social trends. The first trend is that companies face growing pressure to help resolve social issues. No matter how profitable they may be, businesses that fail to help realize SDGs*[1] cannot hope to build their marketplace reputations or generate sustainable growth. Second, the lifestyles and values of individuals have diversified considerably. The Internet of Things and other advances have removed constraints on where people work, driving the acceleration of personalized work practices.
Such changes in the operating climate have made it a pressing challenge to overhaul existing systems and business processes to align them with future business environments. Ricoh recognizes the need to transform itself for tomorrow.

*1. Sustainable Development Goals

In September 2015, the United Nations Summit adopted 17 Sustainable Development Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in such respects as health, sanitation, economic development, and the environment by 2030.

Current Challenges and Approach

The Ricoh Group faces three key challenges in an increasingly uncertain world, and is addressing them accordingly.

Challenges	Ricoh Group Initiatives
1. Deteriorating results in a global recession that is worse	Implement measures to stabilize performance in the near term amid the impact of the COVID-19 pandemic
2. The business climate changing dramatically over the medium- to long-term	Enhance corporate value over the medium- to long-term in view of changing conditions as mindsets and work practices evolve
3. Growing demand to make the entire supply chain compatible with environmental, social, and governance requirements and SDGs	Accelerate efforts to meet stakeholder expectations regarding environmental, social, and governance (ESG) requirements and SDGs

It remains unclear when the COVID-19 pandemic that spread after February 2020 will abate. We expect the world economy to remain lackluster as economic activity contracts. We have accordingly positioned fiscal 2020 as a period of tackling the crisis and accelerating change, and will accordingly undertake urgent improvement efforts. In view of the economic environment, we do not anticipate significant sales growth. We will accordingly do our best to generate earnings by implementing fast-acting measures, generate cash for business continuity, optimize human resources and business sites, further reform business processes, and undertake extensive business selectivity.

Changes in the business climate could be far greater than expected. We will announce our 20th Mid-Term Management Plan, which starts in fiscal 2021, after carefully evaluating the extent to which the pandemic abates and subsequent changes in the operating climate. That plan will nonetheless transition to the "RICOH Lift Off" stage as we endeavor to become a digital services provider and sustainably improve our corporate value.

The pandemic will probably change the social fabric in terms of sentiment, values, and work practices. By providing digital services, we will scrutinize our strategies to increase our corporate value and capabilities in each business. We will also strive to increase the value of each business and transform our business structure. We will accordingly execute growth strategies that make us more competitive while engaging in management that focuses on enhancing capital returns to bolster corporate value.

We will endeavor to improve corporate value over the medium- to long-term, capitalize on business opportunities, and avoid operational risks by formulating targets relating to our previously mentioned transformation into a digital services provider and to our ESG requirements and SDGs in view of stakeholder expectations, disclosing specific initiatives and their outcomes. We will address climate change, which has significantly hampered socioeconomic progress, by reviewing our greenhouse gas reduction goals and stepping up efforts in that regard while sharing information better in keeping with the recommendations of the Task Force on Climate-related Financial Disclosures*[2].

We will also set goals for other social issues and expand ESG investing while ensuring that the value chain overall addresses ESG and SDGs demands from stakeholders, particularly our customers worldwide.

*2. The Financial Stability Board established the Task Force on Climate-related Financial Disclosures to manage the physical and transition risks associated with climate change. The TCFD encourages businesses and organizations committed to its principles to disclose the risks and opportunities of climate change. It also aims to stabilize financial markets to streamline transitions to low-carbon economies.

Toward Our 20th Mid-Term Management Plan
Before formulating "RICOH Lift Off," which we will deploy from fiscal 2021, we reassessed the priorities of the Ricoh Group to enhance sustainable corporate value. To resolve social issues through business and robust management infrastructure, we identified seven priorities ("materialities"). These are Creativity from Work, QOL (Quality Of Life) Enhancement, Zero-carbon Society, Circular Economy, Stakeholder Engagement, Open innovation, and Diversity and Inclusion.

We identified four priorities for resolving social issues through business (Creativity from Work, QOL Enhancement, Zero-carbon Society, and Circular Economy), and will accordingly pursue sustainable growth to that end. For the three priorities for robust management infrastructure (Stakeholder Engagement, Open innovation, and Diversity and Inclusion), we will collaborate with stakeholders and partners to strengthen our operational structure so we can continue to innovate.

We will transform our operational structure to become a digital services company so we can resolve social issues through business. The COVID-19 pandemic has forced people to change their work practices. This situation spotlighted the need to digitize processes not just in offices and on the frontlines but also for those working at home and among business partners and customers. The Ricoh Group will help resolve social issues by building an IT infrastructure in workplaces, digitizing workflows, and connecting offices and frontlines to deliver services that materialize new work practices.

We can leverage the infrastructure resources we amassed as an office automation equipment manufacturer as strengths for delivering digital services in keeping with changes in the business climate. These strengths include our global customer base, digital professionals serving our customers, and numerous partners.

Given technological progress in 5G, artificial intelligence and the Internet of Things, and changing customer mindsets and work practices, we believe that now is the right time to evolve from an office automation equipment manufacturer into a digital services company. Under the 20th Mid-Term Management Plan, we will make this transformation into a digital services company central to enhancing our corporate value. We will accordingly enhance the value of each business and grow.

ESG and SDGs Initiatives
We consider it important to step up our ESG and SDGs initiatives to enhance sustainable corporate value, and accordingly identified seven priorities from fiscal 2020. We have set 14 priority ESG targets, incorporating them in businesses and functions for specific activities. We will disclose the results of those endeavors. One of the material issues is to realize a Zero-carbon society, and we have revised our greenhouse gas emissions reduction targets on Ricoh Group's environmental goals*[1].
We set the reduction targets of 63% by 2030 (compared to 2015), 30% by fiscal 2022 which is the final year of the 20th Medium-Term Business Plan. We aim to reach this challenging target eight years earlier than previously planned, as we seek to attain the goal of Science Based Targets, an international initiative, which is to limit average global warming to 1.5°C.
In fiscal 2019, our total GHG emissions including direct emissions (Scope 1) and indirect emissions (Scope 2) are 338 thousand tons, reduced by 9.8% from the previous year and reduced by 23.4% from 2015.
At the end of fiscal 2019, the renewable energy utilization rate (electricity) was 12.8%, an increase of 3.4 points from the previous year.
Our progress toward the target is on track and we will continue to actively promote decarbonization activities to achieve our Environmental Goals.
We aim to transform work by helping small and medium-sized enterprises digitize operations to overcome labor shortages and enhance productivity, and will push ahead with activities based on assessment scores from customer surveys. To realize Circular Economy, we will pursue a resource conservation rate of 30% by increasing the use of recycled plastics in our products to address recently growing plastics issues. On the diversity and inclusion front, we aim to have women occupy for at least 15% of our managers worldwide. We have also set employee engagement score targets, and are acting accordingly. We are thus endeavoring to improve our corporate value sustainably by undertaking initiatives with specific targets to meet stakeholder expectations and progress in keeping with business strategies. Our financial and ESG targets are inseparable. We believe that we can achieve them by making them integral to our management and business strategies. One performance benchmark for our ESG and SDGs initiatives is the Dow Jones Sustainability Indices. As for the Dow Jones Sustainability Indices, please refer to IV. Information on the Company 4. Corporate Governance, etc. (4) Compensation to Directors and

Audit & Supervisory Board Members (i) Policy on determination of Compensation for Directors & Supervisory Board Members and its calculation formula. From fiscal 2020, we revised our formula for director bonuses, and added a DJSI Rating, making directors and executive officer clearly responsible for reaching the ESG targets. We are educating all employees to be able to reflect and speak about the ESG and SDGs connections with their own work, and will endeavor to enhance groupwide efforts.

*1 Ricoh Group Environmental Goals:
<Goals for 2030>
-GHG Scope 1, 2: 63% reduction compared to the 2015 level
-GHG Scope 3: 20% reduction compared to the 2015 level (procurement, use, and logistics categories)
-Source at least 30% renewable electricity
<Goals for 2050>
-Aim for zero GHG emissions across the entire value chain.
-Switch to 100% renewable electricity.

Fiscal 2020 Outlook
The COVID-19 pandemic has affected the Group's business activities in various ways since it spread in February 2020. As stated earlier, we have stepped up our use of email, teleconferencing, telemarketing, and other tools to market to customers in response to expanded teleworking. It has become difficult, however, to expand sales of new products and services, owing to such factors as declining purchasing demand and an inability to inspect machines in field. The shrinking of office activities has caused the use of core MFP offerings to decline, leading to lower revenues from consumables and other products.

We believe that this situation will affect operations in fiscal 2020 until the COVID-19 pandemic abates. It is difficult at this juncture, to reasonably estimate the financial impact, so we have yet to formulate our forecast for next fiscal year. We will promptly disclose our fiscal 2020 forecasts once we can reasonably do so after carefully assessing the impact of the pandemic on our businesses.

As mentioned earlier, we have positioned fiscal 2020 as a year for tackling a crisis and accelerating change. We will thus endeavor to secure sufficient liquidity to overcome operational fluctuations, enhance our financial stability, and accelerate efforts to change in the aftermath of the pandemic. We will do our best in one year to implement initiatives originally planned for three years, leading to the growth we seek under "RICOH Lift Off."

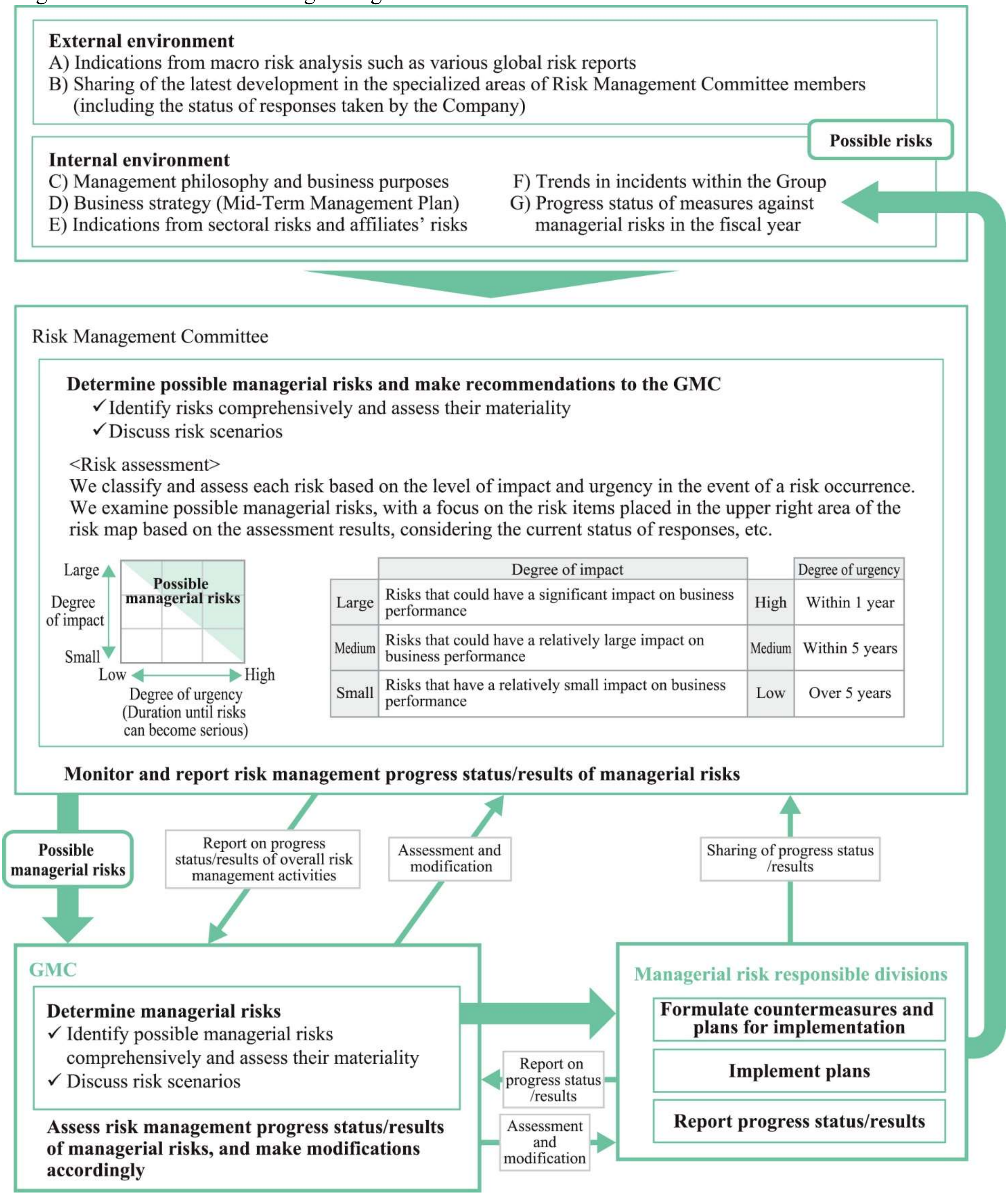
The 20th Mid-Term Management Plan will be two years, from fiscal 2021. We will present goals and specific initiatives at an appropriate time once the pandemic abates and we can carefully evaluate ensuing changes in the business climate.

2. RISK FACTORS

Ricoh is exposed to various risks which include the risks listed below. Although certain risks that may affect Ricoh's businesses are listed in this section, this list is not conclusive. Ricoh's business may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material.
In addition, this section contains forward-looking statements, which are based on our judgments at the end of the period.

Process of determining managerial risks
The Group Management Committee (GMC) and Risk Management Committee determine managerial risks based on a comprehensive recognition of risks that exert a significant impact on management, including impact on interested parties, in light of the Company's management philosophy and business purpose, and are actively involved in countering these risks. (Figure 1: Process of determining managerial risks)
As an advisory body to the GMC, the Risk Management Committee utilizes the specialized knowledge and experience of each of its members, engaging in substantial discussions before recognizing and assessing each risk, in order to more accurately propose possible managerial risks.
Please refer to IV. Information on the Company 4. Corporate Governance, etc. (1) Corporate Governance 2) Reason for adopting current corporate governance structure (VII)Risk Management Committee for more information about Risk Management Systems and the Risk Management Committee.

Figure 1: Process of determining managerial risks



Business Risks

<table>
<tr><th>Class</th><th>Item</th><th>Description</th><th>Countermeasures</th><th>Impact</th><th>Urgency</th></tr>
<tr><td rowspan="3">Business Environment</td><td>COVID-19</td><td colspan="2">At the present time, it is very difficult to foresee the full impact of global spread of COVID-19 on financial results. Please see “3. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS (2) Business results” for details on the impact on the Ricoh Group and the Group’s response to COVID-19.</td><td rowspan="3">Large</td><td rowspan="3">High</td></tr>
<tr><td>Economic situation in major market</td><td>We run the business globally, and so the change of economic situation in major markets such as Japan, US and Europe would have huge impact on our business. In addition to the unpredictable COVID-19 impact mentioned above, we consider the rise of protectionism like US-China trade friction, Brexit and so on as major risks.</td><td>We will monitor very carefully the changing economic situation and take counteractions as necessary.

As it relates to US-China trade friction, we have reduced the risk of China tariffs by moving production of products for US from China to Thailand, based on our BCP action. We will keep monitoring US-China trade friction and discussing with top management team members the proactive countermeasures not only in response to tariffs but to other matters as needed.

There is less uncertainty now that Brexit has been decided. However, there is still a possibility of withdrawal without an agreement. We built enough inventory for a possible withdrawal without an agreement last year, and inventory has now returned to normal levels. In preparation for the negotiation deadline, which will be done at the end of December, we will be ready for an inventory rebuild depending on the situation. From a Tariff standpoint, we believe the negative impact of withdrawal without an agreement would not be big because most of our products are covered by ITA*1
*1 ITA: Information Technology Agreement aimed at eliminating tariffs on information technology-related products such as computers and communication devices.</td></tr>
<tr><td>More Competitive market</td><td>We may encounter a negative business impact as a result of facing increased competition in the market:

New competitive products launched by competitors
Tougher price competition
Demand shift to lower price products.
Changes in the modality of competition due to COVID-19, etc.</td><td>We plan to keep developing and launching new products and services that enhance our customers’ value in each business domain.
We will always aim to achieve competitive advantage through our high quality, high value-added products and services that improve customers’ workflows.
We will keep managing our selling price appropriately. We will always aim to maximize customers’ satisfaction without just reducing price.</td></tr>
</table>

			We take this rapid situation change due to COVID-19 as an opportunity and will strengthen our products and services in order to support our customers in changing their working style and behavior.		
	Fluctuations in price of parts, materials and/or foreign currency exchange rates	We are affected by fluctuations in price of parts, materials and foreign currency exchanges because most of our manufacturing and sales activities are conducted outside of Japan such as in US, Europe and China etc.: Impact of movements in materials market Impact of movements in exchange rates on the business results of foreign subsidiaries recorded in local currency Impact of movements in exchange rates on the value of assets and liabilities recorded in local currency, etc.	In response to the movement in material market, we will consider substitute materials during the R&D phase and after mass-production and will procure raw materials from multiple sources. Regarding the huge movement of market that can't be addressed through our actions, we will modify our pricing as appropriate, while watching our competitors' movements carefully. Only a limited number of companies and organizations can manage financial transactions such as currency hedging, and these are strictly enforced by our financial rules. The foreign exchange risk is hedged by derivative transactions in order to minimize the impact of short-term fluctuations in major currencies such as USD, EUR and JPY. Foreign currency risk is minimized through maximization of offsetting receivables and payables through the netting process where possible. We conduct currency matching of assets and liabilities of our overseas subsidiaries.	Medium	High
	Alliances with other entities, and Strategic investment	We conduct business with other entities through alliances, joint venture and strategic investment as needed in order to provide our products and services that meet the changing needs of our customers. We think that these are effective ways to develop new products and services in a timely manner by utilizing the sources with each other. However, on the other hand, we recognize that there are possible risks like the following: Cancellation of alliances due to a discrepancy in interests Lack of information from the investigation and examination stage to be able to identify strategic investments Difficulty in integrating businesses, technologies, products, human resources, etc.	We believe that alliance with other companies and strategic investments will become more important in the future to respond flexibly and reliably to the diversifying needs of our customers. We have positioned this as a "managerial strategic risk" and will work to strengthen our decision-making process. The Investment Committee has been established as an advisory team for GMC (Group Management Committee, which is our highest decision making executive team), in order to review each investment plan from a financial viewpoint with respect to capital cost and review it also from a business strategy viewpoint with respect to profitability and business risk. In this committee the expert members check and discuss diversifying investment and loan plans, create better alignment between the investment plan and business management strategy, make the investments more effective,	Large	Medium

		and improve the speed and accuracy of investment decisions. The Investment Committee shares the result of its discussion, which supports GMC's final decision. In addition, the Investment Committee keeps reviewing and monitoring the progress of investments and loans after GMC's decision so that the entire process is improving continuously.		
Responding to technological changes	An appropriate response to the recent rapid evolution and innovation of technology is one of the sources of competitiveness of our product and services. We may face some adverse impact on our business growth if we don't have enough actions against the following things: Collecting appropriate information about technology and accurate forecasting of trends/changes. Prioritizing our technologies to be strengthened and appropriate allocation of resources. Strengthening technological capabilities in new business area.	As global competition has been getting tougher, it is now more important for us to enhance our technology that solves the problem of our customers and society quickly. We have positioned this as a "managerial strategic risk" and will work to strengthen our decision-making process. We have established R&D bases worldwide, and these bases conduct R&D by driving their local advantages as well as by connecting with each other globally. In addition, we promote open innovation to accelerate our R&D activities by collaborating with universities, research institutes and companies rather than focusing only on our own R&D, in order to respond to the rapidly changing market environment. We have established "Innovation Division" in 2019 to build and manage a consistent process for identifying new growth areas to commercialization. In addition, we have newly assigned CTO (Chief Technology Officer) to drive strengthening our technological capabilities by prioritization of focus areas of research and technology development from holistic viewpoint and by the appropriate allocation of resources.	Medium	Medium
Securing excellent personnel	Our mid and long-term growth fully depends on our people. There may be some HR risks such as: Difficulty in hiring and securing excellent personnel at the right time. Lack of right personnel because of training and development failure. Loss of skilled personnel.	As a result of shortage in workforce due to a declining birthrate and aging population, as well as fierce competition in specific areas (such as AI and IOT) with high demand, it has been increasingly difficult to secure human resources as planned every year. We have positioned the retention and development of excellent personnel as a "managerial strategic risk" and will work to strengthen our decision-making process. We are hiring highly-skilled people with consideration of each person' career path, by promoting job-matching in tech area.	Medium	Medium

			In addition to hiring new graduates, we are strengthening our mid-career recruiting of people and specialized skills. We keep enhancing our system and process supporting employees' work and life balance for a diversified work environment. We keep enhancing the system and process to secure and develop skilled management personnel.		
	Finance business	Ricoh provides financing to some of its customers in connection with its equipment sales and leases. ・ Despite monitoring the creditworthiness and the amount of credit, no assurances can be made that Ricoh will be able to fully collect on such extensions of credit due to unforeseeable defaults by its customers. ・ These financing arrangements that Ricoh enters into with its customers result in long-term receivables bearing a fixed rate of interest. Ricoh finances a part of these financing arrangements with short-term borrowings. As a result, there is a risk that operating profit may be affected by interest rate fluctuations. ・Ricoh develops its business based on the current law, tax and accounting regulations. If these regulations change significantly, there is a risk that Ricoh's performance will be affected. In terms of accounting standards, the adoption of IFRS 16 "Lease" is expected to have some impacts on the finance business, such as changes in customers' purchasing behavior in countries to which the standard is applied.	・Ricoh evaluates the creditworthiness and the amount of credit extended to a customer prior to entering in into the financing arrangement and during the financing term on a regular basis. Depending on such evaluations, Ricoh makes adjustments to such extensions of credit as it deems necessary to minimize credit risk concentration and potential risks of nonpayment. ・ In the event that any material increase in credit risks for financing arrangements is observed due to the drastic and inevitable changes in external environment, Ricoh reviews expected credit losses by reevaluating the profile of such financing arrangements. ・ Ricoh finances these financing arrangements with short-term borrowings subject to variable interest rates along with borrowings subject to fixed interest rates whose terms are matched with the term of the financing arrangements for the purpose of hedging the interest rate risk.	Medium	High
Business operation	Information security	With the aim of transforming our group into a digital service company, we will utilize and provide a variety of digital services and implement digitization of our own operations. In addition, we are focusing on systems and operations to ensure information security. However, if the following events occur, it may affect the business such as loss of corporate brand value or loss of business opportunity due to deterioration of credit. Due to increasingly sophisticated and complicated cyber attacks, business	Ricoh Group considers it one of the most important management issues to keep abreast of the ever-changing information security situation and to consider and promote appropriate measures for the Ricoh Group, which has operating bases around the world, in order to meet the increasing demand for countermeasures at the national level in each country. In accordance with international information security standards (ISO/IEC*2, NIST*3, etc.), we have established and strengthened a system that is aware of information security for the entire Ricoh Group's supply chain. At the same	Medium	High

		activities may be suspended due to the shutdown or malfunction of the business systems of our group companies, and data may be falsified, leaked, or destroyed. An incident such as unintentional misuse for an attack on another person may occur due to inadequate security measures for the Internet public site or a serious security problem inherent in the products manufactured by Ricoh Group delivered to the customer. With the enforcement of personal information protection laws (such as the revised Personal Information Protection Law and GDPR) in each country, and the application of these laws to events outside of the home country (extraterritorial application), there may be fines imposed for violating the regulations of each country when sharing information globally.	time, we are continuously reviewing and implementing countermeasures to address security risks associated with business systems in the planning, design, purchasing, production, sales, and support phases in a timely manner. We will continue to strengthen information security-related quality management in the construction of Internet sites and product development, and we will also continue to check the vulnerability of sites that have already been published and products that have already been sold, and take appropriate action when risks are discovered. To this end, we are continuously implementing activities such as setting up a dedicated counter for security issues, providing information on how to use our products safely, and developing guidelines for dealing with vulnerabilities in our products. Ricoh Group has been examining the revision of personal information handling standards, investigating and correcting the handling of personal information in Ricoh Group, and formulating policies and measures in accordance with the laws of each country that are being developed regarding the protection of personal information Note: *2 ISO/IEC : International Organization of Standardization/International Electrotechnical Commission *3 NIST : National Institute of Standards and Technology		
	Long-term delay/ suspension in supply of products	Due to unforeseen circumstances such as large-scale earthquakes/tsunamis, political changes/disturbances, floods, spread of infectious diseases, and suspension of supplier supply, which cause the following risks. ・Delay or disruption of parts supply ・Stop manufacturing for products ・Disruption of transportation ・ Suspension of supply to sales companies These risks could result in lost business opportunities.	Ricoh selects from multiple suppliers and maintains BCP (Business Continuity Plan) inventory. This is to address the risk of shortage of products to customers in the event that certain supplier plant operations are disrupted unforeseen circumstances. We had assumed that the risk range is local area and the recovery period is short so far. However, from an experience of the rapid pandemic of COVID-19, we will expand the risk range from local to a bigger area and the recovery period from short to long in addition to our past activities. We will improve the environment to prepare for emergencies in the long run. In addition, we will carry out action plans and desk training based on assumed risks,	Medium	High

		confirm the effectiveness of countermeasures and continuously improve them.		
Product liability	Ricoh may be held responsible for any defects that occur with respect to its products and services. Depending on the defect described below, Ricoh may be liable for significant damages which may adversely affect its financial results and condition. ・Significant product liability(Burnout, Human damage) ・Violation for safety/environmental regulations ・Prolongation for quality problem in market etc. In addition, negative publicity concerning these defects could make it more difficult for Ricoh to attract and maintain customers to purchase Ricoh products and services. As a result, Ricoh's financial results and condition may be adversely affected.	For enhancing safety/reliability of products, Ricoh analyzes mechanism of each breakdown/incident carefully, and reflect it in products development process. If any problems happen in the market, Ricoh has systems to respond it promptly. In order to provide products aligned with each country's safety/environmental regulations, Ricoh regularly reviews its own operational standard/guide by sharing the information with each local member.	Medium	High
Protection of intellectual property rights	Since alliance/joint-R&D with other parties are getting increased, Ricoh may be involved in contract conflict/trouble, which may adversely affect Ricoh's financial results and condition.	Ricoh has accumulated learnings from past experiences and subsequently developed methods to help with assessments. The method is utilized for risk assessment for new business development and taking measures based on those assessment results.	Small	Medium
Government regulations (Import & Export Law)	If a violation of import/export related laws occurs, there is a risk of significant damage to Ricoh as described below: - Impact of administrative sanctions such as export suspension on production and sales - Loss of trading opportunity due to loss of social credibility - Fines and criminal penalties	We provide information on employee training regarding security trade control and important information regarding strengthening/releasing regulations related to business in a timely manner. In addition, we regularly conduct management audits on imports and exports to improve the process and identify the risks. We also take an active risk aversion measure by grasping the ever-changing international situation.	Medium	High
Government regulations (Legal)	If a violation of antitrust and competition laws, there is a risk of significant damage to Ricoh as described below: - Burden of administrative charges and criminal penalties - Stop trading with government agencies - Negative impact on business due to deterioration of social credit	In order to ensure compliance with antitrust laws and competition laws in each country, the legal departments in each region take the initiative to strengthen educational activities and respond to emergencies.		
Government regulations (HR)	When various personnel-related and compliance violations (harassment, employment-related, human rights, etc.)	In order to practice the "Ricoh Way" and fulfill our social responsibility, each of our executives and employees of the Group must understand		

		occur in business activities of Ricoh Group, there is a risk that social credit will be damaged and the business will be adversely affected.	and comply with relevant laws and regulations in worldwide, international rules, and act with high ethical standards. Ricoh has established the "Ricoh Group Corporate Code of Conduct" and is working to ensure thorough awareness. With regard to the establishment and revision of various personnel-related laws and regulations, Ricoh responds promptly. Ricoh is working to prevent problems by establishing new internal rules, reviewing them, and conducting employee education. Ricoh is also establishing a system for dealing with any occurrence of a compliance violation and creating rules to address them. With regard to human rights, in addition to thorough internal education, Ricoh also asks companies in the supply chain to comply with the "Supplier Code of Conduct" including the elimination of child labor and forced labor. The status of compliance is monitored through regular CSR self-assessments to encourage necessary improvements. Ricoh has also issued a statement under the UK Modern Slavery Act 2015.		
	Government regulations (Environment)	・In the event of violations of various environment-related laws, there is a risk of serious damage to the company, including the impact on production due to administrative penalties, the burden of surcharges, criminal penalties, and the adverse impact on business due to the loss of social credibility and the damage to brand value.	・We have established an environmental management system to ensure compliance with environment-related laws through regular assessments, as well as to monitor and respond to regulatory changes in a timely manner. In October 2019, we joined the RBA*4 corporate alliance, which promotes corporate social responsibility in the global supply chain. The Ricoh Group is working to further raise the level of risk management by standardizing internal standards to meet RBA standards and developing human resources using RBA tools. *4 RBA：Responsible Business Alliance		
Accounting system	Impairment of goodwill and fixed assets	Ricoh recognizes goodwill in relation to acquisitions and various tangible assets or intangible assets for business operation. There might be harmful effects on business results or financial positions of Ricoh when expected cashflows fail to meet targets.	As mentioned in risk "Alliances with other entities, strategic investment", we deliberate on the appropriateness of the acquisition amount at the Investment Committee. We monitor progress after investment and have established a system to execute and manage business.	Medium	Medium
	Defined benefit plan obligations	With respect to its employee benefit obligations and plan assets, Ricoh accrues the cost of such benefits based on applicable accounting policies and funds such benefits in accordance with governmental regulations. Currently, there is no immediate and	Ricoh has reviewed and implemented systems as appropriate based on government regulations, human resource strategies and personnel systems.	Medium	Medium

		significant funding requirement. However, if returns from investment assets continue to decrease and/or turn negative due to market conditions, such as with fluctuations in the stock or bond markets, additional funding and accruals may be required. Such additional funding and accruals may adversely affect Ricoh’s financial position and results of operations.			
Environment, disasters	Climate change-related effects	Recognizing that climate change is an important issue for our group operating globally, we are conducting analyses and implementing countermeasures in accordance with the TCFD (Task Force on Climate-related Financial Disclosures.) established by the Financial Stability Board (FSB) framework. However, insufficient or delayed responses could expose the following risks: (Risk of a Rapid Transition to Zero-Carbon Society) ・ Increase in procurement costs due to application of carbon tax and emissions trading system to suppliers ・ Increase in response costs due to rapid transition to a Zero-Carbon society (purchase of renewable energy certificates, etc.) (Physical Risks Due to Rapid Climate Change) ・Delays in dealing with disasters caused by abnormal weather conditions and interruptions in the supply of products and services due to plant shutdown and supply chain disruptions ・ Adverse impact on business caused by rising prices of paper and other raw materials due to extreme weather conditions. ・ Infectious diseases caused by abnormal weather cause suspension of operation at major sites and supply chain disruption of product service supply. At the same time, we recognize that preparing for the transition to a Zero-carbon society has the opportunity to improve the quality of our products and	Business impacts related to climate change are managed as one of the key management strategy risks within the framework of company-wide risk management. (Risk of a Rapid Transition to a Carbon-Free Society) ・ To cope with the transition to a Zero-Carbon society, we have established the ESG Committee which chaired by the President and CEO and the committee regularly checks changes in international demands, reviews environmental targets, and works to prevent and promptly deal with risks. ・ In FY2019, the ESG Committee reviewed the Ricoh Group Environmental Targets in April 2020 to deal with the transition risk. We revised our target for greenhouse gas emissions reduction to 63% (previous target: 30%) by 2030 from 2015 level, and obtained certification under the new 1.5°C target of the Science Based Targets (SBT) Initiative*5, an international initiative. (Physical Risks Due to Rapid Climate Change) ・As described in the section entitled "Changes in Parts and Raw Materials Prices and Exchange Rates, " we are strengthening risk management throughout the supply chain, including duplication of procurement lines and accumulation of materials and parts inventories. We are also working with suppliers to improve their business continuity capabilities. ・ Details on countermeasures against disasters caused by abnormal weather are described in the risk items "Effects of disasters, etc." and "Long-term delays in supply/stoppages of products." *5 The SBT Initiative ; International initiatives to certify that the company's GHG reduction	Medium	High

		services and contribute to profits. We are introducing to customers examples of our own decarbonization activities based on our long-standing environmental management and expanding sales of service solutions that support customers' decarbonization efforts. We believe that the company's decarbonization activities will definitely contribute to the expansion of businesses that contribute to carbon reduction, such as the environment and energy business (energy creation, energy storage, and energy conservation businesses).	targets are consistent with the scientific evidence.		
	Effects of disasters and other unpredictable events	Ricoh will do its utmost to ensure the continuation of business activities, secure employee’s and their family’s safety, and fulfill its social responsibilities as a corporate citizen in the event of described below, ・Natural disaster (earthquake, Tsunami, hurricane, flood, snowstorm, Eructation etc.) ・ Accident (Fire, eruption, Leak of hazardous materials, big accident of public transportation etc.) ・ Drastic situation change (Domestic warfare, International war, radical social movement etc.) ・Incident (Terror, abduction and Intimidation) and infectious diseases etc.	Ricoh Group Standards specify the initial response to an emergency, reporting methods, and the establishment and role of each task force, and we have established a system to ensure an appropriate response in the event of a disaster. In order to prevent the occurrence of disasters and to minimize damage in the event that a disaster does occur, we conduct regular facility inspections and disaster drills. We have prepared business continuity plans (BCPs) for each region and business so that we can continue our operations even in the event of a disaster and restore it as soon as possible. With regard to COVID-19, based on the BCP for the new strain of influenza, we have been taking the highest priority on the safety of our stakeholders, including customers, suppliers, executives and employees, and their families, while assessing the infection. In the future, we will review our current BCP based on this experience and make necessary stockpiles to prepare for the possibility of another outbreak of infection.	Medium	High

3. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS

The future related matters discussed in this section are determined with the information available as of this fiscal year.

(1) Significant Accounting Policies

The consolidated financial statements of Ricoh are prepared in accordance with International Financial Reporting Standards ("IFRSs") under the provisions of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" issued by the Japanese Financial Services Agency (FSA). Ricoh evaluates its accounting estimates based on historical experience and other assumptions that are believed to be reasonable. For a summary of the significant accounting policies, refer to "V. Financial Information – Notes to Consolidated Financial Statements – 3. Significant Accounting Policies".

(2) Business results

Addressing the COVID-19 Pandemic

The outbreak of COVID-19 at the end of 2019 that has since become a pandemic will likely have a broad impact from lockdowns and voluntary restraints worldwide to prevent infections from spreading, which have shrunk economic activity and fueled recessionary concerns.

It is against that backdrop that the Company established a committee to coordinate the Group's response to the pandemic on 29th, January 2020. In February 2020, the Company formulated the following five-point policy to address COVID-19 based on the approach of its Business Continuity Program.

(1) Prioritize safeguarding and maintaining the health of Group employees and their families
(2) Consider our social impact and do our best to prevent infection numbers from rising
(3) Maintain stable supplies of the services and products that societies and customers want
(4) Uphold our operating foundations
(5) Prepare a Business Continuity Program to tackle pandemics that impede regular business

In keeping with this policy we have prohibited business travel, in principle, for employees, as well as Group-organized events. We have also leveraged teleworking where appropriate. We embraced working from home and telework before the COVID-19 pandemic, so that we can continue our operations smoothly.

We have undertaken a range of measures to help combat the COVID-19 pandemic through business activities.

Examples of Ricoh's Initiatives to Combat COVID-19

- Using 3D printers to manufacture medical face shields
- Providing (RICOH) Standard DNA (series) to help enhance the precision of polymerase chain reaction tests
- Providing services to build a teleworking environment
- Helping construct and maintain IT environments for customers who must keep operating in medical and other fields
- Supplying distance learning and telemedicine solutions
- Providing services offering virtual tours of properties services using the Ricoh THETA 360° camera

The COVID-19 pandemic has upended work practices by fueling the rapid adoption of telework far faster than would have eventually occurred. We will accelerate our transformation into a digital services company in view of the possibility that there will be no return to previous work practices.

After the pandemic, we will contribute to customers and society by offering the products and services needed in what will be a new era, and achieve sustainable growth.

Impact of COVID-19 on Business Activities

COVID-19 has affected Ricoh's business activities in various ways since becoming a pandemic in February 2020.

Initially, plants in China manufacturing key offerings for the global market halted operations in response to government requests as infections spread in that country. Ricoh had stockpiled in preparation to shift manufacturing to a plant under construction in southern China, so there was no major impact on product supplies during fiscal year 2019. Plants in China have steadily restarted since mid-February, and with the exception of some product offerings, the impact on product supplies from stoppages at plants ended in May 2020. Although supplier stoppages in China affected production of some offerings in Japan, domestic plants have returned to normal. The operations of European plants shrank dramatically owing to government orders and requests. The impact on supplies to customers has been minimal, however, as we have been able to ship products from existing inventories. Production at plants in North America and Thailand remains normal overall.

Stagnating economic activity has directly and indirectly affected sales and service operations. We have stepped up our use of email, teleconferencing, telemarketing, and other tools to market to customers in response to expanded teleworking. It has become difficult, however, to expand sales of new products and services, owing to such factors as declining purchasing demand and inability to inspect machines in the field. On top of that, stagnation in economic activity around the globe reduced the use of mainstay multifunctional printers (MFPs), depressing sales of consumables and other offerings.

The impacts of these developments were worldwide from March 2020, which caused a major impact on fiscal 2019 results. Until an end is in sight for the pandemic, we expect that it will affect our fiscal 2020 performance.

At the same time, we view the pandemic as an opportunity to transform our customer work practices. After it abates, we will undertake initiatives to materialize new growth by delivering new added value to customers.

Economic Climate

In the year under review, the outlook became increasingly uncertain due to intensifying trade friction and rising geopolitical tensions. A spread of COVID-19 infections prompted governments in numerous countries to impose lockdowns or call for social distancing. This caused the economic climate to deteriorate rapidly toward the end of the term, particularly overseas. The average exchange rate for the yen in fiscal year 2019 was ¥108.80 to the U.S. dollar, up ¥2.15 from a year earlier, and ¥120.90 to the euro, up ¥7.56.

It was against that backdrop that demand for the Ricoh Group's mainstay office equipment, including MFPs, was again down slightly in developed nations but expanded in emerging markets. In March 2020, however, demand plummeted everywhere in response to the COVID-19 pandemic. In the fourth quarter, corporate demand for consumables fell as business activities shrank amid the pandemic.

At the same time, progress in information and communication technology, notably through the evolution of 5G technology, the expansion of artificial intelligence, and the frontlines penetration of the Internet of Things technology, is changing work practices. A digital transformation based on these technologies is progressing across borders and industries, and organizations, processes, and business models are undergoing tremendous change. Demand for digitized office tasks and workflows is thus soaring. Investments in corporate IT infrastructure are rising in view of teleworking and other business continuity efforts as a result of the pandemic. We therefore expect demand for IT services, notably for digitization and IT infrastructure upgrades, to continue expanding steadily.

Results for the Year

Fiscal year 2019 was the final year of Ricoh's 19th Mid-Term Management Plan and the second year of the "Ricoh Ignite" growth strategy. In FY2019 Ricoh endeavored to reinforce the profitability of core businesses and expand growth businesses, executing growth strategies in preparation for the "Ricoh Lift Off" stage from the 20th Mid-Term Management Plan that starts in fiscal 2021 while seeking to improve returns on capital and overhaul corporate governance.

Consolidated sales for fiscal 2019 declined 0.2%, to ¥2,008.5 billion. Although performance was solid through the third quarter, sales were down from the fourth quarter owing to the impact of the pandemic.
Although sales rose in the Office Services and Industrial Printing segments, they were down in the Office Printing, Commercial Printing, and Thermal segments. In Office Printing, we expanded sales, principally of A3 color models, to increase and maintain our top global market share. At the same time, hardware and consumables sales declined amid the COVID-19 pandemic. Revenues dropped from a reduction in the number of machines in field amid ongoing squeezes of deals and contract reviews in keeping with a strategic focus on profitable sales. In Commercial Printing, we enjoyed solid sales growth throughout the year for new models, particularly color offerings, and as part of which we significantly expanded sales of color continuous feed machines. On the downside, sales of consumables for monochrome transactional monochrome models were down as a result of lower demand for those offerings.
In Office Service, sales surged, particularly in Japan, for solutions packages that integrate IT equipment, software, and services to support small and medium-sized enterprises by resolving industry- and business-specific issues and help streamline business processes.
Overseas, especially in Europe, we selected countries in which we would prioritize strengthening our IT sales and services infrastructure, constructing a structure that included acquisitions. These factors contributed to a significant rise in Office Service sales. Consolidated sales would have risen 2.5% after factoring out the adoption of equity method accounting for consolidated logistics subsidiaries whose shares we transferred and sales reductions owing to the removal from consolidation of Ricoh India Limited and foreign exchange impacts.
In Japan, sales rose 8.3% from a year earlier. This was on steady growth, particularly in Office Service, reflecting expanded demand for IT equipment as domestic companies overhauled work practices and higher revenues in such areas as industry solutions and services.
Sales in the Americas were down 5.9% from a year earlier. This was despite growth in the Industrial Printing area and reflected reduced sales of Office Printing consumables notwithstanding solid hardware demand, particularly for color models. Another downside factor was the COVID-19 pandemic.
Sales in Europe, the Middle East, and Africa were off 4.9% but were up 1.0% after stripping out the foreign exchange impact. The principal factors here were, as in the Americas, a focus on profitable deals and lower Office Printing revenues owing to the pandemic. These negative factors outweighed Office Service growth from the acquisitions of DocuWare and four other IT services sales firms to expand in the promising digital business area. Sales in other regions were down 8.6%. This was due to an Office Printing decline that overshadowed growth in Industrial Printing demand.
Overall overseas sales therefore declined 5.9% from a year earlier.

Gross profit decreased 5.9%, to ¥721.5 billion. The drop was despite an earnings contribution from the Office Service business, and reflected a downturn in the Office Printing business. Key factors here were an ongoing emphasis on more profitable business deal sales, which led to a reduction in the number of machines in field, lower hardware sales owing to the pandemic, and lockdowns and requests to voluntarily constrain activities that restricted customer business activities and dampened sales of highly profitable related consumables. In Other segment, earnings were down owing to the adoption of equity method accounting for a logistics subsidiary and removals from consolidation.

Selling, general and administrative expenses decreased 6.3% from a year earlier, to ¥658.4 billion. This reflected ongoing progress in constraining expenditure through structural and business process reforms. We posted ¥10.6 billion in structural reform expenses for the year. Structural reforms progressed, generating savings of ¥18.1 billion, which was more than initially projected.

As a result of these factors, Ricoh posted ¥79.0 billion in operating profit, down 9.0% from a year earlier. After factoring out the subsidiary share transfer and foreign exchange impacts, there would have been a 1.9% rise. After factoring in the downside impact of the pandemic, at ¥15.6 billion, operating profit after excluding structural reform expenses, one-time income, and other transient factors would have been ¥103.2 billion, from ¥105.1 billion a year earlier. This was because the Company was unable to absorb a downside foreign exchange impact and the effects of tariffs between the United States and China, which caused underlying profitability to deteriorate.

Although net financial expenses after stripping out the foreign exchange impact were lower than a year earlier, income before income taxes declined 9.6%, to ¥75.8 billion, but would have risen 2.5% after stripping out the foreign exchange impact.

Corporate income tax expenses increased 10.1% from a year earlier, to ¥31.4 billion. This was because management determined the timing for eliminating temporary differences relating to investments in keeping with the conclusion of an agreement to transfer shares in Ricoh Leasing Company, Ltd., and recorded deferred tax liabilities.

As a result of these factors, profit attributable to owners of the parent was ¥39.5 billion, down 20.2% from a year earlier. After excluding corporate income tax expense increase associated with the Ricoh Leasing share transfer, profit attributable to owners of the parent would have risen 6.5%.

Comprehensive income decreased 67.9% to ¥11.6 billion due to a decrease of exchange differences on translation of foreign operations and profit decline.

Operating results by segment are as follows:

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Change	%
Office Printing:				
Sales	1,086,428	1,006,274	(80,154)	*(7.4)*
Operating profit	117,999	90,343	(27,656)	*(23.4)*
Operating profit on sales in Office Printing (%)	*10.9*	*9.0*		
Office Service:				
Sales	481,392	568,955	87,563	*18.2*
Operating profit	14,739	29,090	14,351	*97.4*
Operating profit on sales in Office Service (%)	*3.1*	*5.1*		
Commercial Printing:				
Sales	185,292	178,396	(6,896)	*(3.7)*
Operating profit	27,223	23,152	(4,071)	*(15.0)*
Operating profit on sales in Commercial Printing (%)	*14.7*	*13.0*		
Industrial Printing:				
Sales	20,692	23,006	2,314	*11.2*
Operating loss	(7,127)	(4,950)	2,177	-
Operating loss on sales in Industrial Printing (%)	*(34.4)*	*(21.5)*		
Thermal Media:				
Sales	66,368	61,896	(4,472)	*(6.7)*
Operating profit	4,230	3,213	(1,017)	*(24.0)*
Operating profit on sales in Thermal Media (%)	*6.4*	*5.2*		
Other:				
Sales	218,080	197,581	(20,499)	*(9.4)*
Unaffiliated customers	173,056	170,053	(3,003)	*(1.7)*
Operating profit	17,305	2,331	(14,974)	*(86.5)*
Operating profit on sales in Other (%)	*7.9*	*1.2*		

Finance business included in the above is as follows:

(Millions of yen)

	Year ended March 31, 2019	Year ended March 31, 2020	Change	%
Sales	159,192	169,684	10,492	*6.6*
Operating profit	31,645	33,409	1,764	*5.6*
Operating profit on sales in Finance Business (%)	*19.9*	*19.7*		

a. Office Printing

In the Office Printing field, we endeavored under the 19th Mid-Term Management Plan to shift focus from sales toward profitability, strategically transforming and optimizing our structure and boosting earnings to generate new value.

In the year under review, we sought worldwide to expand sales of the RICOH IM C series of advanced MFPs, which we launched in January 2019. In striving to enhance sales of advanced MFPs, we cultivated sales of packages combining applications and cloud services that we tailored to customer industries and businesses, creating new customer value.

Office Printing sales for the year decreased 7.4%, to ¥1,006.2 billion. Through the third quarter, unit sales of color A3 MFPs rose 3%, year on year, reflecting the impact of new models. Hardware sales declined in the fourth quarter, however, owing to the COVID-19 pandemic, as lockdowns, social distancing, and other factors constrained customer business activity and caused sales of related consumables to fall. Operating profit dropped from ¥117.9 billion in the previous fiscal year to ¥90.3 billion. This was because the pandemic caused sales and gross profit to decrease, offsetting progress in cutting operating expenses on the strength of structural reforms.

b. Office Service

In the Office Service field, we pursue business growth by enhancing the value we offer customers, notably by leveraging our global customer base to deliver solutions services that support work practice reforms.

In fiscal 2019, sales surged, particularly in Japan, for solutions packages that integrate IT equipment, software, and services to digitize workflows for customer industries and businesses, centered on small and medium-sized enterprises. Overseas, we selected countries in which we would prioritize strengthening our business to build an IT sales and services infrastructure, constructing a structure that included acquisitions. We moved to expand our digital business by purchasing DocuWare, which maintains a cloud and on-premise content services platform to support the automation of corporate document management and workflows, primarily in Europe and the United States.

Office Service sales in fiscal 2019 increased 18.2%, to ¥568.9 billion. In Japan, we sold personal computers, IT systems deployment, and offered support solutions in line with demand for transitioning to Windows 10. We also offered industry- and business-specific solutions packages. Toward the end of the year under review, sales surged of packages that help companies create teleworking frameworks to overcome the impact of the COVID-19 pandemic. Overseas, we expanded sales of IT services and other offerings in Europe, the Middle East, and Africa.

Segment operating profit jumped from the previous year's ¥14.7 billion, to ¥29.0 billion, as profitability improved with sales expansion. The operating margin rose from 3.1%, to 5.1%, reflecting steady progress in constructing business foundations to transform away from being an office automation manufacturer toward becoming a digital services company.

c. Commercial Printing

We expect the Commercial Printing market to grow on the strength of the high image quality and productivity and broad paper support of our offerings and a rising need for systems that can deliver high-value-added printed materials that open doors to new business opportunities. We aim to expand our business by catering to the needs of customers while helping them develop their businesses.

In fiscal 2019, we promoted sales of the RICOH Pro C9210/C9200 and RICOH Pro VC70000, which we launched in the previous term for commercial printing customers. The RICOH Pro C9210/C9200 has earned a solid reputation among customers for delivering image quality that is comparable to that of offset printers while saving labor and stabilizing print quality. The RICOH Pro VC70000 has won top marks for delivering outstanding productivity and image quality and for being more compact and entailing lower initial costs than offset printers.

Fiscal 2019 segment sales dropped 3.7%, to ¥178.3 billion. We enjoyed double-digit growth year-on-year in sales of hardware through the third quarter on the strength of products introduced during the term, principally in Europe and the United States. Hardware sales declined from the fourth quarter, however, owing to the COVID-19 pandemic. Sales of consumables for transactional printers were also down, reflecting plunging demand for those systems.

Operating profit decreased from ¥27.2 billion, to ¥23.1 billion, owing to lower sales of transactional printer consumables and a gross profit decline.

d. Industrial Printing

In this segment, we seek to capture new markets and customers based on our strong position in inkjet heads that offer superior durability and are compatible with an array of inks. We believe that we can generate new value by drawing on our printing technologies, good examples being additive manufacturing and bioprinting in 3D printers.

In fiscal 2019, we expanded sales of the RICOH MH5320/5340/5320 Type A (the latter being without an ink port) inkjet heads, which we launched at the end of the previous fiscal year. These heads offer greater productivity, durability, image quality, and ink compatibility, and offer potential for cultivating new customers and expanding beyond regular sign graphics to encompass textiles and other applications.

Segment sales for the year increased 11.2%, to ¥23.0 billion. This was because while the COVID-19 pandemic suppressed sales activity in the key Chinese market in the fourth quarter, revenues grew on higher demand overseas for new advanced industrial inkjet heads and expanded sales of industrial printers.

The operating loss was ¥4.9 billion, ¥2.1 billion less than a year earlier, including higher product development expenses to fuel business growth and such transient factors as new product inventory allocations.

e. Thermal Media

Demand has risen solidly in this area on growth in e-commerce, which has driven demand growth worldwide for shipping labels. It is against this backdrop that we have drawn on the materials technologies that we amassed over the years to steadily expand our business, notably by supplying thermal paper, ribbons, and other products that ensure outstanding resistance to heat and abrasion resistance and deliver superior print definition and storage capabilities. We have also endeavored to broaden new value through such offerings as our proprietary rewritable contactless laser system.

In fiscal 2019, we strove to expand product supplies and cut costs to overcome intensifying competition in the Chinese market and cater to changing customer needs, one being for smaller labels. We also cultivated new customers and applications, one example being the provision of eco-friendly, release paper-free label seals.

Sales for the fiscal year 2019 declined 6.7%, to ¥61.8 billion. Prime factors in that downturn were intensifying competition in the Chinese market, customer cost-cutting measures, and the COVID-19 pandemic in the fourth quarter. Segment operating profit was ¥3.2 billion, from ¥4.2 billion a year earlier, as the downside impact of the pandemic overshadowed progress in reducing raw materials costs to stabilize their supplies while improving processes to lower cost rates.

f. Other

The Other segment comprises of “Industrial Products,” “Smart Vision,” and “Other,” which includes other business segments. We use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.

Industrial Products: We provide precision device components that utilize optical technologies and image processing technologies.

Smart Vision: We manufacture and sell unique and compelling products such as 360° cameras, DSLR cameras for professional use, and action cameras with exceptional waterproof, dustproof, and impact resistance properties.

Other: We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (healthcare) business, focusing primarily on magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

This segment encompasses the Industrial Products business, which focuses on the automotive sector, and the Smart Vision business. We are expanding our customer base in the latter area by drawing on our strengths in capturing and image processing technologies to supply optical devices, primarily for the real estate sector. In Smart Vision, we launched the THETA 360.biz official partner program. Our application for virtual property tours has expanded business opportunity for our 360° camera, and has been very well received. The Other businesses segment also covers finance and other operations among affiliates.

Fiscal 2019 sales dropped 1.7%, to ¥170.0 billion. This reflected the impact of Ricoh Logistics System transitioning to an equity method affiliate, which offset a steady expansion in the finance business and higher sales of optical modules in the Industrial Products business. Sales would have risen if not for the removal from consolidation of that subsidiary.

Operating profit fell from ¥17.3 billion, to ¥2.3 billion, in the absence of the previous year’s gain on sales of shares in Ricoh Logistics System. After excluding that factor, operating profit would have been basically unchanged.

Operating Segment Information

Segments	Products & Services
Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Services	Personal computers, servers, network equipment, related services, support, software and service solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal papers, thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare, financial services

1) Production

Production in each segment for the years ended March 31, 2019 and 2020 are as follows:

	Millions of Yen		
	For the year ended March 31, 2019	For the year ended March 31, 2020	Change
Office Printing	1,012,119	989,270	(2.3%)
Office Services	10,434	9,569	(8.3%)
Commercial Printing	161,987	153,212	(5.4%)
Industrial Printing	20,457	22,922	12.0%
Thermal Media	63,418	56,802	(10.4%)
Other	162,435	155,552	(4.2%)
Total	1,430,850	1,387,327	(3.0%)

(Note) 1. The amounts are based on sales prices, including intersegment transactions.
2. The figures above do not include consumption tax, etc.

2) Orders Received

Not applicable as the production system adopted is based on estimated orders.

3) Sales

Sales in each segment for the years ended March 31, 2019 and 2020 were as follows:

	Millions of Yen		
	For the year ended March 31, 2019	For the year ended March 31, 2020	Change
Office Printing	1,086,428	1,006,274	(7.4%)
Office Services	481,392	568,955	18.2%
Commercial Printing	185,292	178,396	(3.7%)
Industrial Printing	20,692	23,006	11.2%
Thermal Media	66,368	61,896	(6.7%)
Other	173,056	170,053	(1.7%)
Total	2,013,228	2,008,580	(0.2%)

(Note) 1. All intersegment transactions are eliminated.
2. Information on sales by customer is omitted because no single customer accounted for 10% or more of the total revenues for the years ended March 31, 2019 and 2020.
3. The figures above do not include consumption tax, etc.

Background to Inappropriate Accounting Practices at Indian Sales Subsidiary, Response, and Situation Thereafter

Inappropriate accounting practices at Ricoh India Limited came to light following a results audit for the second quarter of fiscal 2015. Based on a subsequent investigation and a review in keeping with RICOH Resurgent policies announced in April 2017, Ricoh resolved on October 27, 2017, not to provide additional financial support to Ricoh India.

It was against that backdrop that Ricoh India filed a petition on January 29, 2018, to commence a corporate reorganization, which went into effect on May 14 that year. Ricoh India undertook a corporate reorganization, with a resolution professional being appointed and Ricoh India ceasing to be a consolidated subsidiary of the Ricoh Group on May 2018. On November 28, 2019, the National Company Law Tribunal approved the corporate reorganization plan filed by a third party, completing reorganization procedures.

In fiscal 2020, the Ricoh Group intends to transfer all of its shares in Ricoh India to a third party, thereby severing capital ties. The impact of the above share transfer on this fiscal year and the next results will be minimal.

Ricoh will do business in the Indian market through dealers, maintaining service quality for customers using its products and services and endeavoring to stably expand its business.

(3) Financial positions

Total assets rose ¥142.5 billion from the end of fiscal 2018, to ¥2,867.6 billion. For assets, Ricoh began recognizing right-of-use assets by applying International Financial Reporting Standard (IFRS) 16 (Leases). At year-end, other financial assets, including those held for sale, were up from a year earlier.
Total liabilities were up ¥152.9 billion, to ¥1,859.1 billion. Lease liabilities surged owing to the application of IFRS 16 (Leases). The liabilities of related subsidiaries rose in line with the expansion of the finance business. At year-end, therefore, there was an increase from a year earlier in bonds and borrowings included in liabilities related directly to assets held for sale.
In March 2020, the Company concluded an agreement to transfer some Ricoh Leasing shares to Mizuho Leasing Company, Limited. Under this agreement, Ricoh Leasing-related assets and directly related liabilities included in other business segments are being presented as assets held for sale and as liabilities related directly to assets held for sale until the share transfer completion.
Total Ricoh shareholders' equity at the end of the term was down ¥10.4 billion from a year earlier, to ¥1,008.5 billion. Although there was a decrease in other items of owner's equity in keeping with a decrease in translation differences for foreign operations, retained earnings were up owing to profit.
As a result of these factors, total equity attributable to owners of the parent was ¥920.3 billion, down ¥12.2 billion from a year earlier. The equity ratio remained stable, at 32.1%.
The Ricoh Group aims to materialize new growth businesses by strengthening profitability in core businesses and investing extensively while pursuing returns that exceed capital costs to sustainably enhance corporate value. In the 19th Mid-Term Management Plan, management remained aware of the need to use shareholders' equity effectively, carefully investing in growth strategies that lift corporate value over the medium- to long-term while seeking to boost capital efficiency.
In fiscal 2019, the final year of our current mid-term management plan, we endeavored to raise ROE to more than 6.5%. Profit attributable to owners of the parent company was below our initial forecast. This was despite efforts to strengthen profitability in core businesses and generated growth in new businesses while bearing fruit from structural reform efforts earlier than planned. Key factors in the downturn were the downside earnings impact of the COVID-19 pandemic, the determination of a timing for eliminating temporary differences relating to investments in keeping with the conclusion of an agreement to transfer shares in Ricoh Leasing, and corporate income tax expenses. ROE for fiscal 2019 was thus less than targeted, at 4.3%. ROE would have been 5.3%, around the same as in the previous term, however, after stripping out the impact of a ¥10.2 billion income tax increase associated with the conclusion of an agreement to transfer shares in Ricoh Leasing.
The Company has positioned ROE as a key benchmark for its management plans. The Company is targeting an ROE exceeding 9.0% for fiscal 2022.

(4) Cash flows

At the end of fiscal 2019, free cash flow after excluding the finance business effectively improved after excluding the transient impact of cash inflows associated with share sales in the previous year. This underlying improvement was because while we pushed ahead with business acquisitions and other strategic investments we improved working capital.
Net cash provided by operating activities was ¥116.7 billion, up ¥34.7 billion from a year earlier. This reflected a decrease in trade and other receivables and a lower increase in inventories than in the previous year.
Net cash used in investing activities increased ¥118.6 billion, to ¥164.5 billion. A key factor in that rise was acquisitions of DocuWare and other European IT services enterprises. Also, we posted transient cash income in the previous fiscal year from divestments of shares in Coca-Cola Bottlers Japan Holdings Inc.

and Ricoh Logistics System Co., Ltd., and expenditures on investment activities overall increased dramatically.

As a result of these factors, Ricoh posted a negative free cash flow (net cash provided by operating activities plus net cash used in investing activities) of ¥47.8 billion, compared with a positive free cash flow of ¥36.0 billion a year earlier. This was despite efforts to reinforce profitability through structural reform activities and gains from business reviews. After factoring out the transient cash income impacts of Coca-Cola Bottlers Japan Holdings and Ricoh Logistics System share divestments in the previous term, the free cash flow decline would have been ¥17.7 billion.

Net cash provided by financing activities was ¥75.7 billion, up ¥33.3 billion. On the one hand a higher year-end dividend increased cash dividends paid; increased fund raising to support expansion of the finance business.

As a result of these factors, cash and cash equivalents at the end of the period were ¥262.8 billion, up ¥22.7 billion from a year earlier.

The Ricoh Group seeks to transform its business structure and grow over the medium- to long-term by reinforcing the profitability of core businesses to generate cash while investing in new cash-producing businesses. In 19th Mid-Term Management Plan that ends in fiscal 2019, the Group targeted an aggregate free cash flow excluding the finance business of ¥100.0 billion for the three years of that initiative. It greatly exceeded that objective by generating a total of ¥209.7 billion.

Cash and Asset-Liability Management

Ricoh has in recent years tried to achieve greater efficiencies in the utilization of cash balances held by its subsidiaries pursuant to its policy of ensuring adequate financing and liquidity for its operations and growth and maintaining the strength of its financial position. One method that Ricoh has implemented to achieve greater efficiency is building up its group cash management system in each region as well as globally. This cash management system functions as an arrangement in which Ricoh’s funds are pooled together and cash resources are lent and borrowed from one group company to another with finance companies located in each region coordinating this arrangement. As part of that, Ricoh introduced a global cash pooling system and realized further improvement of fund operation efficiency globally.

Ricoh also enters into various derivative financial instrument contracts in the normal course of its business and in connection with the management of its assets and liabilities. Ricoh enters into foreign currency contracts to hedge against the potentially adverse impact of foreign exchange fluctuation on local currency-denominated assets and liabilities and interest rate swap agreements to hedge against the potentially adverse impact of cash flow fluctuations on its outstanding debt interests. Ricoh uses these derivative instruments to reduce its risk and to protect the market value of its assets and liabilities in conformity with Ricoh’s policy. Ricoh does not use derivative financial instruments for trading or speculative purposes nor is it a party to leveraged derivatives.

Sources of Funding

Ricoh’s principal sources of funding are a combination of cash and cash equivalents on hand, various credit facilities and long-term debt securities. In assessing its liquidity and capital resources needs, Ricoh places importance on the balance of cash and cash equivalents in the consolidated statement of financial position and operating cash flows in the consolidated statement of cash flows.

As of March 31, 2020, Ricoh had ¥262.8 billion in cash and cash equivalents and ¥409.8 billion in credit facilities. Of the ¥409.8 billion in credit facilities, ¥394.2 billion was available for borrowing by Ricoh as of March 31, 2020. The Company has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥150.0 billion. These committed credit line amounts of the Company are included in the ¥409.8 billion figure for credit facilities. Ricoh may also borrow up to its borrowing limit from financial institutions under the interest rates of each respective market.

The Company and certain subsidiaries raise capital by issuing commercial paper and long-term debt securities in various currencies. Interest rates for commercial paper issued by the Company and its subsidiaries ranged from 1.98% to 5.03%, interest rates for bank loans ranged from 0.07% to 2.19% and interest rates for long-term debt securities ranged from 0.20% to 7.30% during fiscal year ended March 31, 2020. Furthermore, Ricoh utilizes a cash management system globally elsewhere to efficiently manage the Ricoh Group funding and to effectively reduce its balance of interest-bearing debt.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Services ("Moody's") and Rating and Investment Information, Inc. ("R&I"). As of March 31, 2020, S&P assigned long-term and short-term credit ratings for the Company of BBB+ and A-2, respectively, Moody's assigned a short-term credit rating for the Company of P-3 and R&I assigned long-term and short-term credit ratings for the Company of A+ and a-1, respectively.

Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents and funds expected to be generated from its operations are sufficient to meet its cash requirements at least through fiscal year ending March 31, 2021. Even if there were a decrease in cash flows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing credit facilities would be sufficient to finance its operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of existing businesses and the development of new projects through its access to financial and capital markets. Since the impact of COVID-19 pandemic on operating cash flows is uncertain, the Company committed additional ¥100.0 billion credit lines at the beginning of the next fiscal year to ensure sufficient liquidity of ¥250 billion, including the existing ¥150 billion. While interest rates of such instruments may fluctuate, Ricoh believes that the effect of such fluctuations would not significantly affect Ricoh's liquidity, due mainly to the adequate amount of Ricoh's cash and cash equivalents on hand, stable cash flow generated from its operating activities and group-wide cash management system.

4. **MATERIAL AGREEMENTS, ETC.**

(1) The important patent and licensing agreements

The following table lists some of the important patent and licensing agreements which the Company is currently a party to:

Counterparty	Country and Region	Summary of the Contract	Contract Term
International Business Machines Corporation	USA	Comprehensive cross license patent agreement related to information processing technology (reciprocal agreement)	March 28, 2007 to expiration date of the patent subject to the agreement
Adobe Inc.	USA	Patent licensing agreements related to development of printer software and sales (counterparty as licensee)	January 1, 1999 to March 31, 2021
Lemelson Medical, Education & Research Foundation Limited Partnership	USA	Patent licensing agreement related to computer image analysis and other products (counterparty as licensee)	March 31, 1993 to expiration date of the patent subject to the agreement
HP Inc.	USA	Comprehensive cross license patent agreement related to document processing systems (reciprocal agreement)	October 31, 2011 to expiration date of the patent subject to the agreement
BROTHER INDUSTRIES, LTD.	Japan	Patent licensing agreement related to office equipment (Company as licensor)	October 1, 2014 to September 30, 2024

(2) Transfer of shares

At a meeting on June 21, 2019, the Board of Directors of Ricoh Company Ltd. agreed that Ricoh Europe Holdings PLC, a consolidated subsidiary of the Company in Europe, proposed the shareholders of DocuWare GmbH to sell its shares. On June 28, 2019, DocuWare GmbH agreed to sell its shares to Ricoh Europe Holdings PLC.

For the details, refer to “V. Financial Information – Notes to Consolidated Financial Statements – 6. Business Combinations”.

At a meeting on March 9, 2020, the Board of Directors of Ricoh Company Ltd. agreed to sell a portion of its shares in Ricoh Leasing Co., Ltd. (referred to as “Ricoh Leasing”) , a consolidated subsidiary of the Company, to Mizuho Leasing Company, Ltd. (referred to as “Mizuho Leasing”).

For the details, refer to “V. Financial Information – Notes to Consolidated Financial Statements – 38. Subsequent Events”.

5. RESEARCH AND DEVELOPMENT

At Ricoh (the Company and consolidated subsidiaries), we are committed to our basic management philosophy of providing excellence to improve the quality of living and to drive sustainability. Based on this philosophy, in its 19th Mid-Term Management Plan (from April 2017 to March 2020, hereinafter the 19th MTP), Ricoh set out the RICOH Resurgent (FY2017) and RICOH Ignite (FY2018–FY2019), and has been driving forward its R&D activities in accordance with technological strategies to underpin these growth strategies.

■ Bolstering technological development to underpin growth strategies

FY2019 is the final fiscal year of RICOH Ignite. By assigning a CTO (Chief Technology Officer), Ricoh formulated technological strategies aimed at achieving growth for the entire Group in terms of not only technological aspects but also business management aspects, developing and bolstering its technological base in line with the following three strategies.

In Growth Strategy #0, we will forge deeper ties with our customers around the world, achieve the further revolution of our multifunction printers (MFPs) in the office printing domain, which has been Ricoh's core business thus far, and develop technologies aimed at improving customer workflows and increasing business productivity.

In Growth Strategy #1, we are engaged in initiatives to leverage Ricoh's strengths in printing technologies, and expand the possibilities for these technologies to other types of printing aside from paper media, from display printing to applied printing. We are bolstering our efforts to achieve process innovation shifting from analogue to digital through on-demand printing utilizing the electrophotography, inkjet and thermal technologies that we have developed until now, and proactively acquiring external technologies.

In Growth Strategy #2, we are starting to digitize frontline workflows and engaging in efforts that utilize Ricoh's data/image capturing technologies and image processing technologies on the cloud, in order to increase new added-value to the customer base of 1.4 million companies that Ricoh has built up until now.

In the 20th Mid-Term Management Plan (from April 2021 to March 2023), Ricoh lays out RICOH Lift Off, a new stage for Ricoh. Ricoh plans to increase its corporate value by transcending the framework of a conventional OA manufacturer to become a digital services company, and to enhance its technology development efforts from the perspectives of both backcasting and forecasting in order to provide services that will transform workplaces and support "Fulfillment through work".

■ Business creation leading to new possibilities

In addition to developing technologies to underpin its growth strategies, Ricoh is also engaged in technological development that will widely contribute to society with a view to future growth in fields such as healthcare, Additive Manufacturing and the environment, through the application of core technologies such as materials, process technologies and inkjet technologies that Ricoh has developed so far.

With regard to its approach to research and development, Ricoh has R&D sites all over the world. Each site explores market needs and conducts research and technology development attuned to regional characteristics while deepening cooperative connections among global sites. We also have opened technology centers and customer experience centers around the world. We launched value–creating activities involving our customers, using a framework for gathering feedback on market needs ascertained directly through customer support activities to enhance future product development.

Ricoh is streamlining the development of advanced technologies by proactively leveraging the capabilities of its development partners, including universities, research institutions and other enterprises. We are applying our core technologies including inkjet, machine vision, and image processing through active participation in the Japanese government-supported Funding Program for World-Leading Innovative R&D on Science and Technology and joint R&D with universities and independent administrative corporations. We are also reinforcing relationships with venture enterprises to accelerate the creation of new businesses.

In FY2019, we launched RICOH ACCELERATOR 2019, an initiative aimed at creating new businesses, which seeks to achieve business co-creation by supporting the growth of startups and entrepreneurs both within and outside the company. By holding a contest in which participants are selected from a total of 214 entries (over 100 entries from inside and outside the company respectively), and enabling the participants with the best selected themes to utilize various resources, including around 200 registered supporters within the Ricoh Group, the initiative seeks to develop and support people with the spirit of challenge, and further foster a culture of encouraging the creation of new businesses.

Also in FY2019, Ricoh engaged in mergers, acquisitions and cooperative partnerships with outside companies, including Elixirgen Scientific, Inc. (which owns technologies that can induce pluripotent stem (iPS) cells and embryonic stem (ES) cells to differentiate into various other types of cells) and DocuWare GmbH (which offers both cloud and on-premise Contents Service Platform (CSP) systems that support enterprise document management and workflow automation.)

With the adoption of IFRSs, part of the development costs incurred by Ricoh have been capitalized and reported as intangible assets. Ricoh's consolidated R&D expenditures were approximately ¥102.9 billion, including the development costs which were treated as intangible assets of ¥14.6 billion.

(1) Office Printing
Ricoh's R&D activities in the Office Printing segment include electrophotographic technology for MFPs and printers for office use, supply technology, precision optical components, image data processing technology, next-generation image producing engines, cutting-edge software technologies, as well as applications for the advancement of office solutions and 3Rs (reduce, re-use and recycle) for reducing environmental impact.
With the recent expansion of the cloud services market, work environments that are free of time and location constraints have been developed, and the workplace is beginning to change, as represented by workstyle reforms. In light of these environmental changes, Ricoh is supporting the improvement of productivity in diversifying customer workplaces through the provision of highly compatible office devices that connect to the cloud-based integration platform RICOH Smart Integration by linkage with office services.
Additionally, although the digitalization of information continues to progress, there still remain many work processes in transactions between small and medium-sized companies (such as invoicing, and the placing and receiving of orders) which are still conducted using paper documents, and work to digitalize information in paper documents through manual processes are presenting an obstacle to improving productivity. Ricoh is driving digitalization, automation and labor-saving in business processes by advancing the integration with various cloud services utilizing the RICOH IM C Series of next-generation MFPs and other hardware as gateway devices for the digitalization of data in paper documents.
Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2020 were as follows.

Renewal of A4 monochrome MFP and printer lineup
Compact and space-saving yet drastically improves work efficiency

Release of RICOH IP 500SF A4 monochrome MFP
- Achieves high productivity
- Pursues usability and achieves outstanding operability
- Wide variety of paper support to help customer business operations
- Achieves exceptional environmental performance through comprehensive energy-saving design
- Compact body equipped with diverse functional capabilities

Release of RICOH P 501/501M/500/500M A4 monochrome printer
- Achieves high productivity and high durability
- Reduces the burden of device management
- Compact design allows installation in any location
- Wide variety of paper support to help customer business operations
- Pursues usability and achieves outstanding operability
- Achieves exceptional environmental performance through comprehensive energy-saving design

Release of RICOH IM 430F new-generation A4 monochrome MFP
Enhanced lineup of innovative solution RICOH Intelligent WorkCore for organizational productivity
- Compact body equipped with diverse functional capabilities
- Achieves high productivity
- Pursues usability and achieves outstanding operability
- Wide variety of paper support to help customer business operations
- Achieves exceptional environmental performance through comprehensive energy-saving design

Release of RICOH Handy Printer, a palm-sized printer that enables printing anywhere

A sensational printer that can be used in various work sites, from the manufacturing industry to retail and logistics

- Allows easily printing when and where it is needed
- Compact palm-sized dimensions for convenient portability
- Enables printing of QR codes, barcodes and images
- Publicly available Software Development Kit (SDK)

Release of RICOH P C301 series A4 color laser printers and MFPs
Achieves high productivity with compact body size

- Offers operability with pursuing usability
- Versatile interfaces support a wide range of printing methods
- Contributes to reducing environmental impact with exceptional environmental performance

Release of RICOH IM C300 A4 digital full-color MFP
Compact MFP that supports the latest cloud services and contributes to work efficiency

- Improves the efficiency of office work with high productivity
- Offers scalability and security functions with cloud
- Compact design allows installation even in small, narrow spaces
- Increased usability through improved user interfaces
- Supports remote management service for output devices

Renewal of A3 monochrome laser printer lineup
Release of RICOH P 6030/6020/6010/6000 series A3 monochrome laser printer
Significantly improves work efficiency with usability and support capabilities

- Achieves high productivity and high durability with compact body size
- Wide variety of paper support to help customer business operations
- Pursues usability and achieves outstanding operability
- Reduces the burden of device management
- Achieves exceptional environmental performance through comprehensive energy-saving design

The R&D expenditures in the Office Printing segment were approximately ¥41.7 billion.

(2) Office Services
In recent years, as communication styles and workstyles continue to change, there is an increasing demand for diverse workstyles that are unrestricted by time or location, utilizing Software as a Service (SaaS) cloud services and mobile services. At the same time, there is also a need for improved work efficiency and stronger security through the digitalization of paper-centric workflows.
Having identified this trend, Ricoh is offering MFPs that are highly compatible with cloud and mobile services, RICOH Interactive Whiteboards (IWBs), Video and Web conferencing systems such as RICOH Unified Communication System (RICOH UCS), office devices, and the RICOH Smart Integration platform, which provides office equipment, allows various devices to connect, and enables customers to use the latest services at any time.
By offering total support for customers’ working environments, we aim to provide value that contributes to improving customer productivity and diverse workstyles. We will also seek to create new value by further strengthening cooperation with our business partners, and by combining the technologies and know-how that we have cultivated so far with the customer contact capabilities, one of Ricoh’s strengths.
We will also continue to support our customers in achieving further growth, by helping people work smarter, and driving digital business that digitally connects offices and frontlines.
Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2020 were as follows.

Improving customer workflows through a combination of DocuWare GmbH CSPs, Ricoh MFPs and cloud platforms
Enhancing global support for productivity innovation using IT, automation and labor-saving in business operations at small and medium-sized enterprises

- Ricoh acquired all shares in DocuWare GmbH, a company that develops and sells cloud and on-premise Contents Service Platforms (CSPs) that support document management and workflow automation
- Utilizes product appeal and consulting capabilities to globally expand business improving overall document-related workflow through the combination of Ricoh MFPs and cloud platforms
- Uses extensive know-how regarding the provision and management of subscription services to promote cloud utilization at

small and medium-sized enterprises

Joint development of digital solutions that support labor-saving and automation of visual inspections in partnership with Ridge-i Inc.
Aiming to improve customer productivity, increase sales and profits, and contribute to workstyle reform on the frontlines

- Capital and business alliance with Ridge-i Inc., a company that develops and provides imaging AI solutions and consulting services
- Developing and providing digital solutions to support labor saving and automation in visual inspections by combining Ricoh's strengths in optical technologies with Ridge-i's strengths in imaging AI technologies

Commenced provision of Ricoh Road Surface Monitoring Service inspection services for social infrastructure
Contributing to improving the efficiency of maintaining road infrastructure through the use of Ricoh's unique optical technologies and AI

- Based on 3D images and brightness images of the road surface, monitoring system enables AI-based calculation of the rate of cracks, the rutting depth, and flatness for the general road maintenance index to lead calculation of a Maintenance Control Index (MCI), a comprehensive index
- Improves efficiency of road infrastructure maintenance by automatic execution, from measurement to report creation
- As the system uses ordinary automobiles, it enables significant cost reductions for the manufacture and maintenance of measuring equipment, and also contributes to expanding the range of possible inspection sites such as residential roads or narrow roads on which it would be hard to measure using existing large specialist vehicles

Tunnel monitoring system for installation in standard automobiles registered with NETIS (New Technology Information System), a new technology information system for public works by the Ministry of Land, Infrastructure and Transport in Japan.
Supporting the creation of inspection reports by photographing tunnel walls while driving, with only slight adjustment

- Enables easy shooting of tunnel wall surfaces while driving using a line sensor measurement system based on Ricoh's unique extended depth-of-field camera
- Reduces man-hours required for sketching and photographing with software that supports the creation of inspection reports based on expanded tunnel images
- Achieves compact size that enables mounting on ordinary automobiles and transportation of the measurement system alone

Release of AI-equipped chatbot RICOH Chatbot Service that improves the efficiency of inquiry response operations
Achieving easy operability enabling introduction and operation without expertise

- Artificial intelligence (AI)-equipped chat robot (i.e. an interactive robot with automated conversational function) improves the efficiency of various inquiry response operations: internal inquiries to general affairs, accounting, human resources and IT departments, and customer service in the sales support
- Capable of high-precision automated recognition of fluctuations in Japanese language and synonyms and convertible terms through the application of proprietary language recognition technology, and enables accurate responses through the registration of additional expressions that are unique to the customer company

Acceleration of support for digitalization and productivity reform in billing and accounting operations at small and medium-sized enterprises
Enhancing integrated functions between cloud-based billing management services and enterprise systems through joint development in partnership with MakeLeaps Corporation

- Joint development of integrated functions for the cloud-based billing management service MakeLeaps with enterprise systems, in partnership with our consolidated subsidiary MakeLeaps Corporation (Representative Director CEO: Jay Winder)
- The software applications OBC Akinai Bugyo (sales management integration), OBC Kanjo Bugyo (accounting integration) and PCA Kaikei (accounting integration) are being offered as options for the MakeLeaps software sold nationwide by our consolidated subsidiary Ricoh Japan
- In sales management integration, customers can send invoices electronically from MakeLeaps with the click of a button while ensuring security, improving the efficiency of operations and reducing costs in comparison with the conventional approach of mailing paper invoices
- In accounting integration, customers can automatically create journal entry data that correspond to invoices issued using MakeLeaps, reducing the burden of accounting operations

Release of RICOH Digital Signage STB Type1: a compact, lightweight set-top box for digital signage
Providing secure quality with easy installation, for the expanding signage market

- Supports the Ricoh Digital Signage cloud-based signage distribution service

- Compact dimensions (W46mm × D85.4mm × H14.9mm) and light weight (85g) allow STB to be directly attached to the backside of the display or mounting bracket using a supplied dedicated case
- Renewed user interface (UI) and added functions enable provision of a digital signage services that is more convenient and easier to use for customers, primarily in the signage market

The R&D expenditures in the Office Services segment were approximately ¥6.8 billion.

(3) Commercial Printing
For customers in the printing industry, Ricoh proposes combinations of products and workflow solutions delivering exceptional performance at attractive prices, with the aim of driving the offset to digital transition while securing new commercial printing customers.
In the Print On Demand (POD) market, Ricoh is contributing to enhancing the competitiveness of customers in the printing industry through the provision of high added-value printing with new forms of expression, as represented by five-station printers (which are capable of printing with five different toner colors.)
In addition to the development of a diverse range of technologies, including digital electrophotographic technology for commercial printing use, supply technology, precision optical component design technology, imaging data processing technology, inkjet technology, next-generation image producing engines and cutting-edge software technology, Ricoh aims to provide total printing solutions in the commercial printing segment by utilizing the advantages of its worldwide sales and service networks, and its wide range of alliances with processing machine vendors who support the production of diverse printed materials for customers.
We have also established the Ricoh Next Generation Digital Printing Technology Joint Research Course in association with the Tokyo Institute of Technology, and are aiming to lead this to the development of next-generation products through the understanding of fundamental phenomenon of thermal flow and material behavior taking place in commercial and industrial inkjet printers, from ink jetting and penetration into media to drying.
Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2020 were as follows.

Release of seven models across five product lines in monochrome production printers
Catering to a wide range of needs by improving productivity, paper support and space-saving design
- A series of new monochrome production printers consisting of the RICOH Pro 8320S/8310S/8300S models equipped with copy and scan functions, and the RICOH Pro 8320Y/8320HT/8310Y/8310HT models which offer only print function
- Achieve high speed output with a continuous printing speed of 136 pages/min (A4 landscape), and increase productivity through enhancement of peripheral devices
- Cater to a diverse range of customer printing and binding needs by supporting automatic double-sided printing of non-carbon paper, coated and thick paper in long sheet, and coated and thick paper using an insert feeder
- Support customers such as universities and offices with large-volume printing needs (but where it was difficult to install production printers in the past) by space-saving footprint design

Release of RICOH Pro VC70000 top of-the-line model in production printers for the Japanese market
Newly developed ink and drying technology achieves high image quality and productivity comparable with offset printing
- Newly developed “Type D ink” enables direct printing on offset coated paper without the need of undercoating, protective coating or other processing, enabling printing on a wide range of coated paper
- Contributes to reducing initial costs and running costs by eliminating the need for undercoating equipment and supplies
- Achieves high image quality comparable with offset printing in a greatly expanded reproducible color gamut and print density
- Enhancing the basic performance of the ink, engine and dryer has resulted in a more simple overall configuration for the machine, while saving space

The R&D expenditures in the Commercial Printing segment were approximately ¥23.7 billion.

(4) Industrial Printing
The industrial inkjet printhead field is poised for growth in view of diversifying requirements for these components and the intensive development of products and applications. Ricoh is enhancing its capability to respond to a diverse range of applications through the development of MH Series printheads with high durability and ink compatibility.

For segments exhibiting particularly solid growth from among these diverse needs, we are actively developing technologies and launching products that include inkjet heads, imaging systems and industrial printers.
In particular, the textile market—in which designs are printed directly to clothes, fabrics and other items—is expected to have a promising future in the market.
Ricoh’s Digital Micro Factory concept digitalizes and links apparel production processes from garment selection to design, printing, cutting, sewing, inspection, packaging and shipping; enabling the complete production cycle to take place at a single factory (or to be linked as if it were taking place at a single factory, even when in fact taking place at multiple locations). In this way, we aim to reduce fabric inventory and waste, shorten delivery periods, and achieve zero wastewater in printing processes.
Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2020 were as follows.

Release of RICOH Pro TF6250 large format UV flatbed inkjet printer for the US and European markets
Catering to diverse customer needs in the industrial printing market, including multi-kind small lot production, short delivery periods and printing of original designs

- Proprietary high-adhesion UV ink enables printing on a wide range of substrates including glass, metal and wood
- Achieves high productivity printing of 64 m^2/h by 12 inkjet heads
- Supports printing on media up to a maximum thickness of 11cm, enabling printing on various building materials
- Achieves simple maintenance

Release of RICOH Pro L5160/5130 roll media printer for the US and European markets
Supporting customer business by catering to various sign graphic printing needs

- Equipped with RICOH MH5441 highly durable, extended life printhead, achieves high productivity and high quality
- Contributes to reducing environmental impact and eliminates the need for special ventilation through the use of independently developed latex ink which low odor, water based and extremely low in volatile organic compounds (VOCs)
- Higher color development and high adhesion of latex ink enable the production of crisp, clear prints for a variety of applications, on media such as wall paper, banners, posters, and large-scale signage, made from a wide range of substrates including not only paper and fabric but also polyvinyl chloride (PVC), tarpaulin and PET plastic

The R&D expenditures in the Industrial Printing segment were approximately ¥6.7 billion.

(5) Thermal
We aim to build customer trust through our high-value-added thermal paper, in which we dominate the world market, and our top quality products and services.
In the laser solutions—in which Ricoh aims to launch new businesses—we are currently engaged in the development of rewritable laser system that enables repetitive contactless rewriting of labels. With this technology, we aim to eliminate the need for the manual reaffixing of labels, contributing to the advancement of labor-saving in the logistics industry, which currently faces serious personnel shortages, and automation in the manufacturing industry.
We are also working to develop FC-LDA printer devices, laser recording method in response to requests from the market to record variable data at high speed on production lines. We have already completed development up to a certain point where sample machines can be loaned out to customers, and are currently working with a view for trial introduction at customer locations

The R&D expenditures in the Thermal segment were approximately ¥1.3 billion.

(6) Other Segments
The following details our notable achievements during the fiscal year ended March 31, 2020 in industrial optical components and modules, electronic components, precision equipment parts, digital cameras, 3D printing, environmental and healthcare solutions, and financial services.

■ Industrial Optical Components and Modules
In the industrial production field, including the automotive industry, we are working together with numerous business partners to resolve social issues by developing business operations that visualize information through information conversion with data recognition processing: combining the optical technologies that we have accumulated so far with cutting-edge technologies in areas such as IoT, AI and sensors.

In the automotive business, we are currently developing on-board stereo cameras and head-up displays (HUDs) to assist in automated driving systems for cars. Meanwhile, in the industrial production field, we are conducting the integration of various production facilities, and production and sales of inspection line equipment.

Release of vibration monitoring system for FANUC Corporation's ROBODRILL
Detects a wide range of frequency bands enabling the detection of various kinds of anomalies

- Uses a proprietary vibration sensor and dedicated controller to achieve visualization of the state of tool wear and machining (which it was previously not possible to grasp in detail), thereby preventing the degradation of machining quality and contributing to stable facility operations
- Enables detection of various kind of abnormal vibrations during processing, which were previously difficult to detect
- Uses AI technology to enable numerical scoring of changes in the vibration power of tools, etc., and appropriately ascertain tool life

■Healthcare

In the healthcare field, there is a need to reduce medical costs and eliminate regional disparities in medical treatment standards, and to cater to needs created by the aging population. Ricoh therefore regards healthcare as one field in which it must work to resolve social issues, and has focused on three areas: healthcare solutions, medical imaging and biomedical. We have already rolled out our business of integrated medical and nursing care system in the healthcare solutions field, and magnetoencephalography (MEG) and other imaging solutions in the medical imaging field. In FY2019, we have also launched a business in the biomedical field.

Launch of joint biomedical business utilizing iPS cells primarily in North America
Developing cell-related products that combine cell differentiation induction technologies and bioprinting technologies

- Ricoh has launched biomedical business that support drug discovery using cells differentiated from induced pluripotent stem (iPS) cells primarily in North America, in partnership with Elixirgen Scientific, Inc. (Baltimore, Maryland, USA)
- Through a combination of Elixirgen Scientific's proprietary cell differentiation induction technology and Ricoh's bioprinting technology as an application of its inkjet printing technologies, expect to increase the efficiency of manufacturing processes for producing cell chips and improve accuracy of screenings in new drug development

Success in biomagnetic measurement of lumbar, cervical, and peripheral nerves using a magnetospinography system that enables non-invasive visualization of neural activity in living subjects
Aiming for commercialization through open innovation between Tokyo Medical and Dental University, Kanazawa Institute of Technology and Ricoh

- Successfully used a magnetospinography (MSG) system to measure magnetic fields of the lumbar region and the peripheral nerves, which had previously been considered difficult to measure
- Results were published in the International Federation of Clinical Neurophysiology (IFCN)'s official journal Clinical Neurophysiology, and selected as a front cover feature for the issue
- There are expectations for utilization of the technology in identifying and conducting quantitative assessments of regions affected by spinal diseases, and these successes advanced commercialization

Commenced development of reference DNA plates for the SARS-CoV-2 (COVID-19) novel coronavirus
Enabling detection of extremely small amounts of virus, accurately measuring the limits of detection in PCR testing

- RICOH Standard DNA Series reference DNA plates use Ricoh's proprietary bioprinting technology to inject DNA molecules in units of one into containers used for genetic testing, enabling accurate measurement of the detection capabilities of PCR testing in low concentration of 100 molecules or less
- Previously Ricoh had supplied reference DNA plates for norovirus, the technology has now been applied to the SARS-CoV-2 (COVID-19) novel coronavirus. It is now also possible to strictly conduct precision control in PCR testing, and the technology is expected to contribute to reducing the risk of spread of infection by reducing numbers of false negative patients

■Environment

Ricoh has set its environmental goal of achieving a zero-carbon society as one of the material social issues to be addressed through business activities. As part of efforts to achieve this, we have established the Ricoh Group Environmental Goals, which aim to achieve zero greenhouse gas (GHG) emissions at Ricoh by 2050,

become the first company in Japan to participate in RE100, and are bolstering our efforts towards thorough energy conservation and proactive use of renewable energy.
In addition to striving to increase the energy efficiency of the products, we are also making efforts to contribute to the creation of a zero-carbon society in our entire value chain by encouraging cooperation among our business partners and customers.

Commencing provision of RICOH Smart MES lighting and air conditioning control systems
Visualizing the state of use in lighting and air conditioning at multiple locations using the cloud, and contributing to the improvement of workstyles and workplaces

- Simultaneously achieves energy-saving, comfort and convenience through comprehensively automated control of lighting and air conditioning equipment, and demand monitoring equipment by using sensors to detect the presence of people, illuminance and room temperature in units of area

Release of RICOH EH DSSC Series, the world's first solid state dye-sensitized solar cell modules
Launching a lineup of three models: RICOH EH DSSC5284, DSSC2832 and DSSC1719

- Demonstrates high-power generation even under weak light such as indoor light
- Achieves high safety and durability by resolving issues such as fluid leakage, corrosion and structural configuration of electrolytes in conventional liquid-state dye-sensitized solar cells with organic semiconductor materials
- Enables utilization of solar cells as stand-alone power sources for various sensors used in IoT, light-emitting devices, and switches

■Digital Cameras
We aim to create new expressions of images and videos through the use of unique and attractive hardware and its data. In RICOH360, a portal site that utilizes 360-degree images, we are aiming to create cross industrial platforms in addition to the industries and businesses in real estate, advertising, stores and so on.

Release of RICOH THETA SC2, a camera that can shoot 360-degree spherical images in a single shot
A 360-degree camera, an easy -to-use model with simple operation and a variety of functions

- Easy-to-operate entry model allows anyone to capture high-quality spherical images
- Enables shooting of smooth and immersive video at 30fps in 4K
- Equipped with a diverse range of shooting modes, including Face, Night View, Lens-by-Lens Exposure, and Underwater modes
- Allows users to check the setting mode and battery power remaining at a glance using the OLED (an organic electroluminescent display) in the lower section of the body
- Lineup features four fresh colors, allowing users to choose a color variation to suit their preference and scenario

Release of RICOH THETA SC2 for Business, a camera that can shoot 360-degree spherical images in a single shot
Equipped with easy-to-use modes for business such as real estate

- Gray body color is especially designed for business use, equipped with a preset "Room" mode suitable for shooting indoors or inside a car
- Enables time-shift between shooting with the front and rear lenses, improving usability for customers in the real estate and automobile sales businesses, where pictures are often taken indoors or inside cars

JAXA and Ricoh release 360-degree spherical pictures and videos captured in space
Successful in shooting the Earth from the International Space Station

- A compact 360-degree spherical camera jointly developed with Japan Aerospace Exploration Agency (JAXA, President: Hiroshi Yamakawa) successfully captured 360-degree spherical pictures and videos in outer space
- This was the first time in Japan that a 360-degree camera developed from a consumer product took spherical images in outer space
- The shooting was achieved using the camera modified from RICOH THETA as a base, and added environmental resistance features to withstand the heat and radiation and other conditions in space

Release of RICOH WG-70 digital compact camera for underwater photography down to 14m
Standard waterproof model offers improved usability such as digital microscope mode

- Designing heavy-duty construction assuring underwater shooting down to 14 meters, for up to two hours
- Equipped with a digital microscope mode for improved usability, enables shooting with bright and uniform illumination with six LED macro lights to assist close-up shooting
- Covers a wide range of shooting situations with 5X optical zoom lens with a 28mm wide-angle coverage
- LCD monitor equipped with an Outdoor View Setting mode that easily adjusts the optimum monitor brightness level for a given lighting condition

The R&D expenditures in these segments were approximately ¥7.8 billion.

(7) Fundamental Research

Ricoh continues to develop its fundamental research fields, which focus on R&D activities that can be applied to various products and that are difficult to categorize into a specific operating segment. These R&D activities include R&D in nanotechnology, micro electro mechanical systems (MEMS), general technologies in measuring, analysis and simulation, application in printing technology, new materials and devices, next-generation image display, image recognition and image data processing technologies and the necessary photonics technology, data collection and analysis technologies, application of artificial intelligence, system solutions, and manufacturing technology. In FY2019, we received the nano material Award at the nano tech Awards 2020, where winners were selected from exhibitors at nano tech 2020, the 19th International Nanotechnology Exhibition & Conference. The award was presented in recognition of Ricoh's unique and leading-edge material technology development, including environmental sensors equipped with solid-state dye-sensitized solar cells, and electricity-generating rubber that converts vibrations into electrical energy.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2020 were as follows.

Digital printing of lithium-ion secondary cells using inkjet printing technology
Uses digital printing to produce secondary cells in desired shapes

- Enables digital printing manufacturing of lithium-ion cells using inkjet technology, where the materials of electrode (anode and cathode) and separators (ion permeable functional membranes that separate the positive and negative electrodes) are incorporated into printable inks
- At the International Nanotechnology Exhibition & Conference and International Rechargeable Battery Expo, Ricoh has presented its technologies to form insulating membranes (ceramic heat-resistant layers to improve battery safety) and separators on the target location of electrodes with multi-layer printing
- Ricoh has already commenced provision of samples for battery manufacturers, and is currently developing dedicated printing devices to accompany them

Research and development of Deep Alignment natural language processing technology
AI document comparison technology with world-class accuracy

- Utilized in the RICOH Contract Workflow Service, a contractual clause comparison and checking tool that Ricoh Japan launched
- In addition to contracts, the technology can also be applied to a wide range of other applications, including comparative consideration of two documents that are essentially similar but use different expressions and different paragraph structures
- Moving forward, Ricoh will seek to further improve the accuracy of Deep Alignment and roll out it not only for corporate legal affairs but also in solutions for the insurance and real estate customers

The R&D expenditures in this segment were approximately ¥14.9 billion.

III. PROPERTY, PLANT AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2020 was ¥86,596 million. A breakdown of capital investment by segment is as follows:

	Millions of yen			
	For the year ended March 31, 2019	For the year ended March 31, 2020	Change	Change (%)
Office Printing	43,332	49,445	6,113	14.1
Office Services	3,052	4,602	1,550	50.8
Commercial Printing	4,253	3,198	(1,055)	(24.8)
Industrial Printing	2,191	1,887	(304)	(13.9)
Thermal Media	2,419	3,286	867	35.8
Other	12,715	20,249	7,534	59.3
Corporate	4,500	3,929	(571)	(12.7)
Total	72,462	86,596	14,134	19.5

(Notes) 1. These investments were financed mostly with Ricoh's own capital or borrowings.
2. The figures in the above table do not include consumption tax, etc.
3. A breakdown of the capital investment of each segment is as follows:
Office Printing: ¥35,357 million for an increase in production capacity and improvement in production efficiency, ¥13,445million for the purchase of rental assets, etc.
Other: ¥3,541 million for the improvement of the manufacturing facilities, etc.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2020)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	Number of employees
Tohoku plant at Ricoh Industry Co., Ltd. (Miyagi)	Office Printing and Commercial Printing	Manufacturing facilities for supplies	1,001	2,722	- (-)	-	3,723	-
Head Office (Tokyo)	Corporate, Office Printing, Office Service, Commercial Printing, Industrial Printing and Other	Development facilities and Other equipment	6,373	404	120 (17)	219	7,116	1,040
Yokohama Nakamachidai Office (Kanagawa)	Corporate	Other equipment	1,160	468	3,200 (17)	-	4,828	119
Ricoh Technology Center (Kanagawa)	Office Printing, Office Service, Commercial Printing, Industrial Printing and Other	Development facilities	21,274	5,020	4,944 (89)	200	31,438	3,978
Atsugi Plant (Kanagawa)	Office Printing, Commercial Printing and Industrial Printing	Manufacturing facilities for office equipment	2,341	1,950	2,011 (98)	1	6,303	407
Shin-Yokohama Office (Kanagawa)	Office Printing, Office Service, Thermal Media and Other	Other equipment	402	3,113	- (-)	779	4,294	475
Numazu Plant (Shizuoka)	Office Printing, Commercial Printing and Industrial Printing	Manufacturing facilities for supplies	8,822	5,772	1,194 (128)	3	15,791	688
Ricoh Eco Business Development Center (Shizuoka)	Other	Other equipment	2,046	177	2,205 (93)	1	4,429	32
Fukui Plant (Fukui)	Office Printing and Thermal Media	Manufacturing facilities for supplies	1,377	2,258	1,120 (93)	-	4,755	143
Ikeda Plant (Osaka)	Corporate	Other equipment	1,645	450	98 (19)	8	2,201	90

(2) Domestic subsidiaries

(As of March 31, 2020)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	Number of employees
Ricoh Industry Co., Ltd. (Kanagawa)	Office Printing, Commercial Printing and Industrial Printing	Manufacturing facilities for office equipment	7,499	6,063	234 (151)	399	14,195	1,624
Ricoh Elemex Corporation (Aichi)	Office Printing and Other	Manufacturing facilities for office equipment and others	1,790	3,945	3,244 (546)	16	8,995	526
Ricoh Japan Corporation (Tokyo)	Office Printing, Office Service, Commercial Printing, Industrial Printing and Other	Other equipment	5,214	14,896	2,569 (54)	8,128	30,807	16,170
Ricoh Leasing Co., Ltd. (Tokyo)	Office Printing and Other	Other equipment	8,998	33,042	- (-)	2,402	44,442	977
Ricoh Imaging Co., Ltd. (Tokyo)	Other	Other equipment	3	25	1,501 (5)	105	1,634	104
Ricoh Industrial Solutions Co., Ltd. (Kanagawa)	Other	Manufacturing facilities for optical equipment and electronic components	2,521	2,403	331 (40)	17	5,272	1,160

(3) Overseas subsidiaries

(As of March 31, 2020)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	Number of employees
Ricoh Electronics, Inc. (U.S.A.)	Office Printing and Thermal Media	Manufacturing facilities for office equipment and supplies	1,458	4,276	1,701 (132)	1,112	8,547	713
Ricoh UK Products Ltd. (U.K.)	Office Printing and Commercial Printing	Manufacturing facilities for office equipment	421	1,106	290 (210)	38	1,855	620
Ricoh Industrie France S.A.S. (France)	Office Printing and Thermal Media	Manufacturing facilities for office equipment and supplies	666	1,258	47 (209)	-	1,971	676
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Thermal Media	Manufacturing facilities for thermal media	1,760	2,575	- [64]	5	4,340	302
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Office Printing and Office Service	Manufacturing facilities for office equipment	1,026	1,970	- [59]	16	3,012	1,386
Ricoh Asia Industry (Shenzhen) Ltd. (China)	Office Printing	Manufacturing facilities for office equipment	134	1,699	- [48]	-	1,833	2,773
Ricoh Components & Products (Shenzhen) Co., Ltd. (China)	Office Printing and Other	Manufacturing facilities for office equipment and others	30	1,870	- [78]	360	2,260	1,925
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Office Printing	Manufacturing facilities for office equipment	3,461	894	473 (121)	32	4,860	2,480
Ricoh USA Inc. and other 40 sales subsidiaries in Americas	Office Printing, Office Service, Commercial Printing and Industrial Printing	Other equipment	686	14,545	284 (148)	15,701	31,216	23,210

Ricoh Europe Holdings PLC and other 76 sales subsidiaries in Europe	Office Printing, Office Service, Commercial Printing and Industrial Printing	Other equipment	1,001	10,039	- (-)	18,558	29,598	14,960
Ricoh Asia Pacific Pte, Ltd. and other 15 sales subsidiaries in Other area	Office Printing, Office Service and Commercial Printing	Other equipment	326	6,575	- (-)	5,718	12,619	6,224

(Notes) 1. The figures in the above table do not include consumption tax, etc.
2. The tables above do not include construction in progress.
3. Currently there is no material idle equipment.
4. The facilities of the Tohoku plant at Ricoh Industry Co., Ltd. are owned by the Company, but the manufacturing is performed under a consignment agreement with Ricoh Industry Co., Ltd.
5. The book value of the facilities owned Ricoh Leasing Co., Ltd. includes the carrying amount of investments included in "Assets classified as held for sale."
6. As of April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, Ricoh's voting rights in Ricoh Leasing Co., Ltd. changed to the ownership ratio of 33.7%, and Ricoh Leasing Co., Ltd. moved from being a consolidated subsidiary of Ricoh to an equity-method affiliate.
7. The disclosures for Ricoh Leasing Co., Ltd. and Ricoh Electronics, Inc. are based on consolidated figures.
8. The land used by Ricoh Thermal Media (Wuxi) Co., Ltd., Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Asia Industry (Shenzhen) Ltd. and Ricoh Components & Products (Shenzhen) Co., Ltd. are leased from third parties and disclosed within brackets [ ].

3. PLANS FOR CAPITAL INVESTMENT, DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT, ETC.

Plans for capital investment, disposal of property and equipment, etc. have yet to be determined at this point, because of the effect of the worldwide spread of the novel coronavirus (COVID-19). We will carefully assess the impact and announce it promptly when we can disclose a reasonable forecast.

IV. INFORMATION ON THE COMPANY

1. INFORMATION ON THE COMPANY'S STOCK, ETC.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	1,500,000,000
Total	1,500,000,000

2) Issued shares

Class	Number of shares issued as of the filing date (shares) March 31, 2020	Number of shares issued as of the filing date (shares) June 29, 2020	Stock exchanges on which the Company is listed	Description
Common stock	744,912,078	744,912,078	Tokyo	The number of shares per one unit of shares is 100 shares
Total	744,912,078	744,912,078	-	-

3) American Depositary Receipts ("ADRs")
American Depositary Receipts ("ADRs") evidencing American Depositary Shares are issued by The Bank of New York Mellon. The normal trading unit is 1 American Depositary Share. As of March 31, 2020, 222,948 American Depositary Shares were held of record by one institutional registered holder in the United States of America.

(2) Information on the stock acquisition rights, etc.

Not applicable

(3) Information on moving strike convertible bonds, etc.

Not applicable

(4) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in total number of issued shares (hundreds of shares)	Balance of total number of issued shares (hundreds of shares)	Change in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Change in capital reserve (Millions of Yen)	Balance of capital reserve (Millions of Yen)
September 1, 2005	-	7,449,120	-	135,364	1,282	180,804

(Note)
Increase is due to share exchanges for making Ricoh Logistics System Co., Ltd. (now known as SBS Ricoh Logistics System Co., Ltd.) a wholly owned subsidiary.

(5) Shareholder composition

(As of March 31, 2020)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institutions	Foreign corporations, etc.		Individuals and others	Total	
					Non individuals	Individuals			
Number of shareholders	-	79	36	513	600	41	40,773	42,042	-
Share ownership (units)	-	2,752,988	264,765	329,934	3,287,119	199	807,007	7,442,012	710,878
Ownership percentage of shares (%)	-	36.99	3.56	4.43	44.17	0.00	10.84	100.00	-

(Note)1. As for 20,057,028 shares of treasury stock, 200,570 units are included in the “Individual and others” column and 28 shares are included in the “Number of shares less than one unit” column.
2. As for 421,500 shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers, 4,215 units are included in the “Financial institution” column.

(6) Major shareholders

(As of March 31, 2020)

Name	Address	Share Ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	719,145	9.92
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	PLUMTREE COURT,25 SHOE LANE, LONDON EC4A 4AU, U.K. (10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo)	632,652	8.73
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	452,722	6.25
ECM MF (Standing proxy: Tachibana Securities Co. Ltd.)	24 Shedden Road Po Box 1586 George Town Grand Cayman KY1-1110 Cayman Islands (13-14, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo)	429,999	5.93
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	294,415	4.06
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	209,997	2.90
Ichimura Foundation for New Technology	26-10, Kitamagome 1-chome, Ohta-ku	158,395	2.19
The bank of Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	143,823	1.98
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 (Standing proxy: Settlement & Clearing Services Department The bank of Mizuho, Ltd.)	EUROPEAN BANK AND BUSINESS CENTER 6, ROUTE DE TREVES, L-2633 SENNINGERBERG, LUXEMBOURG (Shinagawa Intercity A Building, 2-15-2 Konan, Minato-ku, Tokyo)	138,127	1.91
Barclays Securities Japan Limited	10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo	127,929	1.76
Total	-	3,307,206	45.63

(Notes) 1. The number of shares of treasury stock (200,570 hundreds of shares) is not included in the chart above. This number does not include 4,215 hundreds of shares of the Company held by Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

2. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on April 2, 2020, the Company has confirmed that Effissimo Capital Management Pte Ltd held shares as set forth below as of March 27, 2020. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Effissimo Capital Management Pte Ltd	260 orchard Road #12-06 The Heeren Singapore 238855	1,414,492	18.99

3. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on September 20, 2019, the Company has confirmed that Sumitomo Mitsui Trust Bank, Limited and its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., held shares as set forth below as of September 13, 2019. But since the company could not confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	94,280	1.27
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shiba 1-chome, Minato-ku, Tokyo	194,999	2.62
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	135,860	1.82

4. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on January 10, 2020, the Company has confirmed that Mizuho Bank, Ltd. and its joint holders, 3 other companies, held shares as set forth below as of December 31, 2019. But since the company could not confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	1–5–5, Otemachi, Chiyoda–ku, Tokyo	10,000	0.13
Mizuho Securities Co., Ltd.	1–5–1, Otemachi, Chiyoda–ku, Tokyo	40,748	0.55
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	324,501	4.36
Asset Management One International Ltd.	Mizuho House,30 Old Bailey, London, EC4M 7AU, UK	12,221	0.16

5. Following confirmation of reports of possession of a large volume of shares issued on February 18, 2020, the Company has confirmed that MUFG Bank, Ltd. and its joint holders, 3 other companies, held shares as set forth below as of February 10, 2020. But since the company could not confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

The reports of possession of a large volume of shares are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	143,823	1.93
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	279,777	3.76
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	81,387	1.09
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	27,739	0.37

6. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on May 8, 2019, the Company has confirmed that Eastspring Investments Co., Ltd. and its joint holder, M&G Investment Management Co., Ltd., held shares as set forth below as of April 30, 2019. But since the company could not confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Eastspring Investments (Singapore) Co., Ltd.	Marina Bay Financial Center Tower 2, 32-10, Marina Bluebird 10, Singapore	321,461	4.32
M&G Investment Management Co., Ltd.	EC3M 5AG, 10 Fenchurch Avenue, London, UK	17,451	0.23

7. Following confirmation of reports of possession of large volume of shares issued on February 19, 2016, the Company has confirmed that BlackRock Japan Co., Ltd. and its joint holders, 6 other companies, held shares as set forth below as of February 15, 2016. But since the company could not confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

The reports of possession of a large volume of shares are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	102,126	1.37
BlackRock Investment Management LLC	1 Princeton University Square Drive, New Jersey, USA	7,786	0.10
BlackRock Life Limited	12 Throgmorton Avenue, London, UK	17,865	0.24
BlackRock Asset Management Ireland Limited	JP Morgan House International Financial Services Centre, Dublin, Ireland	32,217	0.43
BlackRock Fund Advisors	400 Howard Street San Francisco, California, USA	92,471	1.24
BlackRock Institutional Trust Company, N.A.	400 Howard Street San Francisco, California, USA	109,289	1.47
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	13,485	0.18

(7) Information on voting rights

1) Issued shares

(As of March 31, 2020)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	Common stock 20,057,000	-	The number of shares per one unit of shares is 100 shares
Shares with full voting right (others)	Common stock 724,144,200	7,241,442	Same as above
Shares less than one unit	Common stock 710,878	-	Shares less than one unit of 100 shares.
Number of issued shares	744,912,078	-	-
Total number of voting rights	-	7,241,442	-

(Notes) 1. As for the shares of the Company held by Board Incentive Plan trust in which beneficiaries include Directors and Executive Officer, 421,500 shares and 4,215 voting rights are included in the "Shares with full voting right (others)" column.

2. As for the number of treasury stocks, 28 shares are included in the "Shares less than one unit" column.

2) Treasury stock, etc.

(As of March 31, 2020)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Ricoh Company, Ltd.	3-6, Nakamagome 1-chome, Ohta-ku	20,057,000	-	20,057,000	2.69
Total	-	20,057,000	-	20,057,000	2.69

(Notes) The above table does not include the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers.

(8) Share ownership plan for directors (and other officers) and employees

At the 119th Ordinary General Meeting of Shareholders held on June 21, 2019, the Company has agreed to introduce a share-based compensation plan with stock price conditions (hereinafter, “the plan”) for the Company’s board directors and executive officers (excluding outside board directors; hereafter, “directors and executive officers”). The Company has adopted Board Incentive Plan trust in which beneficiaries include the directors and executive officers (hereinafter, “the Trust”) as the structure for the plan.

The summary of the trust is as follows.

(1) Name	Trust for granting shares to the Company’s Directors	Trust for granting shares to the Company’s Executive Officers
(2) Assignor	Ricoh Company, Ltd.	
(3) Trustee	Sumitomo Mitsui Trust Bank, Ltd. (Re-trustee: Japan Trustee Service Bank, Ltd.)	
(4) Beneficiaries	The Company’s Directors who meet the beneficiary requirements	The Company’s Executive Officers who have an employment contract with the Company and meet the beneficiary requirements
(5) Trust administrator	To be a third party independent of the Company and its employees	
(6) Non-exercise of voting rights	Voting rights associated with the shares of the Company held in the Trust shall not be exercised at all throughout the Trust period	The trust administrator will issue instructions regarding voting rights associated with the shares held in the Trust
(7) Type of Trust	Trust of money other than money trust (third-party-benefit trust)	
(8) Trust agreement date	August 7, 2019	
(9) Date for entrustment of money	August 7, 2019	
(10) Scheduled Trust termination date	End of August, 2022	

The scheduled number of shares to be a acquired by the Trust is as follows.
Trust for granting shares to the Company’s Directors: 300,000 shares
Trust for granting shares to the Company’s Executive Officers: 670,000 shares

The scope of beneficiaries who are eligible for the Beneficiary right and other rights arising from the Trust is the Company’s Directors who meet the beneficiary requirements and The Company’s Executive Officers who have an employment contract with the Company and meet the beneficiary requirements.

2. INFORMATION ON ACQUISITION, ETC. OF TREASURY STOCK

Class of shares
Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition of treasury stock resolved at the general meeting of shareholders
Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings
Not applicable

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2020	7,643	8,226,482
Treasury stock acquired during the current period	360	265,872

(Note) 1. The number of shares of treasury stock acquired due to requests to purchase stock of less than one unit of shares from June 1, 2020 to the filing date is not included.
2. The above table does not include the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers.

(4) Status of the disposition and holding of acquired shares of treasury stock

Classification	Fiscal year ended March 31, 2020		Current period (Note)	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock which was offered to subscribers	-	-	-	-
Acquired treasury stock which was canceled	-	-	-	-
Acquired treasury stock which was transferred due to merger, share exchange or company split	-	-	-	-
Others (acquired treasury stock which was sold due to requests from shareholders holding shares of less than one unit of shares to sell additional shares)	45	83,385	57	105,621
Total number of treasury stock held	20,057,028	-	20,057,331	-

(Note) 1. The number of shares of treasury stock acquired due to requests to purchase stock of less than one of unit of shares from June 1, 2020 to the filing date is not included.
2. The above table does not include the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers.

3. DIVIDEND POLICY

The Company prioritizes expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company is striving to expand profits through strategic investments aimed at sustainable growth. In striving for stable dividends, the Company will adopt a total return ratio of 30% as the benchmark for determining dividends after comprehensively taking into consideration financial strength and other matters reflecting profit forecasts, investment plans and credit ratings.

The dividend per share distributed at the interim was ¥13.00, and the dividend per share at the year-end was ¥13.00, for a total of ¥26.00.

An appropriation of surplus will be made to shareholders twice a year, at the interim and the year-end. The appropriation of surplus at the interim is based upon a resolution of the Board of Directors and the distribution of surplus at year-end is decided upon a resolution at the General Meeting of Shareholders.

The Company provides in its Articles of Incorporation that an appropriation of surplus at the interim will be made to shareholders of record as of September 30 of each year by a resolution of the Board of Directors.

The appropriation of surplus for the fiscal year ended March 31, 2020 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (November 1, 2019)	9,423	13.0
Ordinary General Meeting of Shareholders (June 26, 2020)	9,423	13.0

4. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

1) Basic Policies for Corporate Governance

The Ricoh Group is working to enhance its governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In this way, the Ricoh Group will achieve continuous growth, and improve corporate value and shareholder value.

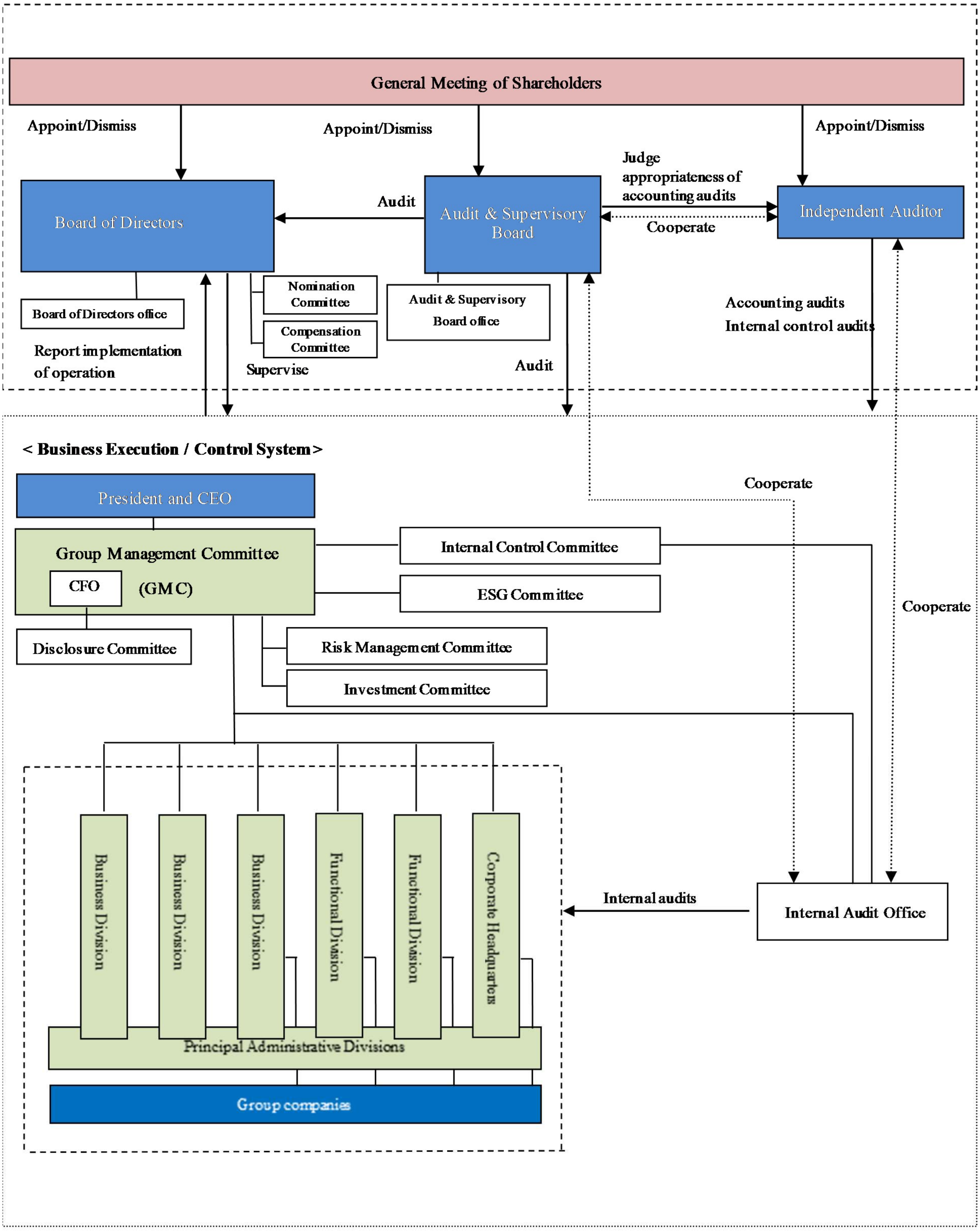
The Ricoh Group established The Ricoh Way as a set of guiding principles and values that serves as the foundation for all our business activities. The RICOH Way, which comprises our founding principles and Management Philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of the Ricoh's management policy and strategy, and also is the basis of the corporate governance.

2) Reason for adopting current corporate governance structure

The Company has introduced a corporate audit system. In addition, the Company is making efforts toward enhancing oversight of executive management by the Board of Directors and enhancing execution of operations by the executive officer system. Furthermore, by appointing Outside Directors, the Company is making efforts toward further enhancement of corporate governance by decision-making and oversight of executive management through discussion from their independent perspectives.

The nomination of Directors and Executive Officers and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies which comprise a majority of Outside Directors. The results are reported to the Board of Directors.

[Corporate Governance Structure]



(I) **The Board of Directors**
The Board of Directors is responsible for management oversight and important decision-making concerning Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and decision-making.
By leveraging the expertise and experiences of each Outside Director, Non-executive Director, and Executive Director in holding profound discussions on important issues, the Company encourages challenges in new areas of growth, creating a structure that allows for management oversight from the viewpoints of various stakeholders, including shareholders. As a rule, all Directors must attend at least 80% of meetings of the Board of Directors, and are required to provide an effective supervisory function for corporate management.
The Company's policy is for at least one-third of the members of the Company's Board of Directors to be Outside Directors (Independent Directors). In FY2019, four (4) of the Board's eight (8) Directors, or 50%, were Outside Directors (Independent Directors) – part of an effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management.

Chairperson of the Board	Nobuo Inaba
Director	Yoshinori Yamashita
Director	Hidetaka Matsuishi
Director	Seiji Sakata
Outside Director	Masami Iijima
Outside Director	Mutsuko Hatano
Outside Director	Kazuhiro Mori
Outside Director	Keisuke Yokoo

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has executed a contract with Mr. Masami Iijima, Ms. Mutsuko Hatano, Mr. Kazuhiro Mori and Mr. Keisuke Yokoo to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(II) **Audit & Supervisory Board**
Audit & Supervisory Board members hold discussions to determine audit and supervising policies and the assignment of duties, and monitor corporate management.
Audit & Supervisory Board members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with the representative director.

The Audit & Supervisory Board Members consist of 5 members of whom 3 are Outside Audit & Supervisory Board Members.

Audit & Supervisory Board Member	Hiroshi Osawa
Audit & Supervisory Board Member	Kazuhiro Tsuji
Outside Audit & Supervisory Board Member	Yo Ota
Outside Audit & Supervisory Board Member	Shoji Kobayashi
Outside Audit & Supervisory Board Member	Yasunobu Furukawa

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has executed a contract with Mr. Yo Ota, Mr. Shoji Kobayashi and Mr. Yasunobu Furukawa to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(III) **Nomination Committee / Compensation Committee**
As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee," which is chaired by a Non-executive Director, and the "Compensation Committee," which is chaired by an Outside Director, with the majority of members on both committees being Non-executive Directors and at least half of the members being Outside Directors, were established to ensure transparency and objectivity of nomination, dismissal, and compensation of Directors and executive officers, etc.
For FY2019, the Nomination Committee was comprised of three Outside Directors, one Internal Non-

executive Director, and one Internal Executive Director; and the Compensation Committee was comprised of four Outside Directors, one Internal Non-executive Director, and one Internal Executive Director, and both committees are comprised of a majority of Outside Directors and are chaired by an Outside Director.

Nomination Committee

Chairman (Outside Director)	Masami Iijima
Member (Executive officers)	Yoshinori Yamashita
Member (Non-executive Director)	Nobuo Inaba
Member (Outside Director)	Kazuhiro Mori
Member (Outside Director)	Keisuke Yokoo

Compensation Committee

Chairman (Outside Director)	Mutsuko Hatano
Member (Executive officers)	Yoshinori Yamashita
Member (Non-executive Director)	Nobuo Inaba
Member (Outside Director)	Masami Iijima
Member (Outside Director)	Kazuhiro Mori
Member (Outside Director)	Keisuke Yokoo

(IV) **Group Management Committee**

The Group Management Committee (GMC), chaired by the President and Chief Executive Officer and consisting of executive officers who fulfill certain conditions, has been established as a decision-making body empowered by the Board of Directors. The GMC facilitates deliberations and renders decisions on the Group's overall management from the perspective of total optimization. Items requiring a resolution of the Board of Directors are stipulated in the Board of Directors Regulations, and matters for approval or important items related to business execution that do not satisfy these criteria are decided by the GMC. The following items regarding the execution of duties by the GMC are reported to the Board of Directors at least once every three months.

- Important management indicators and the implementation status of important measures in terms of business strategy
- Items resolved by the GMC and the results of the resolution

(V) **Disclosure Committee**

The Disclosure Committee performs appropriate disclosure of information which may influence the decisions of investors in addition to promoting dialogue with shareholders and capital markets by proactively disclosing corporate information that contributes to investment decisions, and thereby seeks to develop relationships of trust with shareholders and capital markets as well as to achieve an appropriate recognition of the Ricoh Group.

This committee is composed of representatives from the disclosure management division, accounting division, legal division, information-generating and acknowledging departments, the principal administrative divisions managing affiliates, the internal control division, and the CFO, who is responsible for information disclosure.

The Disclosure Committee makes decisions on the necessity of information disclosure through the disclosure procedures and the appropriateness and accuracy of disclosed content as well as monitors the decisions of the CFO, who is responsible for information disclosure. Furthermore, the internal control division regularly evaluates the timeliness of information disclosure, the accuracy and validity of disclosure statements, and the validity of disclosure decisions, etc., and reports its findings to the Internal Control Committee and the Board of Directors.

(VI)**Internal Control Committee**

The Internal Control Committee is an organization to deliberate and make decisions on the internal control system of the whole Ricoh Group.

The committee is composed of executive officers who fulfill certain requirements. As a rule, it meets once every quarter, but extraordinary or emergency meetings may be held at other times.

The committee deliberates on the following matters.

1. Assessment of the completeness and operation of internal controls, and their rectification
・ Assessment of the completeness and operation of internal control as a whole
・ Assessment of the effectiveness of internal controls related to financial reporting
・ Assessment of the effectiveness of internal controls related to information disclosure
・ Rectification of internal controls
2. Determination of policies for internal control activities
・ Determination of basic policies for internal controls related to financial reporting
・ Determination of internal audit plans for each fiscal year
3. Response to defects in internal control
・ Decisions on response in the case of serious incidents
4. Presentation of proposals to the Board of Directors for the amendment of internal control principles
・ Presentation of proposals to the Board of Directors for the amendment of internal control principles, in consideration of environmental changes

Specifically, in the case of serious incidents that may impact the Group as a whole, the Internal Control Committee confirms details including the background, cause, and measures to prevent recurrence. Where doubts remain regarding the validity of measures to prevent recurrence, or doubts remain regarding the possibility of recurrence of that incident in the Group, the committee promptly determines the necessary countermeasures, and ensures that these are implemented from a top-down approach.

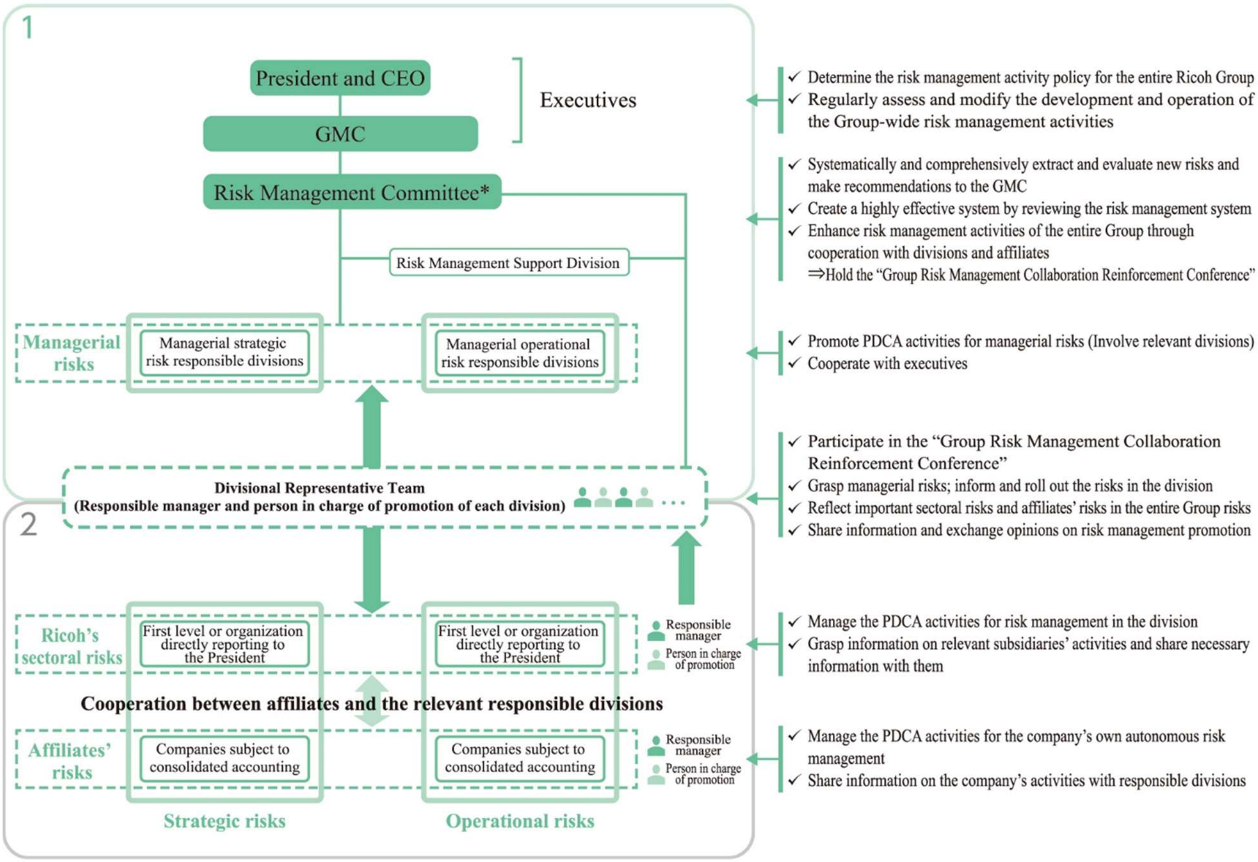
(VII)Risk Management Committee
The Ricoh Group's risk management systems can be divided into two main levels, as shown in Figure 1 below.
1. Managerial risks, which are selected and managed autonomously by the GMC for management items of particular importance, within the management of the Ricoh Group
2. Divisional or company-specific risks managed by each organization, under the responsibility of each business section

These two levels exist for the purpose of clarifying bodies responsible for risk management so as to facilitate agile decision-making and swift action in response to each level of risk, and together form an integrated risk management system. The management of some risks may be transferred from one level to the other, due to changes in the level of impact caused by environmental changes.
The role of each risk management body is shown on the right-hand side of Figure 1.

Figure 1

Ricoh Group's risk management structure

Overview of roles



* Chaired by Executive Officer, Fellow, or a person in a similar role.

The Risk Management Committee was established as an advisory body to the GMC, for the purpose of strengthening risk management processes across the entire Ricoh Group.
The committee is chaired by the corporate officer in charge of risk management, and is composed of the managers of each headquarters and cross-functional division (business planning, human resources, accounting, legal, sustainability promotion, IT, sales, production etc.), in order to ensure comprehensive coverage of risks and substantial discussions, and proposes to the GMC specific risks requiring response or focus in terms of the management of the Ricoh Group. Furthermore, the Company will review and restructure the entire risk management system in Figures 1 and 2 as necessary, in order to strengthen the effectiveness of risk management across the Ricoh Group. In FY2019, the Risk Management Committee held meetings twice in November and engaged in intense debate to determine possible managerial risks. Committee members also use Microsoft Teams and other methods to maintain an information sharing network throughout the year, and exchange opinions and information on incidents that have occurred in the Ricoh Group and significant changes in the external environment, as well as feedback received from the GMC.
Management coordinates with each business section, selecting a person responsible for risk management from each division (as a rule the General Manager), as well as a person responsible for the promotion of risk management (in a position to communicate with the General Manager on a daily basis), in order to further enhance the effectiveness and comprehensiveness of risk management systems. A meeting to strengthen coordination is held with this team of divisional representative biannually, to share good examples of risk management activities at each division and disseminate information on managerial risks, as well as hold workshops aimed at strengthening risk management.

(VIII)Investment Committee

The Investment Committee is positioned as an advisory committee to the GMC, and verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. Members with expertise perform prior reviews and discussion on diversifying investment projects to external entities in order to ensure consistency with management

strategies and raise the efficacy of the investment while improving the speed and accuracy of investment decisions.
The committee mainly discusses investments from the aspects of strategies, finances, and risks, and its members include a chairperson appointed by the CEO, representatives from the business planning, accounting, legal, and internal control functions as specialists on each aspect as well as various experts depending on the project. The committee receives prior inquiries from planning departments to provide evaluations and advice after performing comprehensive discussion on the investment value of a project. Although the committee is not authorized to approve or disapprove of any investment projects, it assists the decision-maker in making objective decisions by clarifying the results of the committee's discussions on each project.
In order to improve the accuracy of decisions made in the entire Group to invest in external entities, the committee, which is an advisory body to the GMC, also handles projects below the minimum investment amount set out by the GMC. This is intended to strengthen the investment decision-making capabilities of the planning department as well as maintaining the flexibility of amending the minimum investment amount through recommendations to the GMC as necessary.

(IX)ESG Committee
The ESG Committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing medium- to long-term environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the entire Group.
The ESG Committee plays the following specific roles:
1. Formulate the Ricoh Group Sustainability Strategy to resolve social issues through business, such as initiatives toward achieving SDGs, into the foundation of the Company's management
2. Identify medium- to long-term sustainability risks and opportunities as well as material issues faced by the entire Group (including those regarding investment decisions on risks and opportunities related to climate change recommended by the TCFD*)
3. Supervise and advice on sustainability strategies, material issues, and progress against ESG targets for each business division throughout the entire Group
4. Identify sustainability issues to be submitted for discussion at the Board of Directors and report them to the Board of Directors

Board Member, and the Head of the Sustainability Management Division. The committee convenes quarterly and invites representatives of the business divisions associated with the subject of discussion, and provides a system to examine and discuss sustainability issues across the board.
* TCFD: Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), the TCFD provides stability to financial markets by promoting information disclosure of climate-related risks and opportunities by companies, and facilitating a smooth transition to a low-carbon society.

3) Other matters for Corporate Governance
(I) **Policy for constructive engagement with shareholders**
- The Company engages dynomically and constructively with shareholders. We maintain a cycle in which we reflect feedback from shareholders in our activities to cultivate trust through mutual understanding. In operating based on that cycle, we endeavor to innovate and deliver value that is useful for everyone, everywhere, helping to enhance their lives and create social sustainability while increasing medium- and long-term corporate value.
- The President and CEO is the person responsible for engagement with shareholders, and an executive in charge may be appointed as required.
- The Investor Relations Department is responsible for promotion engagement with shareholders, and takes charge of liaising with related departments.
- In general, engagement with shareholders is conducted by Investor Relations Department. However, when a request is made individually, the President and CEO or the executive in charge shall conduct engagement activities where appropriate.
- In addition to engagement activities with shareholders, presentations on the Mid-term Management Plan, financial results briefings and small meetings are held for institutional investors. The Company participates in IR events, etc., hosted by a third party to present briefings to investors. Also the Company

hosts an investors' meeting and convocation * following the General Meeting of Shareholders.
- Opinions obtained through engagement with shareholders are passed on to the management team on a quarterly basis.
- The Company strictly complies with its internal regulations concerning handling of insider information. No insider information is disclosed to shareholders during individual engagement. To prevent the leak of insider information and ensure fairness in information disclosure, the Company observes a quiet period from the day following the final day of each fiscal year to the day of the annual financial results announcement.

* This year, the investors' meeting and convocation that usually follows the General Meetings of Shareholders will not be held, in order to mitigate the risk of the spread of COVID-19 by preventing close personal contact, as the meeting and gathering would bring together shareholders and the Company's Directors and employees in close proximity.

(II) **Approach to Election of Directors**
Election Criteria for Directors
<Management capabilities>
Superior insight and judgment necessary for management functions
1. Knowledge of a wide range of businesses and functions, and has the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues
3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including shareholders and customers based on a firm awareness of corporate governance

<Character and personality>
Positive trust relationships between Directors and management team for smooth performance of the oversight function
1. Integrity (honesty, moral values and ethics); exemplifies fair and honest decisions and actions based on a high sense of morality and ethics in addition to the strict observance of laws, regulations, and internal rules.
2. Interacts with others with respect and trust based on a spirit of respect for humanity and sets an example for decisions and actions that respect the personality and individuality of others based on a deep understanding and acceptance of diverse values and ideas.

Election criteria for Outside Directors
In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include having excellence in areas such as expertise in different fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership.
Outside Directors of the Company is elected as Independent Director in principle. As for the standards the Company established, please refer to "4. CORPORATE GOVERNANCE, ETC. (2) Directors and senior management 2) Outside Directors and Outside Audit & Supervisory Board Members".

Diversity
We believe that the Board of Directors of the Company should be composed of directors with management ability and rich sense of humanity in addition to various viewpoints and backgrounds, on top of multilateral sophisticated skills. When considering the diversity, it is a policy of the Company to appoint appropriate persons based on their personality and insight irrespective of race or ethnicity or gender or country of origin or nationality, etc. This approach ensures diversity, with respect not only to these attributes, but also with regards to expertise and experience in each field related to corporate management.

(III)**Election Process and Evaluation Process for Directors**
The Company is making ongoing efforts to strengthen and enhance corporate governance for the Company's sustainable growth and improvement of corporate value and shareholder value.

<Nomination Committee>
To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has in place the Nomination Committee, which is an advisory body to the Board of Directors.
To increase objectivity and independence, the Nomination Committee comprises a majority of non-executive Directors with at least half of the members being Outside Directors, and is chaired by a non-executive Director.
(During FY2019, the committee was chaired by an Outside Director with three Outside Directors, one internal non-executive Director, one internal executive Director, and a majority of Outside Directors.)
The Nomination Committee deliberates on the following inquiries and reports on the deliberation and conclusions to the Board of Directors.
(Inquiry items)
1) Nomination of candidates for CEO and Directors
2) Evaluation of the soundness of the CEO and Directors to continue in their duties
3) Evaluation of achievements of the CEO and Directors
4) Confirmation of status of CEO succession plans and development of future CEO candidates
5) Confirmation of appointment/dismissal proposals and reasons thereof for Corporate Vice Presidents, Group Executive Officers, Advisors, and Fellows
6) Approval or disapproval on the formulation, revision or abolishment of appointment/dismissal systems for Directors, Corporate Vice Presidents, and Group Executive Officers

<Election process>
In order to maintain a Board of Directors structure that enables appropriate and effective management decision-making and supervision of business execution, the Nomination Committee undertakes ongoing deliberation on the composition of the Board and the specializations, experience (skills and career matrix), etc. required of Directors, based on the issues recognized at the meeting held to evaluate the effectiveness of the Board of Directors, before nominating candidates for Director.
Candidate nominations for Director are deliberated by the Nomination Committee over two sessions, and undergo a strict screening process. The Nomination Committee engages in multifaceted assessment of the qualities, experience, skills, diversity, etc. required of the Company's Directors, in accordance with the management environment, strategic direction, challenges, etc., against the basic criteria of management ability, character and personality necessary to fulfill the role and responsibilities of Director, and reports to the Board of Directors after clarifying the basis for nomination. Based on the reporting from the Nomination Committee, the Board of Directors deliberates from a shareholder perspective, and then determines which candidates for Director are to be submitted to the General Meeting of Shareholders.
A skills and career matrix that maps out personnel, roles, skills, career experience, etc. is also used when determining the Company's executive structure, with the aim of building a structure to facilitate swift and accurate decision-making by the GMC, as well as appointing and developing appropriate human resources in terms of the management succession plan. The CEO reports to the Nomination Committee on the selection and training policy of management candidates.

<Evaluation process>
Directors are evaluated annually by the Nomination Committee. From FY2018, the former one-step evaluation was modified to a two-step evaluation. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and their issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of Directors are reported to the Board of Directors to thoroughly oversee whether the Director is sound to continue in their duties.
Furthermore, evaluations are based on such standards as "Management oversight status as a Director," "Financial aspects including key management indicators regarding business results, return on capital,

etc.;" and "Contribution to shareholders and evaluation by capital markets."

(IV) **Evaluation of CEO and CEO Succession Plan**
The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium to long-term and continuously fulfilling the social responsibilities of the Group as a member of society.
From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.
1) CEO Evaluation
The CEO is evaluated annually by the Nomination Committee. From FY2018, a two-step evaluation has been implemented. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to effectively oversee the CEO.
<Key items for the CEO evaluation>
(1) Financial viewpoint
・ Progress of the Mid-term Management Plan and business plans, return on capital and other key performance indicators
(2) Shareholder and capital market viewpoint
・ Stock-related indicators including TSR, analyst evaluations, etc.
(3) Non-financial viewpoint
・ ESG measures, customer and employee satisfaction, safety and product quality, etc.

2) Selection, development and evaluation of CEO candidates
Once a year (in around September), the CEO prepares a list of potential future CEO candidates together with a development plan for them and elaborates on the proposals at the Nomination Committee in early November. The Nomination Committee deliberates on the validity of the CEO candidate list and development plans, provides advice to the CEO on candidate development, and reports the findings to the Board of Directors. The Board of Directors confirms the validity of the candidate selection and development plans upon reporting from the Nomination Committee and is actively involved in the selection and development of CEO candidates.
<Selection of candidates>
CEO candidates are selected by terms as follows according to the timing of the change. The backup candidate in case of accident in the table below is determined via resolution of the Board of Directors at the same time the CEO is selected.

Terms	Number of persons selected
Backup candidate in case of accident	One
First candidate in line	Several
Second candidate in line	Several

<Development of candidates>
The Nomination Committee deliberates on the development plan for future CEO candidates and gives guidance to the CEO, who, in the next fiscal year, provides growth opportunities suited to each candidate according to their individual targets, allowing the candidates to accumulate experience. The CEO also gives direct guidance to promote the candidate's development based on individual assessment.

<Evaluation of candidates>
CEO candidates are evaluated annually, and the CEO reports on the achievements and growth of each candidate during the development period (April to March) to the Nomination Committee in early November (the evaluation period is from April to October, which is the month before the Nomination Committee meets). The Nomination Committee reviews the selection of CEO candidates, and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain, and is actively involved in the process.

(V) **Results Summary of the Evaluation of Effectiveness of the Board of Directors held during FY2019**
On May 8, 2020, the Company evaluated the effectiveness of the Board of Directors held during FY2019 (from April 2018 to March 2019), and disclose the results as outlined below.

I. Evaluation of the Effectiveness of the Board of Directors
A highly uncertain business environment for companies is expected to continue through FY2020, as the spread of COVID-19 affects entire economies and societies on a global scale. In view of these conditions, the Company's Board of Directors has implemented its effectiveness evaluation for FY2019 with a recognition of the execution of appropriate oversight and support under an assumed state of emergency as a top-priority issue, in addition to the medium- to long-term enhancement of corporate value in anticipation of a return to normal after COVID-19 is brought under control.
The evaluation continued to include the response of the Board of Directors to business execution, along with the effectiveness of the Board of Directors. In addition, a third-party evaluation was also implemented, in order to ensure objectivity.

[Evaluation process]
The evaluation was carried out at a discussion attended by all Directors and Audit & Supervisory Board Members, after sharing written evaluations by the Directors and the Audit & Supervisory Board Members, as well as the results of analysis of the anonymous third-party survey. Through the discussions, participants reviewed and evaluated the performance of the Board of Directors during FY2019, in terms of the basic policies on the operation of the Board of Directors and the three improvement items outlined below, which were set forth by the Company's Board of Directors in the last evaluation of the effectiveness.

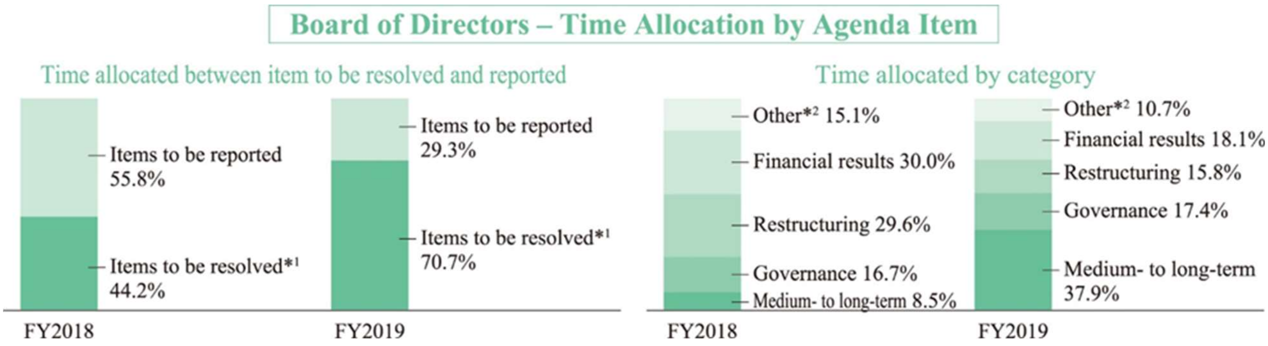
<Basic policies for FY2019>
1) Monitor and support the achievement of our mid-term goals as the final year of the 19th Mid-term Management Plan (the "19th MTP").
2) Formulate the 20th Mid-term Management Plan (the "20th MTP") with emphasis on discussion with a medium- to long-term perspective to enhance corporate value.

<Improvement items for FY2019>
i) Monitor the progress of the priority measures in the 19th MTP, the achievement level of financial and nonfinancial targets as well as key management indicators, and conduct appropriate discussions and support according to circumstances.
ii) Continue discussions from a medium- to long-term perspective on important themes, such as growth, human resources and technological strategies, and reflect in the 20th MTP.
iii) Monitor the continuous improvement of the management system targeted towards the 20th MTP, creating an environment for the full-scale development of growth strategies.

II. Results summary of the “Evaluation of Effectiveness of the Board of Directors” for FY2019

II-1. Results of operation of the Board of Directors

The Board of Directors endeavored to engage in more substantial deliberations regarding medium- to long-term matters, while also strengthening oversight of key issues, through fuller explanation of agenda items prior to meetings, the designation of key agenda items, and greater efficiency in reporting, including the introduction of written reports and more substantial information sharing, in accordance with the “basic policies for FY2019”. The allocation of time to agenda items at meetings of the Company’s Board of Directors in FY2019 is disclosed as follows, for the purpose of ensuring the transparency of the status of deliberations of the Board of Directors.



*1 Items to be resolved: in addition to agenda items for resolution by the Board of Directors, these include Directors’ review meetings and governance review meetings held for deliberations in preparation for making a resolution.

*2 Other: resolutions, etc. in accordance with the provisions of the Companies Act.

II-2 Summary

The following is a summary of the results of discussions among the members of the Board of Directors regarding written evaluations by the Directors and the Audit & Supervisory Board Members, as well as third-party evaluations.

◎ The Company’s Board of Directors as a whole reached the unanimous conclusions that the composition of the Board of Directors is appropriate, that continual enhancement of the function of the Board of Directors is being undertaken based on a clear understanding of the issues, and that the effectiveness of the Board of Directors is ensured.

◎ The Nomination Committee and Compensation Committee, which are chaired by an Outside Director and composed of a majority of Outside Directors, were evaluated as having functioned effectively as advisory bodies to the Board of Directors, providing fair and rigorous assessment of the CEO and other senior managers, and continuously reviewing incentives to enhance corporate value.

◎ Meanwhile, there were remarks pointing out the necessity for continued discussion aimed at further enhancing corporate governance, to respond to the Company’s management policy, changes in the business environment, the expectations of the capital market, etc.

◎ Regarding improvement item i), the Board of Directors recognized the success in monitoring the progress of the key indicators in the final year of the 19th MTP, and the earnest response of the CEO and other senior managers to strict remarks from the Outside Directors, made from the perspective of shareholders, which achieved results.

◎ Regarding improvement item ii), the Board of Directors recognized that more substantial discussions were conducted from a medium- to long-term perspective with the aim of enhancing corporate value, including long-term vision, the 20th MTP, growth strategy, capital policy, group restructuring, etc., thanks to the appropriate setting of agendas, and that these were reflected in the management plan.

◎ Regarding improvement item iii), the Board of Directors recognized, in line with the 20th MTP and growth strategies, the introductions of business management using ROIC, capital policy, greater rigor in the evaluation of the CEO, and stock price-linked compensation, as well as discussions held with the aim of enhancing the management system and governance, reflecting the perspective of the 20th MTP.

◎ Regarding execution, the Board of Directors recognized an improvement in the level of deliberation and assessment of investment projects by the Investment Committee, and the leadership of top management in strengthening of activities and systems to enhance corporate value.

◎ In addition to the evaluation of these points, while a large amount of time at meetings of the Board of Directors was devoted to discussions on medium- to long-term agenda items, the need was indicated for further improvement in qualitative facets of these discussions, including their depth and specificity. Moreover, the need was indicated for continued discussion aimed at strengthening management resources for sustained

growth, such as human resources and technology.
◎ There were also remarks calling for the importance of the continued monitoring of risks and countermeasures, not only for risks that have already materialized but also for potential risks, and the management systems of associates, in the context of a highly-uncertain management environment.
◎ Regarding execution, there were remarks indicating the need for the continued strengthening of activities aimed at profit creation and enhancing return on capital, as well as an acceleration of growth based on an understanding of changes in the business environment, under the assumption that the current harsh business environment would continue.

III. Efforts to improve the effectiveness of the Board of Directors in FY2020
In response to the above evaluation, and in view of the impact of the spread of COVID-19, the Company's Board of Directors is working to improve its effectiveness by operating in line with the basic policies indicated below, and has set three improvement items.

<Basic policies for FY2020>
1) Engage in monitoring and support to ensure the renewal and execution of timely and appropriate response to the management environment, and strategy for the future.
2) Engage in appropriate monitoring and more thorough discussion from a medium- to long-term perspective, to accomplish both the enhancement of return on capital and the strengthening of the capital that composes the management base.

<Improvement items for FY2020>
i) Encourage accurate response to the impact of the spread of COVID-19, from both an urgent perspective, and a medium- to long-term perspective.
ii) Accelerate execution through appropriate deliberations and support, to renew strategy in line with the management environment.
iii) Monitor business expansion from the perspective of return on capital, and engage in discussions and support aimed at strengthening the various forms of capital that compose the management base (human capital, technological capital, intellectual capital, liquidity base, etc.) to realize sustained growth.

(VI) **System to secure appropriateness of operations**
Internal Control System Basic Policy
The RICOH Way, which comprises our founding principles ("Sanai spirit" – love your neighbor, love your country, love your work) Mission Statement, Vision Statement, and Values Statement, is the foundation of the Ricoh Group's management policy, strategy, and internal control system.
Inspired by the values incorporated in The RICOH Way, we are working to establish and implement an internal control system aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance.

(1) System to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' and employees' duties
Based on the principle of autonomous corporate governance, the Company promotes a corporate culture that values both a sense of duty to meet the various expectations of stakeholders and high ethics suited to good social conscience.
1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties
(i) Management transparency and fairness of decision-making are strengthened by the presence of Outside Directors. In addition, the Board of Directors is composed of a majority of Non-executive directors to strengthen functions of overseeing from different perspectives.
(ii) The Board of Directors is positioned as the highest decision-making organization for business management and is chaired by a Non-executive director, who leads the Board from a neutral position, in order to facilitate in-depth discussions for important matters to reach robust decisions.
(iii) As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee", which is chaired by a Non-executive Director and the "Compensation Committee", which is chaired by an Outside Director have been established. In each committee, more than half of the members are Non-executive directors and half or more of them are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc. is secured.

(iv) Policies regarding disclosure has been established to assure the accuracy, timeliness and comprehensiveness of disclosure of corporate information and the “Disclosure Committee”, which is chaired by a CFO who is responsible for information disclosure, is established to verify and decide the importance of disclosure of information, necessity of disclosure and validity of the content.

2) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of employees’ duties
(i) In order to thoroughly implement the “Ricoh Group Code of Conduct” which articulates the general rules of conduct for Ricoh Group and its officers and employees, the Specialty Committee and a reporting line to report incidents and seek advice have been established. Also various training programs are set up to enhance compliance domestically and overseas. The Company prohibits unfavorable treatments of anyone who made the report to the reporting line due to such reporting.
(ii) Efforts are being made to improve business processes and construct a framework for standardized internal control throughout the entire Group, with the goal of “complying with laws, norms and internal rules”, “improvement of business effectiveness and efficiency”, “maintaining high reliability of financial reporting” and “securing of assets”, including compliance to the Financial Instruments and Exchange Law and other relevant laws and regulations.
(iii) To ensure appropriate internal auditing, a division of internal management and control shall perform fair and objective examination and evaluation of how each division is executing its business based on legal compliance and rational criteria, and provide advice or recommendation for improvement.
(iv) The Company shall establish a department specializing in enhancing and promoting the functions of (i), (ii) and (iii) above on an integrated basis. To establish and improve an internal control system of the Ricoh Group, the Company shall institute an “Internal Control Committee” within the Group Management Committee (GMC), which is expected to convene regularly to deliberate and decide on relevant matters.

(2) Systems related to the retention and management of information related to the implementation of Directors’ duties
Records and proposals related to decisions by Directors in the course of their duties are created, retained and managed in compliance with applicable laws, regulations and internal rules. Documents are kept so that they can be retrieved and reviewed when a request from Directors and Audit & Supervisory Board Members is made.

(3) Regulations and other systems regarding risk management for losses
(i) The occurrence of losses shall be proactively prevented based on risk management regulations.
(ii) Should losses nevertheless arise, efforts shall be made to minimize damage (loss) based on standards for initial reaction.
(iii) In order to respond to diversifying sources of uncertainty both inside and outside the Ricoh Group, the “Risk Management Committee” assesses critical risks and evaluates responses, and devises risk management measures. In addition, a risk management promotion division will be established to expand risk management activities globally.

(4) System to ensure the efficient implementation of Directors’ duties
(i) The executive officer system, its division of duties clarified, speeds up the decision-making process through the delegation of authority to each business division.
(ii) The GMC is a decision-making organization delegated by the Board of Directors, and composed of executive officers who meet specific criteria. The GMC operates so as to accelerate deliberation and decision-making from the perspective of the optimum management of the entire Ricoh Group, concerning the most appropriate strategies for direction of each business division and the entire Ricoh Group, within the powers granted to it.
(iii) The “Board of Directors office” realizes robust decision-making and management oversight with high transparency by supporting the Board of Directors.

(5) Systems to ensure correct business standards at Ricoh and its Group companies
The Ricoh Group shall devise a system that ensures adherence to correct business standards to improve business performance and enhance the prosperity of the Ricoh Group, while respecting each other’s independence, as follows:
(i) The Company’s Board of Directors and the GMC make decisions and perform management oversight for the Ricoh Group as a whole.
(ii) The Company establishes its management regulations concerning each Ricoh Group company, and

prescribes a system for reporting matters regarding the performance of duties of the Directors of each Ricoh Group company, and the Directors' authority for conducting such duties efficiently.
(iii) Each Ricoh Group company conducts risk management for losses relating to the company. Should any incident arise, the company should strive to minimize damage and recover quickly, and promptly report to the Company.
(iv) To ensure that the duties of Ricoh Group's Directors and employees are performed in compliance with laws and regulations and Articles of Incorporation, we formulate a set of common rules which shall be followed as the Ricoh Group's common standards, the "Ricoh Group Standard," and promote compliance across the Ricoh Group.

(6) Systems established to ensure the effective performance of duties by Audit & Supervisory Board Members
1) Matters regarding measures to secure independence of employees whom Audit & Supervisory Board Members request to assist them in the performance of their duties from Directors and efficacy of instructions given to such employees
(i) The Company shall establish an Audit & Supervisory Board office, where exclusively assigned employees assist Audit & Supervisory Board Members in performing their duties under their command.
(ii) Personnel evaluations regarding said employees shall be made by full-time Audit & Supervisory Board Members. Furthermore, personnel changes regarding said employees shall be made only after gaining agreement of full-time Audit & Supervisory Board Members.

2) Systems for Directors and employees of the Ricoh Group to report to Audit & Supervisory Board Members and other systems related to the reporting to Audit & Supervisory Board Members
(i) Directors or employees shall promptly report to Audit & Supervisory Board Members concerning material violations of laws and the Articles of Incorporation at the Ricoh Group, as well as matters concerning wrongful acts or the possibility of significant damage to the Ricoh Group at the time of their discovery.
(ii) Directors and employees shall cooperate when they are requested to report matters concerning operations required for auditing by Audit & Supervisory Board Members.
(iii) Directors shall provide Audit & Supervisory Board Members with minutes and materials of important meetings, as well as important resolution documents for their review.
(iv) The Company prohibits unfavorable treatments of any Directors or employees of the Ricoh Group, who made the report to Audit & Supervisory Board Members due to such reporting.

3) Other systems established to ensure effective performance of duties by Audit & Supervisory Board Members
Directors and employees of the Ricoh Group shall cooperate in facilitating the performance of the following items by Audit & Supervisory Board Members.
(i) Audit & Supervisory Board Members attend important meetings such as the GMC and regularly exchange opinions with Representative Directors.
(ii) Establish a cooperation system for effective auditing of each division of the Company and each Ricoh Group company by Audit & Supervisory Board Members at the time of such audit.
(iii) Create an environment that enables Audit & Supervisory Board Members to conduct effective auditing through mutual cooperation with the Independent Auditor and the division of internal management and control.
(iv) The Company shall pay expenses incurred from the performance of duties of Audit & Supervisory Board Members.

(VII) Approach to Election of Audit & Supervisory Board Members

Election Criteria for Audit & Supervisory Board Members

Candidates for Audit & Supervisory Board Member are selected for their appropriateness as personnel able to contribute, through the performance of duties as an Audit & Supervisory Board Member, to sound and sustained growth of the Company and the medium- to long-term enhancement of its corporate value, taking into consideration the balance of knowledge, experience and specialized abilities required of the Audit & Supervisory Board.
The following criteria (requirement definitions) have been established by the Audit & Supervisory Board in order to select candidates for Audit & Supervisory Board Member based on objective assessment of their suitability.
[Audit ability]
1. Appropriate experience, ability, and the necessary knowledge regarding finance, accounting and law

2. Professional skepticism and the ability to investigate facts properly, with an earnest attitude, and exercise objective judgement
3. Sense of duty and courage founded on personal beliefs, and the ability to make active and forthright suggestions and proposals to Directors and employees
4. The ability to see matters from a shareholders' perspective, act on this perspective, and engage in audits based on an attitude of learning from actual front lines, actual things and actual facts

[Knowledge background and temperament]

1. Healthy in mind and body, and able to serve for a full four-year tenure as Audit & Supervisory Board Member
2. Always aspires to improve him/herself, with a desire to learn new things
3. Able to manage local staff and communicate in English

Election Criteria for Outside Audit & Supervisory Board Members

In addition to the criteria above, Outside Audit & Supervisory Board Members are elected based on their high degree of specialist insight in the fields of corporate management, finance, accounting and law, and their extensive experience. The absence of any issues of independence regarding their relationships with the Company, its Representative Director, other Directors and important employees, with reference to the Company's Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members, is an additional criterion.

Diversity

When considering diversity in the appointment of Audit & Supervisory Board Members, no distinction is made on the basis of race, ethnicity, gender, nationality or similar attributes, and candidates are selected based on their character and knowledge, thus ensuring diversity in such attributes.

(VIII) Election Process for Audit & Supervisory Board Members

"Recommendation of candidates" and "nomination of candidates" for Audit & Supervisory Board Member is conducted primarily by the Audit & Supervisory Board, in accordance with the process shown below, with an emphasis on ensuring the independence of Audit & Supervisory Board Members.
The Audit & Supervisory Board recommends candidates based on the election criteria for Audit & Supervisory Board Members and after consultation with the CEO. These candidates are nominated and proposed after confirmation by the Nomination Committee.
The Board of Directors respects the judgment of the Audit & Supervisory Board in resolving the nomination of candidates for Audit & Supervisory Board Member.

(IX) Related Party Transactions

If the Company engages in transactions with conflicting interests, the internal rules require a resolution of approval in advance by the Board of Directors. In addition, to supervise conflict-of-interest transactions by executives, the Board of Directors are required to submit a yearly report to the Audit & Supervisory Board Members regarding any transactions conflicting with the Board of Directors.

(X) Number of Directors

The number of directors is limited to 15 as set out in the Company's Articles of Incorporation.

(XI) Conditions for Resolution on Appointments of Directors

The Company's Articles of Incorporation stipulate that a resolution to appoint a director or corporate auditor must be made by the majority vote of attending shareholders holding at least one-third of the voting rights of shareholders who are eligible to exercise voting rights.

(XII)Acquisition of treasury stock

Pursuant to the provisions of Article 165, Paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by resolution of the Board of Directors. The aim is to allow management to swiftly exercise capital policies as deemed appropriate in response to changes in the operating environment by allowing the Company to acquire treasury stock through market transactions, etc.

(XIII)Requirements for Special Resolution by an Ordinary General Shareholders' Meeting
Pursuant to Article 309, Paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that special resolutions by an ordinary general shareholders' meeting must be passed by at least a two-thirds majority vote of attending shareholders holding at least one-third of the voting rights of shareholders eligible to exercise voting rights. The aim is to lower the required quorum for a special resolution of an ordinary general shareholders' meeting to facilitate the smooth operations of the meeting.

(XIV)Determination of Interim Dividends
Under the provisions of the Company's Articles of Incorporation, pursuant to Article 454, Paragraph 5 of the Japanese Corporate Law, the Company may through the resolution of the Board of Directors pay an interim dividend with the record date of September 30 each year to allow an expeditious distribution of profits to shareholders.

(XV)Limitation of liabilities of Outside Directors and Outside Audit & Supervisory Board Members
Pursuant to Paragraph 1, Article 427 of the Company Law, the Company has entered into liability limitation agreements with the Outside Directors and Outside Auditors that limit their liability for damages when they have acted in good faith and they have committed no material negligence in executing their duties, based on Paragraph 1, Article 425 of the Company Law. Under these agreements, Outside Directors are subject to the higher of either ¥10 million or the minimum limited amount as specified under Paragraph 1, Article 425 of the Company Law. Outside Audit & Supervisory Board Members are subject to the higher of either ¥5 million or the minimum limited amount set forth under Paragraph 1, Article 425 of the Company Law.

(2) Directors and senior management

1) Directors and senior management members

Directors and Audit & Supervisory Board Members of the Company as of June 26, 2020 are as follows:

Men: 12 persons, Women: 1 person (Ratio of women in the Directors and Audit & Supervisory Board Members: 7.7%)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Yoshinori Yamashita	Representative Director	Mar. 1980	Joined the Company
(August 22, 1957)		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer, Corporate Vice President
		Apr. 2011	Corporate Senior Vice President
		Apr. 2011	General Manager of Corporate Planning Division
		June. 2012	Director Corporate Executive Vice President
		Apr. 2014	General Manager of Business Solutions Group
		Apr. 2015	In charge of core business
		June. 2016	Deputy President
		Apr. 2017	Representative Director (Current)
		Apr. 2017	President (Current)
		Apr. 2017	CEO (Chief Executive Officer) (Current)
		Apr. 2020	CHRO (Chief Human Resource Officer) (Current)
Nobuo Inaba	Chairman of the Board and Director	Apr. 1974	Joined the Bank of Japan
(November 11, 1950)		May. 1992	Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan
		May. 1994	Director, Head of Planning Division Policy Planning Office of the Bank of Japan
		May. 1996	Deputy Director-General, Policy Planning Office of the Bank of Japan
		Apr. 1998	Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan
		Apr. 2000	Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan
		June. 2001	Director-General, Information System Services Department of the Bank of Japan

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2002	Director-General, Bank Examination and Surveillance Department of the Bank of Japan
		May. 2004	Executive Director, Financial System Stability of the Bank of Japan
		May. 2008	Joined the Company
		May. 2008	Executive Advisor
		Apr. 2010	President of Ricoh Institute of Sustainability and Business
		June. 2010	Director (Current)
		June. 2010	Corporate Executive Vice President
		June. 2012	CIO (Chief Information Officer)
		Sept. 2015	In charge of promoting Corporate Governance
		Apr. 2017	Chairman of the Board (Current)
Hidetaka Matsuishi (February 22, 1957)	Director	Apr. 1981	Joined the Company
		Oct. 2000	General Manager of SCM Innovation Center, Marketing Group
		Jan. 2003	President of Nishi Tokyo Ricoh Co., Ltd.
		Apr. 2005	President of Ricoh Tohoku Co., Ltd.
		Apr. 2007	General Manager of Business Strategic Planning Office and General Manager of Business Partner Division, Marketing Group
		Apr. 2008	General Manager of Business Strategy Center, Marketing Group
		Apr. 2009	General Manager of Major Accounts Marketing Division, Marketing Group
		July. 2009	Representative Director and President of Ricoh IT Solutions Co., Ltd.
		Apr. 2014	Group Executive Officer (Corporate Senior Vice President)
		Apr. 2014	Representative Director, President and CEO of Ricoh Leasing Co., Ltd.
		June. 2016	Corporate Senior Vice President
		June. 2016	General Manager of Japan Marketing Group
		June. 2016	Representative Director, President and CEO of Ricoh Japan Corporation
		Apr. 2018	Corporate Executive Vice President and CFO (Chief Financial Officer) (Current)
		Apr. 2018	General Manager of Corporate Planning Division (Current)
		June. 2018	Director (Current)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Seiji Sakata (September 12, 1958)	Director	Apr. 1981	Joined the Company
		Apr. 2006	General Manager of 1st Design Center, MFP Business Group
		Apr. 2007	General Manager of Designing Center and General Manager of Peripheral Products Business Center, MFP Business Group
		Apr. 2008	Deputy General Manager of MFP Business Group
		Apr. 2009	General Manager of Controller Development Division and Deputy General Manager of MFP Business Group
		Apr. 2010	Corporate Vice President
		Apr. 2011	General Manager of Human Resources Division
		Apr. 2012	Corporate Senior Vice President
		Apr. 2014	General Manager of Japan Management Division
		Feb. 2015	General Manager of Japan Management Division General Manager of Imaging Systems Development Division
		Apr. 2017	General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group
		Apr. 2018	Corporate Executive Vice President (Current)
		Apr. 2018	General Manager of Office Printing Business Group
		June. 2018	Director (Current)
		Apr. 2019	CTO (Chief Technology Officer) (Current)
Masami Iijima (September 23, 1950)	Outside Director	Apr. 1974	Joined MITSUI & CO., LTD.
		June. 2000	General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD.
		Apr. 2004	General Manager of Metals Administrative Division of MITSUI & CO., LTD.
		Apr. 2005	General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD.
		Apr. 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and NonFerrous Metals Business Unit of MITSUI & CO., LTD.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD.
		Apr. 2008	Executive Managing Officer of MITSUI & CO., LTD.
		June. 2008	Representative Director, Executive Managing Officer of MITSUI & CO., LTD.
		Oct. 2008	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
		Apr. 2009	Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.
		Apr. 2015	Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. (Current)
		June. 2016	Outside Director (Current)
		June. 2018	Outside Director, SoftBank Group Corp. (Current)
		June. 2019	Counsellors, the Bank of Japan (Current)
		June. 2019	Outside Director, Isetan Mitsukoshi Holdings Ltd. (Current)
Mutsuko Hatano (October 1, 1960)	Outside Director	Apr. 1983	Joined Hitachi, Ltd.
		Sept. 1997	Visiting Researcher at the University of California, Berkeley (UCB) (until August 2000)
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd.
		July. 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Current)
		Oct. 2014	Council Member of Science Council of Japan (Current)
		June. 2016	Outside Director (Current)
Kazuhiro Mori (October 7, 1946)	Outside Director	Apr. 1969	Joined Hitachi, Ltd.
		Feb. 1999	General Manager of Chubu Area Operation, Hitachi, Ltd.
		June. 2003	Executive Officer, Hitachi, Ltd.
		Apr. 2004	Vice President and Executive Officer, General Manager of Electronics Group & CEO, Hitachi, Ltd.
		Aug. 2005	Vice President and Executive Officer, Hitachi, Ltd.
		Aug. 2005	President and Director, Hitachi Displays, Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2006	Senior Vice President and Executive Officer, Hitachi, Ltd.
		Jan. 2007	Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. (until March 2012)
		June. 2007	Outside Director, Hitachi Capital Corporation
		June. 2010	Chairman of the Board, Outside Director, Hitachi Capital Corporation
		June. 2010	Outside Director, Hitachi Medical Corporation
		Apr. 2011	Director, Hitachi Maxell, Ltd. (Current Maxell Holdings, Ltd.)
		Apr. 2012	Executive Vice President and Executive Officer, Hitachi, Ltd.
		June. 2013	Chairman of the Board, Outside Director, Hitachi High-Technologies Corporation
		June. 2013	Outside Director, Hitachi Transport System, Ltd.
		June. 2014	Outside Director, Isuzu Motors Limited
		June. 2018	Outside Director (Current)
		Dec. 2018	Trustee, Toyo University (Current)
Keisuke Yokoo (November 26, 1951)	Outside Director	Apr. 1974	Joined The Industrial Bank of Japan, Ltd. (Current Mizuho Bank, Ltd.)
		May. 2000	General Manager of Nagoya Branch of The Industrial Bank of Japan, Ltd.
		June. 2001	Managing Director, Head of Planning Group of Mizuho Securities Co., Ltd.
		Apr. 2007	President of Mizuho Securities Co., Ltd. (Shinko Securities Co., Ltd. and Mizuho Securities Co., Ltd. merged in May 2009 to form Mizuho Securities Co., Ltd.)
		June. 2011	Chairperson of Mizuho Securities Co., Ltd.
		June. 2012	Advisor of Mizuho Securities Co., Ltd. (until March 2018)
		Apr. 2015	Vice Chairperson & President of Japan Association of Corporate Executives (KEIZAI DOYUKAI) (until April 2019)
		Oct. 2016	Outside Director of The Dai-ichi Life Insurance Company, Limited (Current)
		June. 2017	Outside Director of Nippon Suisan Kaisha, Ltd.(Current *until June 2020)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		May. 2019	Chairperson of Sonar Advisers Inc. (Current)
		Dec. 2019	President, Member of the Board & Chief Executive Officer of Japan Investment Corporation (Current)
		May. 2020	Outside Director of Takashimaya Company, Limited (Current)
		June. 2020	Outside Director (Current)
Hiroshi Osawa (February 28, 1964)	Audit & Supervisory Board Member	Apr. 1988	Joined the Company
		July. 2008	General Manager of Accounting Department, Finance and Accounting Division
		Nov. 2009	General Manager of Finance Department, Finance and Accounting Division
		Apr. 2011	General Manager of Audit & Supervisory Board office
		July. 2013	Executive Vice President of Ricoh Europe Plc
		May. 2016	General Manager of Communication Support Department, Corporate Strategy & Planning Center, Corporate Division
		Apr. 2017	General Manager of Business Management Department, Corporate Strategy & Planning Center, Corporate Division
		June. 2017	Audit & Supervisory Board Member (Current)
Kazuhiro Tsuji (January 25, 1961)	Audit & Supervisory Board Member	Mar. 1984	Joined the Company
		Mar. 2010	General Manager of Human Capital Development Department, Human Resources Division
		Apr. 2011	General Manager of Shared Services Center, Human Resources Division
		July 2011	Deputy General Manager of General Administration Center
		Apr. 2013	General Manager of Secretarial Office
		Apr. 2018	General Manager of Human Resources Division
		Apr. 2019	Corporate Vice President (Current)
		June. 2020	Audit & Supervisory Board Member (Current)
Yo Ota (October 3, 1967)	Outside Audit & Supervisory Board Member	Apr. 2001	A member of staff of Civil Affairs Bureau of The Ministry of Justice (Japanese Commercial Code Group of Counsellor's Office)
		Jan. 2003	Partner of Nishimura & Asahi (Current)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2005	Outside Auditor of Culture Convenience Club Co., Ltd.
		June. 2005	Outside Director of Denki Kogyo Co., Ltd. (Current)
		May. 2012	Director of the Japan Association of Corporate Directors (Current)
		Apr. 2013	Professor of Graduate Schools for Law and Politics of the University of Tokyo
		June. 2013	Councilor of LOTTE Foundation (Current)
		July. 2014	Vice Chairman of Corporate Governance Committee of the Japan Association of Corporate Directors (Current)
		June. 2016	Outside Director of Nippon Kayaku Co., Ltd. (Current)
		June. 2017	Outside Audit & Supervisory Board Member (Current)
Shoji Kobayashi (December 29, 1953)	Outside Audit & Supervisory Board Member	Apr. 1979	Joined Kao Soap Co., Ltd (Current Kao Corporation)
		Feb. 1998	Director of Chemical Research Laboratories of Kao Corporation
		Sep. 2002	General Manager of Industrial Materials Business Division of Kao Corporation
		June. 2006	Vice President & Executive Officer, Chemical Business Unit of Kao Corporation Business Division of Kao Corporation
		June. 2010	President & Executive Officer of Chemical Business Unit of Kao Corporation
		Mar. 2013	Full-time Audit & Supervisory Board Member of Kao Corporation (until March 2017)
		June. 2017	Member of Contract Surveillance Committee of National Institute of Technology and Evaluation (NITE) (Current)
		Jan. 2018	Advisor of SAIWAI TRADING CO., LTD.
		June. 2019	Director in charge of Control Group (Part-time) of SAIWAI TRADING CO., LTD. (Current)
		June. 2020	Outside Audit & Supervisory Board Member (Current)
Yasunobu Furukawa	Outside Audit & Supervisory Board Member	Apr. 1976	Joined Tetsuzo Ota & Co. (Current Ernst & YoungShinNihon LLC)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
(October 11, 1953)		Sep. 1980	Registered as a certified public accountant (Current)
		May. 1999	Representative Partner of Ernst & Young ShinNihon LLC
		Aug. 2008	Executive Partner of Ernst & Young ShinNihon LLC
		Aug. 2010	Senior Executive Partner of Ernst & Young ShinNihon LLC
		Aug. 2012	Senior Advisor of Ernst & Young ShinNihon LLC
		June. 2014	Outside Director of Keisei Electric Railway Co., Ltd. (Current)
		June. 2015	Outside Audit & Supervisory Board Member of Saitama Resona Bank, Limited
		June. 2015	Outside Director of NSK Ltd.
		June. 2019	Outside Director (Audit & Supervisory Committee Member) of Saitama Resona Bank, Limited (Current)
		June. 2020	Outside Audit & Supervisory Board Member (Current)

Directors and Audit & Supervisory Board Members are elected at a general meeting of shareholders for two and four years terms, respectively, and may serve any number of consecutive terms. The Board of Directors appoints from among its members a Chairman and one or more Representative Directors in accordance with the Corporation Law of Japan.

The following table shows the number of shares of common stock owned by each Director and Audit & Supervisory Board Member of the Company as of March 31, 2020. None of the Company's Directors or Audit & Supervisory Board Members is a beneficial owner of more than 1% of the Company's common stock.

Name	Position	Number of Shares
Yoshinori Yamashita	Representative Director	38,600
Nobuo Inaba	Chairman of the Board and Director	21,000
Hidetaka Matsuishi	Director	9,400
Seiji Sakata	Director	14,600
Masami Iijima	Outside Director	8,300
Mutsuko Hatano	Outside Director	4,100
Kazuhiro Mori	Outside Director	5,400
Keisuke Yokoo	Outside Director	-
Hiroshi Osawa	Audit & Supervisory Board Member	3,800
Kazuhiro Tsuji	Audit & Supervisory Board Member	1,500
Yo Ota	Outside Audit & Supervisory Board Member	-
Shoji Kobayashi	Outside Audit & Supervisory Board Member	-
Yasunobu Furukawa	Outside Audit & Supervisory Board Member	-
Total		106,700

The Company maintains an executive officer system under which there are 29 officers each with one of the following roles:

- Executive officers: Oversee operations under the authority granted from the president and report to the president.

- Group executive officers: Assist the president with the management of Ricoh.

Executive Officers of the Company as of June 26, 2020 are as follows:

Name	Current Position (Function)	Current Position (Business Area)
Yoshinori Yamashita	President	CEO (Chief Executive Officer) CHRO(Chief Human Resource Officer) General Manager of Trade & Export/Import Control
Akira Oyama	Corporate Executive Vice Presidents	CMO (Chief Marketing Officer) General Manager of Workplace Solutions Business Group
Hidetaka Matsuishi	Corporate Executive Vice Presidents	CFO (Chief Financial Officer) General Manager of Corporate Planning Division
Seiji Sakata	Corporate Executive Vice Presidents	CTO (Chief Technology Officer)
Katsunori Nakata	Corporate Senior Vice Presidents	General Manager of Office Products Business Group
Kazuo Nishinomiya	Corporate Senior Vice President	General Manager of Production Division
Yasutomo Mori	Corporate Senior Vice President	General Manager of Industrial Products Business Group President of Ricoh Elemex Corporation
David Mills	Corporate Senior Vice Presidents	CEO of Ricoh Europe PLC Deputy General Manager of Workplace Solutions Business Group Chairman of Ricoh Europe (Netherlands) B.V.
Shigeo Kato	Corporate Senior Vice Presidents	General Manager of Commercial Printing Business Group
Yasuyuki Nomizu	Corporate Senior Vice Presidents	In charge of Information Security Management Deputy General Manager of Workplace Solutions Business Group
Tomohiro Sakanushi	Corporate Senior Vice Presidents	Deputy General Manager of Japan Marketing Division, Workplace Solutions Business Group President of Ricoh Japan Corporation
Toyohito Tanaka	Corporate Senior Vice Presidents	CDIO(Chief Digital Innovation Officer) Deputy General Manager of Workplace Solutions Business Group General Manager of Focused Region Marketing Division, Workplace Solutions Business Group Leader of Comprehensive China Strategy Task Force

Name	Current Position (Function)	Current Position (Business Area)
Tadashi Furushima	Corporate Vice Presidents	General Manager of Innovation Division General Manager of Intellectual Property Division Leader of Ebina-Task Force
Noboru Akahane	Corporate Vice Presidents	Deputy General Manager of Corporate Planning Division
Yukihiko Yamanaka	Corporate Vice Presidents	Deputy General Manager of Workplace Solutions Business Group General Manager of Business Management Center, Workplace Solutions Business Group
Shinji Sato	Corporate Vice Presidents	In charge of Financial Affairs General Manager of Finance Division President of Ricoh Americas Holdings, Inc.
Wataru Ohtani	Corporate Vice Presidents	General Manager of Smart Vision Business Group General Manager of Business Management Center, Smart Vision Business Group General Manager of Data Service Business Center, Smart Vision Business Group Chairman of Ricoh Innovations Corporation
Tetsuya Morita	Corporate Vice Presidents	General Manager of Industrial Printing Business Group
Yoichi Kawagiri	Corporate Vice Presidents	In charge of Trade & Export/Import Control General Manager of Supply Chain Management Division General Manager of Trade & Export/Import Control Division
Carsten Bruhn	Corporate Vice Presidents	General Manager of Ricoh Global Services Group, Workplace Solutions Business Group
Donna Venable	Corporate Vice Presidents	Executive Vice President of Ricoh USA, Inc. Deputy General Manager of Human Resources Division
Joji Tokunaga	Corporate Vice Presidents	President of Ricoh USA, Inc.
Eiji Hirahara	Corporate Vice Presidents	General Manager of Global Procurement Division
Mikako Suzuki	Corporate Vice Presidents	General Manager of Sustainability Management Division
Mayuko Seto	Corporate Vice Presidents	General Manager of Human Resources Division
Hiroyuki Ishino	Corporate Advisory Officers	President of Ricoh IT Solutions Co., Ltd.
Kazuhisa Goto	Corporate Advisory Officers	Chairman of Ricoh Latin America, Inc.
Tadashi Tokura	Corporate Advisory Officers	President of Ricoh Industry Company, Ltd. Chairman of Ricoh Industrie France S.A.S. Chairman of Ricoh UK Products Ltd.

Name	Current Position (Function)	Current Position (Business Area)
Yuji Nishimura	Corporate Advisory Officers	President of Ricoh Manufacturing China Ltd, Ricoh Asia Industry Ltd.

2) Outside Directors and Outside Audit & Supervisory Board Members
The Company has appointed four Outside Directors and three Outside Audit & Supervisory Board Members.

The relationship with Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Masami Iijima	Number of the Company's shares held is 8,300 as of March 31, 2020. Mr. Masami Iijima is Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD. The Company has business relations with MITSUI & CO., LTD. such product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and MITSUI & CO., LTD., respectively, which is considered extremely insignificant. In addition, he is an Outside Director of SoftBank Group Corp and Isetan Mitsukoshi Holdings Ltd.. The Company has business relations with SoftBank Group Corp. and Isetan Mitsukoshi Holdings Ltd., such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SoftBank Group Corp. and Isetan Mitsukoshi Holdings Ltd., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Masami Iijima to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Mutsuko Hatano	Number of the Company's shares held is 4,100 as of March 31, 2020. The Company had entered into a consignment contract with Ms. Mutsuko Hatano from April 1, 2016 to June 16, 2016, paying ¥1.5 million to her as commission. The purpose of this agreement was to have Ms. Mutsuko Hatano attend the Group Technology Management Meetings to provide advice and recommendations from an outsider's point of view on the management of technology at the Company. This agreement was terminated before her appointment as the Company's Outside Director. The Company has executed a contract with Ms. Mutsuko Hatano to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Kazuhiro Mori	Number of the Company's shares held is 5,400 as of March 31, 2020. Mr. Kazuhiro Mori is from Hitachi, Ltd.. The Company has business relations with Hitachi, Ltd. where Mr. Kazuhiro Mori had belonged to until March 2013, such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Hitachi, Ltd., respectively, which is considered extremely insignificant. The Company held shares in Hitachi, Ltd., to which Mr. Kazuhiro Mori belonged, as cross-shareholdings, but sold all of them by the end of March 2020. In addition, he was an Outside Director of Isuzu Motors Limited until June 2018. The Company has business relations with Isuzu Motors Limited, such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Isuzu Motors Limited, respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Kazuhiro Mori to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Keisuke Yokoo	Mr. Keisuke Yokoo is an Outside Director of The Dai-ichi Life Insurance Company, Limited and Takashimaya Company, Limited. The Company has business relations with The Dai-ichi Life Insurance Company, Limited and Takashimaya Company, Limited. such product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and The Dai-ichi Life Insurance Company, Limited and Takashimaya Company, Limited., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Keisuke Yokoo to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Outside Audit & Supervisory Board Members

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Yo Ota	Mr. Yo Ota is a Partner attorney of Nishimura & Asahi. The Company has business relationswith Nishimura & Asahi, which is one of law firms the Company request legal tasks on a case by case basis, such as in consignment legal tasks to other lawyers, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Nishimura & Asahi, respectively, which is considered extremely insignificant. He has never been involved in legal consultation of Ricoh. In addition, he is an Outside Director of Denki Kogyo Company, Limited and Nippon Kayaku Co., Ltd.. The Company has business relations with Denki Kogyo Company, Limited and Nippon Kayaku Co., Ltd., such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Denki Kogyo Company, Limited and Nippon Kayaku Co., Ltd., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Yo Ota to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Shoji Kobayashi	Mr. Shoji Kobayashi was a full-time Audit & Supervisory Board Member of Kao Corporation until March 2017. The Company has business relations with Kao Corporation, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Kao Corporation, respectively, which is considered extremely insignificant. In addition, Mr. Shoji Kobayashi serves as a Director (Part-time) of SAIWAI TRADING CO., LTD. The Company has business relations with SAIWAI TRADING CO., LTD., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SAIWAI TRADING CO., LTD., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Shoji Kobayashi to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Yasunobu Furukawa	Mr. Yasunobu Furukawa was a Senior Advisor of Ernst & Young ShinNihon LLC until June 2014. The Company has business relations with Ernst & Young ShinNihon LLC, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Ernst & Young ShinNihon LLC, respectively, which is considered extremely insignificant. Mr. Yasunobu Furukawa currently serves as External Director of Keisei Electric Railway Co., Ltd. The Company has business relations with Keisei Electric Railway Co., Ltd. such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Keisei Electric Railway Co., Ltd., respectively, which is considered extremely insignificant. In addition, he is an Outside Director (Audit & Supervisory Board Member) of Saitama Resona Bank, Limited. The Company has business relations with Saitama Resona Bank, Limited such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Saitama Resona Bank, Limited, respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Yasunobu Furukawa to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

There are no special interests between Outside Directors and Outside Audit & Supervisory Board Members and the Company.
Outside Director, Mr. Masami Iijima, Ms. Mutsuko Hatano, Mr. Kazuhiro Mori and Mr. Keisuke Yokoo, and Outside Audit & Supervisory Board Members, Mr. Yo Ota, Mr. Shoji Kobayashi and Mr. Yasunobu Furukawa have been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

The functions and roles of Outside Directors and Outside Audit & Supervisory Board Members in the Corporate Governance

Outside Directors

Name	The functions and roles in Corporate Governance
Masami Iijima	Provided proactive comments and advice in various areas including global governance and risk management based on his outstanding achievements and extensive experience as management executive at MITSUI & CO., LTD., a company with globally developed business network. In addition, as the Chairperson of the Nomination Committee, he led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. As a member of the Compensation Committee, he has actively made proposals and engaged in discussions from a corporate top executive viewpoint.
Mutsuko Hatano	Provided proactive comments and advice from multifaceted perspectives in various areas including technology, education and policies based on her achievements and extensive experience as the professor of the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and as a committee member of many administrative bodies. Concurrently, as a member of the Compensation Committee, she has made proposals and engaged in discussions regarding the details of compensation and its system from a viewpoint different from that of a corporate executive.
Kazuhiro Mori	Provided proactive comments and advice in various areas including global business development with his high-leveled business judgment capability and leadership in management from his extensive experience in the Hitachi Group, having served in various posts including Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. as well as the leader to carry out its structural reform. Concurrently, as a member of the Nomination Committee and the Compensation Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate top executive.
Keisuke Yokoo	Provided management decisions and supervise management from an independent standpoint with the perspective of investors and shareholders, based on his extensive experience in the financial and capital markets over many years and his broad knowledge and insight into finance, etc., since assuming office as an executive manager of Mizuho Securities Co., Ltd., then having served in various posts including office of President and Chairperson.

Outside Audit & Supervisory Board Members

Name	Their function and role in Corporate Governance
Yo Ota	Proactively expressed his opinions from a viewpoint based on his rich experience as attorney and expert on corporate governance.
Shoji Kobayashi	Mr. Shoji Kobayashi has served in important positions at Kao Corporation, such as General Manager of a business division and Executive Officer, and has extensive experience gained through many years in research and development and business management. He also has deep insight into the management and governance of a global corporation, acquired as a full-time Audit & Supervisory Board Member of Kao Corporation. He can be expected to use this extensive experience and broad knowledge regarding all aspects of technology to engage in appropriate and objective auditing activities.
Yasunobu Furukawa	As a certified public accountant, Mr. Yasunobu Furukawa has deep insight regarding accounting and finance. In addition to his experience at Ernst & Young ShinNihon LLC as an engagement partner for audits of global corporations with operations overseas, he has also acquired extensive insight and experience in corporate management as an outside director, audit & supervisory committee member, and outside audit & supervisory board member of various other companies. He can be expected to use his broad knowledge to contribute to the fair auditing and supervision of the Ricoh Group.

The Company engages the election criteria for Outside Directors, as member of the Board of Directors, in "IV. INFORMATION ON THE COMPANY, 4 Corporate Governance, ETC., 1) Corporate Governance, 3) Other matters for Corporate Governance, (II) Approach to Election of Directors".
The company expects the Outside Directors to fully utilize their knowledge and experiences, and to contribute to strengthening the corporate governance through decision-making and supervising of the Company's management, based on discussions made from an independent and objective standpoint. As for the election criteria for Outside Audit & Supervisory Board Members, as "**Approach and Process for Election of Audit & Supervisory Board Members**", the Company places emphasis on ensuring their independence, and confirms the candidates' eligibility from an objective standpoint based on the election criteria.
Furthermore, the Outside Audit & Supervisory Board Members are expected to actively provide proposals and audit, drawing on the respective individual expertise and background.
As each of the Outside Directors and Outside Audit & Supervisory Board Members are performing the function and roles expected, and the independence criteria of the Outside Directors are met, the Company recognizes the appointment of the current Outside Directors and Outside Audit & Supervisory Board Members are appropriate.
The Company established the Company's Standards for Independence of Outside Directors and Audit & Supervisory Board Members as below and confirms these standards while electing the Outside Directors and Outside Audit Supervisory Board Members.

The Company established the Company's Standards for Independence of Outside Directors and Audit & Supervisory Board Members as below and confirms these standards to elect Outside Directors and Outside Audit Supervisory Board Members.

1. In principle, Outside Directors and Outside Audit & Supervisory Board Members of the Company should be independent from the Company and should satisfy all of the items set out below.

(i) A person who is not a shareholder holding 10% or more of the total voting rights of the Company (a "major shareholder"), or a person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the major shareholder of the Company.

(ii) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of a company of which the Ricoh Group is a major shareholder.

(iii) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group, or a person who was not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group within 10 years preceding the assumption of the office of Outside Director.

(iv) A person of which the Ricoh Group was not a major business partner (whose sales to the Ricoh Group accounted for 2% or more of its consolidated net sales) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).

(v) A person who was not a major business partner of the Ricoh Group (to which sales of the Ricoh Group accounted for 2% or more of consolidated net sales of the Ricoh Group) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).

(vi) A person who is not a consultant, certified public accountant, certified tax accountant, lawyer or any other professional who received money or other property other than executive compensation, either directly or indirectly, from the Ricoh Group in an amount of ¥10 million or more in the immediately preceding fiscal year or per year in average over the past three fiscal years.

(vii) A person who does not belong to an organization, such as a law firm, auditing firm, tax accounting firm, consulting firm or any other professional advisory firm, that received money or other property, either directly or indirectly, from the Ricoh Group in an amount equivalent to 2% or more of its total revenue in the immediately preceding fiscal year or per year in average over the past three fiscal years.

(viii) A person who is not a spouse, a relative within the second degree of kinship or a relative who lives in the same household of a person who falls under the items (i) through (vii).

(ix) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other important employee of a company, its parent company or subsidiary that has directors dispatched from the Ricoh Group.

(x) A person who is unlikely to cause a substantial conflict of interests with the Company.

2. The Company may appoint a person as Outside Director or Outside Audit and Supervisory Board Member if it determines that the person is qualified for the post, even though he/she fails to satisfy any of the above items (i) and (iv) through (ix) in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

3) Cooperation among internal audits, audits by Audit & Supervisory Board Members and accounting audits and relations with internal control departments
Outside directors, as member of the Board of Directors, are responsible for management oversight and important decision making concerning Ricoh's management. Outside Audit & Supervisory Board Members are responsible for auditing the decision making and operations performed by Executive Officers.
Supervisory board members and so on about information shared in the three-way audit meeting which consists of Internal Audit & Supervisory board members, the Internal Management & Control Division who is in charge of internal audit and External Auditor. It is held periodically to exchange views of auditing policies and plans, and to share the findings from the audits performed by each auditor. Furthermore, Outside Audit & Supervisory Board Members maintain an effective cooperation with Internal Audit & Supervisory Board Members, External Auditor and Internal Management & Control Division. They attend the interviews to Directors performed by External Auditor with Internal Audit & Supervisory board members and the Internal Management & Control Division and perform audits with Internal Audit & Supervisory board members, if necessary.

(3) Audit

1) Operating Status of Audit & Supervisory Board

a. Audit & Supervisory Board members and the Audit & Supervisory Board

The Audit & Supervisory Board Members are comprised of 5 members of whom 3 are Outside Audit & Supervisory Board Members. Career etc. for each Audit & Supervisory Board member are as follows.

Position	Name	Career etc.
Audit & Supervisory Board Member (Full-time)	Hiroshi Osawa	He has abundant experience in the Company's accounting and finance divisions as well as in management administration of overseas subsidiaries. He has considerable insight into finance and accounting.
Audit & Supervisory Board Member (Full-time)	Kazuhiro Tsuji	He has abundant experience in our human resource, general affairs and secretarial offices, as well as a global human network, and an audit perspective through promoting risk management to our subsidiaries.
Independent outside Audit & Supervisory Board Member	Yo Ota	He has his rich experience as attorney and expert on corporate governance.

Independent outside Audit & Supervisory Board Member	Shoji Kobayashi	He has served in various posts at Kao Corporation, such as General Manager of a business division, Executive Officer and Audit & Supervisory Board Member, and has extensive experience and deep insight into the business management and governance of a research & development and global corporation.
Independent outside Audit & Supervisory Board Member	Yasunobu Furukawa	As a certified public accountant and Ernst & Young ShinNihon LLC, he has audited global companies expanding overseas as an engagement partner, he has deep insight regarding accounting and finance.

b. Operation of the Audit & Supervisory Board

The Audit & Supervisory Board meetings were held 14 times during FY2019 (average time per meeting: slightly over 2 hours). Attendance rate of the Audit & Supervisory Board meetings and Board of Directors meetings for each Audit & Supervisory Board member are as follows.

Position	Name	Attendance rate for the Audit & Supervisory Board meetings held during the fiscal year	Attendance rate for the Board of Directors meetings held during the fiscal year
Audit & Supervisory Board Member (Full-time)	Katsumi Kurihara	100% (14 out of 14)	100% (14 out of 14)
Audit & Supervisory Board Member (Full-time)	Hiroshi Osawa	100% (14 out of 14)	100% (14 out of 14)
Independent outside Audit & Supervisory Board Member	Takashi Narusawa	93% (13 out of 14)	93% (13 out of 14)
Independent outside Audit & Supervisory Board Member	Shigeru Nishiyama	100% (14 out of 14)	100% (14 out of 14)
Independent outside Audit & Supervisory Board Member	Yo Ota	93% (13 out of 14)	100% (14 out of 14)

Key matters and information shared and considered in the Audit & Supervisory Board meeting and main items improved in FY2019 are as follows.
- Audit policy, audit plan, and division of duties
- Reinforcement of governance at overseas subsidiaries
- Evaluation of the Independent Auditor
- Status of execution of duties by full-time Audit & Supervisory Board Members (monthly)
- Review of audit standards of Audit & Supervisory Board Members
- Review of the status of deliberations by the Board of Directors
- Selection of candidates for Audit & Supervisory Board Members
- Operational status of the Investment Committee and Risk Management Committee

c. Outline of audit activities

We reviewed risks and issues in the five areas, namely (1) Directors, (2) Business execution, (3) Subsidiaries, (4) Internal audit, and (5) Accounting audit, and formulated annual activity plans. Outline of audit activities in each of these areas are illustrated in Chart 1 below. Audit & Supervisory Board

Members pointed out the issues and provided suggestions to Directors and business divisions, concerning the matters brought to our attention through these audit activities.

Chart1 : Outline of audit activities

(1) Directors	Attending the Board of Directors meetings
	★Holding regular meetings with Chairman of the Board and Representative Director (quarterly)
	★Holding governance review meetings attended by Directors and the Audit & Supervisory Board Members (semi-annually)
(2) Business execution	Auditing headquarters and principle offices
	Attending Group Management Committee (GMC)
	Attending performance review meetings, Global meetings, Investment Committee meetings and the other important meetings
	★Holding separate regular meetings with the CEO and the CFO respectively (monthly)
	Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.)
(3) Subsidiaries	Auditing subsidiaries
	★Holding regular meeting with Audit & Supervisory Board Members of subsidiaries (monthly)
	★Holding information exchange meetings among Audit & Supervisory Board Members of the Group (semi-annually)
(4) Internal audit	★Receiving explanation from Internal audit divisions about the internal audit plan, and reporting the results thereof (quarterly)
	★Holding regular meetings with Internal Audit division and risk management division (monthly)
(4) Internal audit / (5) Accounting audit	★Three-way audit meeting: Meetings with Independent Auditor and Internal auditors (monthly)
(5) Accounting audit	Receiving explanation about audit plan and reports of quarterly review and Audit result
	Evaluating Independent Auditor

★Meetings organized by the Audit & Supervisory Board members

With respect to the issues described in “Addressing the COVID-19 Pandemic” and “Background to Inappropriate Accounting Practices at Indian Sales Subsidiary, Response, and Situation Thereafter” , Audit & Supervisory Members made sure to stay updated on the latest developments, by requesting explanation from the Directors, Executive Officers, and the employees concerned, etc., as well as attending the relevant meetings, in addition to the audit activities as shown in Chart 1.

FY2019 was the final year of the Company’s 19th Mid-Term Management Plan. The Company has been engaged in a diverse range of activities aimed at enhancing corporate value, and the Audit & Supervisory Board examined and discussed the expected risks associated with these business activities. As a result, in addition to the audit activities shown in Chart 1, “effective management of overseas subsidiaries” and “actual state of governance of subsidiaries acquired through M&A,” which had been indicated as issues to be monitored during FY2019 in these Notes last year, as well as “global monitoring of the comprehensive audit quality of the Independent Auditor,” were established as areas of focus for FY2019.

Area of focus: (i) Audit of effective management of overseas subsidiaries
Selection of targets for on-site audits using an "integrated risk information database for the Ricoh Group"

In FY2019, basic information and risk information related to subsidiaries, which had previously been managed in various places across the Group, were gathered into one place and reorganized into an "integrated risk information database for the Ricoh Group," which can be shared and utilized effectively by each audit body, in order to further strengthen cooperation of three-way audit*1. Using this risk information database, the Asia Pacific and Latin America were established as focus regions for audits by the Audit & Supervisory Board Members, and subsidiaries were chosen for on-site audits.

*1 Three-way audit: Audits by Audit & Supervisory Board Members, the Independent Auditor, and internal auditors.

Implementation of consecutive audits with the involvement of principal administrative divisions
For the audit of subsidiaries, Audit & Supervisory Board Members enhanced audit effectiveness with more comprehensive sets of matters for checking on-site, based on prior confirmation of the status of governance and administration of the subsidiary by the principal administrative divisions*2.
After on-site audits, Audit & Supervisory Board Members held follow-up meetings with principal administrative divisions, and made suggestions for resolving issues, with the aim of bringing about prompt improvement in matters indicated during the on-site audit.
Audit & Supervisory Board Members shared the results of the audits and pointed out the issues in a speedy manner through separate monthly meetings with the CEO and the CFO respectively.

*2 Principal administrative divisions: Headquarters administrative divisions in charge of subsidiaries.

Area of focus: (ii) Audit of actual state of governance of subsidiaries acquired through M&A
Audits of the actual state of governance, with a view to ensuring long-term growth, was carried out on subsidiaries acquired through M&A, using a process similar to (i) above. In addition, interview items related to M&A were added to the checklist regarding internal controls, which was developed in FY2018, and the actual situation was confirmed.
Audit & Supervisory Board Members also interviewed the Investment Committee regarding the items below, and worked to promote further improvements in the M&A process in the future through suggestions aimed at enhancing the accuracy of investment decisions.

· Status of monitoring of M&A targets after implementation

· Status of improvement of the processes for pre-implementation screening and post-merger integration of M&A targets

· Status of human resources development aimed at enhancing M&A literacy and strengthening organizational power

Area of focus: (iii) Global monitoring of the comprehensive audit quality of the Independent Auditor
Deloitte Touche Tohmatsu LLC was appointed as the new Independent Auditor in FY2019, and audit work began under a new structure. The Independent Auditor was monitored through evaluation based on the items expected at appointment, as well as the evaluation criteria*3 for the Independent Auditor established by the Audit & Supervisory Board.
The method used for evaluating the Independent Auditor based on the items expected of it was as follows.

· Confirmation of the audit firm's global audit structure and grip on the overseas audit teams, through participation in global meetings attended by audit teams from major countries, direct interviews with local audit teams, etc.

· Confirmation of global risk information and the systems for collecting this information, through three-way audit meetings and quarterly audit reports
· Confirmation of data analysis capabilities based on an explanation of policy at the start of the year and quarterly updates regarding practical examples of data utilization in audit work In addition to the items above, the Audit & Supervisory Board communicated with the Independent Auditor as appropriate in preparation for the application of Key Audit Matters (KAM), and tested the preparation and consideration process.
*3 Evaluation criteria for the Independent Auditor: Quality control by the audit firm, audit team, audit fee, etc., communication with Audit & Supervisory Board Members, etc., relationship with management, etc., group audits, fraud risk

d. Allocation of responsibilities of the Audit & Supervisory Board Members

The full-time Audit & Supervisory Board Members were engaged in the audit activities as illustrated in Chart 1, and the detail of such activities were communicated to the Independent Outside Audit & Supervisory Board Members, as appropriate.
The Independent Outside Audit & Supervisory Board Members conducted audits on subsidiaries and made suggestions, drawing on their respective individual expertise and background, together with the full-time Audit & Supervisory Board Members. They also received detailed explanations about important management themes and expressed opinions from the standpoint of Independent Audit & Supervisory Board Members at the regular meetings with Chairperson of the Board and Representative Director.

2) Internal Audit Members

The Internal Management & Control Division, which consists of 25 staff members and is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly defined rules to improve operational effectiveness and efficiency, ensure the reliability of financial reporting, to comply with regulations and Company rules related to corporate activities and to safeguard assets. The results are regularly reported to the GMC's Internal Control Committee.
The Internal Management & Control Division will have periodic meetings with the Audit & Supervisory Board Members to share information and findings from the audits performed. Furthermore, a database has been established between the two parties for sharing key information so that audits by both parties can be implemented effectively.
The Audit & Supervisory Board Members and Internal Management & Control Division will also maintain close ties with external auditors and proactively exchange opinions and information in order to perform effective audits.
Regarding the matters pointed out in these audits are helping to enhance the internal control and the quality of business execution through a cycle in which each department and subsidiaries consider improvement and reconfirm whether necessary improvements have been made.

3) Accounting Audit

a. Name of certified public accountants

Deloitte Touche Tohmatsu LLC

b. The length of years the Accounting Auditor has served

One year

c. Certified public accountants (CPAs) who conducted the audit on the Company’s financial statements

Masato Shoji, Takako Fujimoto and Norihiro Watanabe

d. The numbers of audit assistants involved in the auditing

There were total of 65 audit assistants involved in the auditing as of March 31, 2020, 19 certified public accountants and 46 others.

e. Policy to select the independent auditor and the reason

Policy regarding the decision to dismiss or not reappoint the independent auditor employed by the Audit & Supervisory Board is as below.

Policy regarding the decision to dismiss or not reappoint the independent auditor

The Audit & Supervisory Board, by unanimous agreement, will dismiss the independent auditor when confirmed that the independent auditor falls under any item of Article 340, Paragraph 1 of the Companies Act. In this case, the dismissal and its reasons will be reported at the first general meeting of shareholders to be held after the dismissal.

In addition to the above, the Audit & Supervisory Board will decide the contents of the proposal on dismissal or non-reappointment of the independent auditor, which will be proposed at the general meeting of shareholders when confirmed that it is difficult for the independent auditor to properly perform audit duties etc., or that it would be otherwise appropriate to change independent auditors.

The Audit & Supervisory Board confirmed the following items based on the “Policy regarding the decision to dismiss or not reappoint the independent auditor policy”

- Any item of Article 340, Paragraph 1 of the Companies Act.
- Any difficulties for independent auditor to properly perform audit duties etc.

(Based on the evaluation criteria for reappointment of the Independent Auditor, Audit & Supervisory Board Members evaluated its audit structure, independence, gap between audit plan and its execution, quality of the audits etc.)

Meanwhile, “Election of an Independent Auditor” for FY2019 was proposed as one of the items to be resolved at the 119th ordinary general meeting of shareholders held in June 21, 2019. It was approved and adopted in all respects as proposed. Thus, Deloitte Touche Tohmatsu LLC was appointed as the Independent Auditor for FY2019. Please see “3) Accounting Audit - f. Change of Certified Public Accountant” which shows the contents of Extraordinary Report for the reason of selection as a candidate of the Independent Auditor by the Audit & Supervisory Board.

f. Change of Certified Public Accountant

The company’s Certified Public Accountant has been changed as below.

FY2018 (from April 1, 2018 to March 31, 2019)

KPMG AZSA LLC (both consolidated and non-consolidated Financial Statements)

FY2019 (from April 1, 2019 to March 31, 2020)

Deloitte Touche Tohmatsu LLC (both consolidated and non-consolidated Financial Statements)

Follows are the contents of "Notice of Change of Certified Public Accountant" submitted in May 9, 2019.

1. Reason of submit

At the meeting of the Audit & Supervisory Board held on May 9, 2019, Audit & Supervisory Board resolved to change the certified public accountant who performs audit certification under Article 193-2, paragraphs 1 and 2 of the Financial Instruments and Exchange Act. On the same day, The Board of Directors held resolved to submit the proposal to the 119th Ordinary General Meeting of Shareholders scheduled to be held on June 21, 2019. The company submitted this Notice (extraordinary report) based on Article 24-5 of the Financial Instruments and Exchange Law and the provisions of 4 of Cabinet Office Ordinance Article 19, Section 2, Item 9, concerning disclosure of company contents, etc.

2. Contents of the Notice

(1) Name of incoming and outcoming certified public accountants

i. Name of incoming certified public accountant : KPMG AZSA LLC

ii. Name of outcoming certified public accountant : Deloitte Touche Tohmatsu LLC

(2) Expected date of change

June 21, 2019

(3) Most recent date of appointment of outgoing certified public accountant

June 22, 2018

(4) Opinions and other information on audit reports and other documents prepared by the outgoing certified public accountant in the past three years

Not applicable

(5) Reason and background for the decision to change

KPMG AZSA LLC, the Company's independent auditor will retire due to expiration of its term of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of a new independent auditor based on the resolution of the Audit & Supervisory Board.

As the current independent auditor has been serving for an extended period of time, the Audit &Supervisory Board considered several candidates. Upon comprehensively evaluating its global audit structure, independence, expertise, and efficiency, Deloitte Touche Tohmatsu LLC has been selected as a candidate for independent auditor because it is deemed to have a system to ensure accounting audits are performed appropriately. In addition, a new independent auditor will provide a new perspective in audits, and overall, the candidate may contribute to strengthening of the Company's governance.

(6) Opinions of the outgoing certified public accountant concerning the statements in audit reports and other documents regarding the reason and process described in (5) above

The Company received a reply stating that there is no particular opinion on this matter.

g. Evaluation of audit firm by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board Members and the Audit & Supervisory Board conducted an evaluation of the audit firm in accordance with the evaluation criteria of the audit firm. Each item of the criteria is as follows.

- Quality Control by the audit firm
- Attitude toward Management
- Audit Team
- Audit for Subsidiaries
- Audit fee, etc.
- Fraud Risk
- Communication with Audit & Supervisory Board Members, etc.

h. Details of Fees for Audit and Non-Audit Services

(1) Fees to certified public accountants

Category	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	209	4	209	40
Consolidated subsidiaries	133	-	132	1
Total	342	4	341	41

Descriptions of non-audit services to the Company

(Fiscal year ended March 31, 2019)

Non-audit services to the Company were in respect of the consignment to prepare comfort letters for the issuance of bonds.

(Fiscal year ended March 31, 2020)

Non-audit services to the Company were in respect of the advisory services on governance of overseas subsidiaries.

Descriptions of non-audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2019)

Not applicable.

(Fiscal year ended March 31, 2020)

Non-audit services to consolidated subsidiaries were in respect of the consignment to prepare comfort letters for the issuance of bonds.

(2) Fees to the same network as the Company's accounting auditor (excluding (1))

Category	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	-	-	-	240
Consolidated subsidiaries	1,332	207	1,175	26
Total	1,332	207	1,175	266

Descriptions of non-audit services to the Company

(Fiscal year ended March 31, 2019)

Not applicable.

(Fiscal year ended March 31, 2020)

Non-audit services from the same network as the Company's accounting auditor (Deloitte Touche Tohmatsu Limited) to the Company were in respect of the advisory services on business process.

Descriptions of non-audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2019)

Non-audit services from the same network as the Company's accounting auditor (KPMG) to consolidated subsidiaries were in respect of the tax compliance related services and advisory services on sales process.

(Fiscal year ended March 31, 2020)

Non-audit services from the same network as the Company's accounting auditor (Deloitte Touche Tohmatsu Limited) to consolidated subsidiaries were in respect of the tax compliance related services.

(3) Other fees

Not applicable.

(4) Policy on determination of audit fees

In determining the amount of audit fees, the Company has a thorough discussion with the certified public accountants, including the scale and characteristics of the businesses.

(5) Reason why the Audit & Supervisory Board agreed to the audit fees etc.

The Audit & Supervisory Board conducted necessary verifications to determine whether the details of the audit plan for auditing by the Independent Auditor, the state of execution of accounting audit duties, and the calculation basis for audit fee estimates are appropriate or not. Upon these verifications, the Audit & Supervisory Board concluded that the amount of audit fee, etc., of the Independent Auditor is reasonable and consent has been given to it.

(4) Compensation to Directors and Audit & Supervisory Board Members

(i) Policy on determination of Compensation for Directors & Supervisory Board Members and its calculation formula

Policy of Compensation for Directors

Director compensation used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, in the pursuit of increased shareholder value of Ricoh and the Ricoh Group. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. The Company determines executive compensation based on the following basic policies:
1) Compensation is composed of three elements: i) basic compensation that reflects roles and performance of Directors, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value.
2) When compensation levels are set up and individual compensation are determined, objectivity, transparency and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.

[Breakdown and ratio of Director Compensation]

Fixed		Short-term		Medium to long-term		
i) Basic compensation (reflects roles and capabilities)	+	ii) Bonuses *1 *1 Excludes Outside Directors	+	iii) - Compensation for acquiring stock*2 -Stock-based compensation with stock price conditions*3 *2 Excludes Outside Directors and non-executive Directors *3 Excludes Outside Directors and non-executive Directors	=	6:3:1*4 *4 The above ratios are rough estimates based on the business results for fiscal 2018.

i) Basic compensation consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities.
In addition, compensation based on positions is additionally provided for the Representative Director, Chairperson of the Board, Chairperson of the Nomination Committee and the Compensation Committee, etc. A total of ¥251,520,000 was paid in FY2019.
ii) The amount of bonuses paid to Directors is determined based on operating income. By setting operating income as the key performance indicator, which is strongly correlated with market capitalization, it further clarifies responsibilities of Directors for the business results of the entire Ricoh Group and the improvement of shareholder value.
In addition, regardless of the results calculated through this framework, whether or not a bonus will be paid reflecting the status of governance and non-financial factors will be discussed by the Compensation Committee and decided by the Board of Directors, the amount of bonuses is ¥54,360,000 as approved and adopted at the 120th ordinary general meeting of shareholders held in June 26, 2020.

(Reference)
The amount of bonuses is calculated by the following formula, which has been judged as appropriate and determined through deliberation by the Compensation Committee.
Directors' bonuses = Base compensation for calculation (Basic monthly compensation) × Profit factor (Number of months determined in accordance with consolidated operating income*5)
*5 Number of months = consolidated operating income (millions of yen) / 20,000
In addition, the target of consolidated operating income which is an indication of performance-linked compensation was ¥100 billion in FY2019 and actual result of it was ¥79 billion.

iii) Among compensation that reflects the stock price, compensation for acquiring stock is allocated in full for the acquisition of stock in the Ricoh Executive Stock Ownerships Plan as an incentive for increasing shareholder value over the medium to long-term. Stock price-linked compensation (monetary compensation) was abolished and stock-based incentive with stock price conditions was introduced during FY2019. Both compensation for acquiring stock and the stock price-linked compensation abolished in FY2019 were paid to Directors by the Company in cash. As for FY2019, a total of ¥12,990,000 was paid.
The amount of expense recorded pertaining to points granted under the stock-based compensation with stock price conditions, introduced during FY2019, was ¥5,750,000.

(Reference)
Compensation for acquiring stock is paid as a component of fixed salary. Stock price-linked compensation payable was determined through deliberation of the Compensation Committee, based on the results of a comparison between Ricoh’s share price growth rate relative to that of TOPIX during the period from April to July 2019, before stock price-linked compensation was abolished. The final number of shares to be granted (amount of compensation paid) for stock-based compensation with stock price conditions is calculated by multiplying the points granted based on the Director’s position, determined through deliberation of the Compensation Committee, by a factor (from 0% to 200%) based on the results of a comparison between Ricoh’s share price growth rate relative to that of TOPIX during the period from the time when the system was adopted until the time of retirement.

Outside Directors with positions that are independent from business execution are only paid basic compensation, and they do not receive contingent compensation such as performance-linked compensation.
The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of executive Shareholders held on June 27, 2007.
Total compensation amount for Directors paid in FY2019 was ¥324,620,000.

Revision to the Formula for Calculating Directors’ Bonuses Linked to Key Performance Indicators
As described above, bonuses for the Company’s Directors are determined based on key performance indicators related to increasing share price and strengthening competitive strength. At the meeting of the Board of Directors held on March 31, 2020, it was determined to establish return on capital and ESG indicators as additional key performance indicators in the formula for calculating Directors’ bonuses, starting from FY2020. With this revision to the bonus formula, Directors’ responsibility has been made clear with regard to achieving key performance indicator goals.

[Formula for calculating Directors’ bonuses from FY2020 onward]
[Main points of the formula revision]
i) Establish a performance indicator using ROE results for each fiscal year, as an incentive to enhance return on capital
ii) Establish the annual DJSI* Rating, which the Company as a whole is pursuing, as a performance indicator, as an incentive to enhance ESG indicators
*Indicators related to return on capital and ESG will also be added to the formula for Executive Officers.
* Dow Jones Sustainability Index (DJSI):
A share index jointly developed by Dow Jones in the US and S&P Global, a company specializing in research on sustainable investment, the Dow Jones Sustainability Index measures the sustainability of major companies around the world from the three perspectives of economy, environment and society.

Formula for calculating Directors' bonuses

Individual bonus amount = [Portion determined based on operating income: Base points (Position points) × Profit factor (Factor determined based on consolidated operating income) (Factor = operating income in thousands of yen / 20,000)] × Return on capital factor × ESG factor

Point (i) Additional return on capital indicator

Return on capital factor

Achievement of target ROE in the current fiscal year

= Result / target

*Target is published each year

Point (ii) Additional ESG indicator

ESG factor

DJSI Rating

*Result is received in September each year

⇒Reflected in bonuses paid the subsequent year

Director's position	Position points
President	6,000
Corporate Executive Vice President	3,040
None	1,680

Degree of achievement	Factor
110% or more	1.2
105 or more and less than 110%	1.1
100 or more and less than 105%	1.0
95 or more and less than 100%	0.9
Less than 95%	0.8

Rating	Factor
World	1.05
Asia/Pacific	1.00
Not included	0.95

Annual review of Directors' Compensation

The Company places emphasis on securing objectivity, transparency, and suitability of elements such as Directors' compensation levels and ratio of basic compensation to variable compensation. The Compensation Committee deliberates on the matter including peer company benchmarks for Director Compensation in October each year and considers revising compensation levels and ratios as required.

Compensation Evaluation Process

The Company has established a voluntary Compensation Committee in order to build an objective and transparent compensation valuation process in order to improve competitiveness corporate value, and corporate governance. The Compensation Committee decides (i) the individual compensation amount regarding basic compensation and compensation for acquiring stock, and (ii) the individual compensation plan for bonuses, based on corporate performance and the compensation criteria for Directors after holding several discussions. Subsequently, with regard to bonuses, following discussions by the Board of Directors, it is determined whether or not to submit a proposal on the payment of bonuses to Directors to the General Meeting of Shareholders. The stock-based incentive with stock price conditions will be determined by the Compensation Committee upon setting the individual number of shares to be delivered based on comparison of the compensation levels of Directors and Ricoh's share price growth rate relative to that of TOPIX, and reported back to the Board of Directors.

Policy of Compensation for Audit & Supervisory Board Members

Compensation of Audit & Supervisory Board Members is appropriately reflected by expected role of the Auditors only.

(ii) The total amount of compensation, etc., total amount of each type and number of persons for each Directors and Audit & Supervisory Board Members Category

Category		Total compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)					Number of Persons
			Fixed	Short-term	Medium to long-term			
			Basic compensation	Bonuses	Compensation for acquiring stock*	stock price-linked compensation	Stock-based compensation with stock price conditions	
Directors (excluding Outside Directors)		267	193	54	9	3	5	4
Audit & Supervisory Board Members (excluding Outside Audit &Supervisory Board Members)		57	57	-	-	-	-	2
Outside Directors and Audit & Supervisory Board Members	Subtotal	86	86	-	-	-	-	7
	Outside Directors	57	57	-	-	-	-	4
	Outside Audit & Supervisory Board Members	28	28	-	-	-	-	3
Total		411	337	54	9	3	5	13

Notes:

1. It was decided that aggregate basic compensation of Directors should not exceed ¥46 million per month (including ¥7 million per month for Outside Directors), according to the resolution of the 116th Ordinary General Meeting of Shareholders held on June 17, 2016. It was decided that aggregate basic compensation of Audit & Supervisory Board Members should not exceed ¥9 million per month, according to the resolution of the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.

2. The compensation, etc. paid to Directors excludes employee wages for Directors who are also employees.

3. It was decided that stock price-linked compensation was abolished and stock-based incentive with stock price conditions was introduced according to the resolution of the 119th Ordinary General Meeting of Shareholders held on June 21, 2019.

(iii) The individual amount of compensation to Directors and Audit & Supervisory Board Members

Category	Total amount of compensation, etc. (Millions of Yen)	Category	Company	Total amount of each type (Millions of Yen)				
				Basic compensation	Bonuses	Compensation for acquiring stock*	stock price-linked compensation	Stock-based compensation with stock price conditions
Yoshinori Yamashita	114	Director	Ricoh Company, Ltd.	81	23	4	1	2

(Notes) Only members who were awarded with consolidated remuneration of ¥100 million or more in total are stated.

(iv) The portion of an employee's salary for Directors who concurrently serve as employees
There is no significant amount for the portion of employee's salary for Directors who concurrently serve as employees.

(5) Information on share holdings

1) Standards and principle of classification of equity securities

The Company classified the securities, which is held for the movement of stock value or dividend income, as pure investment and others are equity securities for purposes other than pure investment.

2) Equity securities held for purposes other than pure investment

a. The holding policy, the methods of evaluation for rational reason and contents of evaluating the worth to verify each issue by the Board of Directors

From the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company shall be able to hold shares of the relating partners only when such holding of shares is deemed necessary and effective for the future development of Ricoh Group, while taking into consideration of the returns such as dividends.

Specifically, the Board of Directors will verify each issue whether the benefits and risks of the holding are worth the capital cost, and if the holding loses significance in the medium- to long-term, they will be reduced accordingly.

b. Stock name and Nonconsolidated Statement of Financial Position Amount as of March 31, 2020.

	Number of stock names	Non-consolidated Statement of Financial Position Amount as of March 31, 2020 (Millions of Yen)
Unlisted securities	39	995
Other than unlisted securities	20	10,300

(Stocks increasing shares in year ended March 31, 2020)

	Number of stock names	Nonconsolidated Statement of Financial Position Amount as of March 31, 2020 (Millions of Yen)	The reason of increasing of shares
Unlisted securities	3	251	Facilitation and enhancement of business alliance and joint business development.
Other than unlisted securities	1	395	Facilitation and enhancement of business alliance and joint business development.

(Stocks decreasing shares in year ended March 31, 2020)

	Number of stock names	Nonconsolidated Statement of Financial Position Amount as of March 31, 2020 (Millions of Yen)
Unlisted securities	-	-
Other than unlisted securities	4	2,968

c. Information regarding number of shares, amount recorded in Nonconsolidated Statement of Financial Position, specified investment securities and deemed holding securities.

Specified investment securities

Stock Name	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Purpose and effect of holding, reason of increasing the number of shares	Share of common stock owned by each company
	Number of Shares (Shares)	Number of Shares (Shares)		
	Nonconsolidated Statement of Financial Position Amount as of March 31, 2020 (Millions of Yen)	Nonconsolidated Statement of Financial Position Amount as of March 31, 2019 (Millions of Yen)		
SAN-AI OIL CO.,LTD	3,362,820	3,362,820	Maintaining and enhancement of stable sales business relationships	Yes
	3,796	3,056		
OTSUKA CORPORATION.	390,000	390,000	Facilitation and enhancement of business alliance	Yes
	1,801	1,612		
MAX Co., Ltd.	500,000	500,000	Maintaining and enhancement of stable procurement relationships	Yes
	832	814		
Central Japan Railway Company	40,000	40,000	Maintaining and enhancement of stable sales business relationships	None
	692	1,028		
Sindoh Co., Ltd	313,748	313,748	Maintaining and enhancement of stable procurement relationships	None
	629	1,465		
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	118,100	Maintaining and enhancement of stable sales business relationships	Yes
	595	601		
Ushio Inc.	500,429	500,429	Maintaining and enhancement of stable sales and procurement relationships	Yes
	516	646		
Sumitomo Mitsui Trust Holdings, Inc.	112,409	112,409	Maintaining and enhancement of stable sales and financial relationships	Yes
	351	446		

NIDEC CORPORATION.	60,988	60,988	Maintaining and enhancement of stable procurement relationships	None
	341	855		
XAVIS.co.,Ltd.	1,701,500	-	Facilitation and enhancement of business alliance	None
	206	-		
Tokio Marine Holdings, Inc.	34,500	34,500	Maintaining and enhancement of stable sales and insurance relationships	Yes
	170	184		
Nippon Paper Group, Inc.	81,024	81,024	Maintaining and enhancement of stable sales business relationships	Yes
	124	185		
The Dai-ichi Life Insurance Company, Limited	52,800	52,800	Maintaining and enhancement of stable sales and insurance relationships	Yes
	68	81		
Japan Pulp & Paper Co., Ltd.	17,185	17,185	Maintaining and enhancement of stable procurement relationships	Yes
	64	71		
Sompo Holdings, Inc.	12,403	12,403	Maintaining and enhancement of stable sales and insurance relationships	Yes
	41	50		
SMK Corporation.	12,409	12,409	Maintaining and enhancement of stable sales business relationships	Yes
	28	32		
STANLEY ELECTRIC CO., LTD.	5,813	5,813	Maintaining and enhancement of stable sales business relationships	Yes
	12	17		
KYOCERA Corporation	1,800	1,800	Facilitation and enhancement of business alliance	None
	11	11		
TDK Corporation	930	930	Maintaining and enhancement of stable sales business relationships	None
	7	8		
Katakura Industries Co., Ltd.	5,000	5,000	Maintaining and enhancement of stable sales business relationships	None
	5	6		
OMRON Corporation	-	363,565	Sold on February 13, 2020.	None
	-	1,883		
Hitachi, Ltd.	-	67,200	Sold on February 13, 2020.	Yes
	-	240		
Daiwa Securities Group Inc.	-	304,924	Sold on February 14, 2020.	Yes
	-	164		
THE BANK OF SAGA LTD.	-	16,556	Sold on September 25, 2019.	Yes
	-	31		

Deemed holding securities

Stock Name	Fiscal year ended March 31, 2020 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2020 (Millions of Yen)	Fiscal year ended March 31, 2019 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2019 (Millions of Yen)	Purpose and effect of holding, reason of increasing the number of shares	Shares of common stock owned by each company
SAN-AI OIL CO.,LTD	5,800,000	5,800,000	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
	6,616	5,336		
Mitsubishi UFJ Financial Group, Inc.	7,790,000	7,790,000	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
	3,221	4,357		
STANLEY ELECTRIC CO., LTD.	1,300,000	1,300,000	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
	2,799	3,895		
Ushio Inc.	1,388,000	1,388,000	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
	1,492	1,852		
Mizuho Financial Group, Inc.	5,445,000	5,445,000	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
	690	950		

(Notes)

1. Specified investment securities and deemed holding securities are not combined for disclosure of major shareholders.
2. “ - “ means the Company does not have the stocks.
3. “Shares of common stock owned by each company” included the shares of subsidiaries’ if the issuing company controls the subsidiaries management system as their principle business.
4. It is difficult to describe the quantitative effectiveness of holding, due to unable to disclose the business conditions of each issues. However, from the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company verify the rationality of holdings of shares whether effective for the future development of Ricoh

Group, whether the benefits and risks of the holding are worth the capital cost while taking into consideration of the returns such as dividends.

3) Equity securities held for pure investment

Not applicable.

V. FINANCIAL INFORMATION

Consolidated Financial Statements
For the year ended March 31, 2020
With Independent Auditor's Report

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Ricoh Company, Ltd. and its Subsidiaries

Page

All schedules not listed have been omitted because they are not applicable or the required information has been otherwise supplied in the consolidated financial statements or the notes thereto.

Consolidated Statement of Financial Position

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents (Note 7)	240,099	262,834
Time deposits (Note 7)	70	50
Trade and other receivables (Note 8)	604,804	392,780
Other financial assets (Note 14 and 15)	294,351	87,226
Inventories (Note 9)	207,748	201,248
Other current assets	40,107	36,428
Subtotal	1,387,179	980,566
Assets classified as held for sale (Note 10)	2,583	1,125,582
Total current assets	1,389,762	2,106,148
Non-current assets:		
Property, plant and equipment (Note 11 and 13)	250,287	201,569
Right-of-use assets (Note 14)	-	59,425
Goodwill and intangible assets (Note 12 and 13)	219,806	231,898
Other financial assets (Note 14 and 15)	708,295	139,181
Investments accounted for using the equity method	12,521	14,305
Other investments (Note 16)	22,443	14,951
Other non-current assets	38,006	29,550
Deferred tax assets (Note 22)	84,012	70,618
Total non-current assets	1,335,370	761,497
Total assets (Note 5)	2,725,132	2,867,645

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings (Note 18)	266,957	51,492
Trade and other payables (Note 17)	306,189	246,055
Lease liabilities (Note 14)	-	27,230
Other financial liabilities (Note 20)	521	-
Income tax payables	15,455	9,455
Provisions (Note 19)	12,277	11,686
Other current liabilities (Note 21)	242,799	233,909
Subtotal	844,198	579,827
Liabilities directly related to assets held for sale (Note 10)	-	969,069
Total current liabilities	844,198	1,548,896
Non-current liabilities:		
Bonds and borrowings (Note 18)	666,462	128,172
Lease liabilities (Note 14)	-	38,741
Other financial liabilities (Note 20)	3,420	-
Accrued pension and retirement benefits (Note 23)	105,288	99,795
Provisions (Note 19)	6,610	6,458
Other non-current liabilities (Note 21)	77,619	34,143
Deferred tax liabilities (Note 22)	2,547	2,913
Total non-current liabilities	861,946	310,222
Total liabilities	1,706,144	1,859,118
Equity:		
Common stock (Note 25)	135,364	135,364
Additional paid-in capital (Note 25)	186,086	186,173
Treasury stock (Note 25)	(37,394)	(37,795)
Other components of equity	73,645	41,768
Other comprehensive income related to disposal group held for sale (Note 10)	-	130
Retained earnings (Note 25)	574,876	594,731
Total equity attributable to owners of the parent	932,577	920,371
Non-controlling interests (Note 37)	86,411	88,156
Total equity	1,018,988	1,008,527
Total liabilities and equity	2,725,132	2,867,645

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Sales (Note 5 and 29)	2,013,228	2,008,580
Cost of sales	(1,246,345)	(1,287,003)
Gross profit	766,883	721,577
Selling, general and administrative expenses (Note 30 and 31)	(702,912)	(658,435)
Other income (Note 27)	23,449	15,911
Impairment of Goodwill (Note 13)	(581)	(13)
Operating profit (loss)	86,839	79,040
Finance income (Note 32)	4,598	4,926
Finance costs (Note 32)	(7,965)	(8,319)
Share of profit (loss) of investments accounted for using the equity Method	492	244
Profit (loss) before income tax expenses	83,964	75,891
Income tax expenses (Note 22)	(28,587)	(31,478)
Profit (loss)	55,377	44,413
Profit (loss) attributable to:		
Owners of the parent	49,526	39,546
Non-controlling interests	5,851	4,867

	Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Earnings per share (attributable to owners of the parent) (Note 34) :		
Basic	68.32	54.58
Diluted	-	54.58

The accompanying notes are an integral part of these consolidated financial statements.

* Gain on sales of property, plant, equipment and others were included in “Other income.” As for the year ended March 31, 2019, gain on sales of shares of Ricoh Logistics System Co., Ltd was included in “Other income.”
* As for the year ended March 31, 2019, gain arising from the removal from consolidation of Ricoh India Limited with loss of control, provision of allowance for doubtful accounts for receivable for Ricoh India Limited and others were included in “Selling, general and administrative expenses”.

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Profit (loss)	55,377	44,413
Other comprehensive income (loss) (Note 33) :		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	(6,389)	(2,481)
Net changes in fair value of financial assets measured through other comprehensive income	(1,929)	(946)
Total components that will not be reclassified subsequently to profit or loss	(8,318)	(3,427)
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	56	190
Exchange differences on translation of foreign operations	(10,979)	(29,562)
Total components that will be reclassified subsequently to profit or loss	(10,923)	(29,372)
Total other comprehensive income (loss)	(19,241)	(32,799)
Comprehensive income (loss)	36,136	11,614
Comprehensive income (loss) attributable to:		
Owners of the parent	30,304	6,949
Non-controlling interests	5,832	4,665

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen						
				Other components of equity			
	Common stock	Additional paid-in capital	Treasury stock	Remeasure-ments of defined benefit plans	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges	Exchange differences on translation of foreign operations
Balance as of April 1, 2018	135,364	186,463	(37,329)	-	51,581	(13,261)	76,634
Cumulative effects of changes in accounting policy	-	-	-	-	(41,149)	13,293	-
Opening Balance reflecting changes in accounting policy	135,364	186,463	(37,329)	-	10,432	32	76,634
Profit (loss)							
Other comprehensive income (loss) (Note 33)				(6,385)	(2,001)	27	(10,863)
Comprehensive income (loss)	-	-	-	(6,385)	(2,001)	27	(10,863)
Net change in treasury stock			(10)				
Dividends declared and approved to owners (Note 25)							
Transfer from other components of equity to retained earnings				6,385	(616)		
Equity transactions with non-controlling shareholders		(377)					
Other			(55)				
Total transactions with owners	-	(377)	(65)	6,385	(616)	-	-
Balance as of March 31, 2019	135,364	186,086	(37,394)	-	7,815	59	65,771
Profit (loss)							
Other comprehensive income (loss) (Note 33)				(2,473)	(776)	255	(29,603)
Comprehensive income (loss)	-	-	-	(2,473)	(776)	255	(29,603)
Net change in treasury stock			(401)				
Dividends declared and approved to owners (Note 25)							
Share-based payment transactions (Note 24)		43					
Share-based payment transactions of subsidiaries (Note 24)							
Transfer from other components of equity to retained earnings				2,473	(1,623)		
Equity transactions with non-controlling shareholders		44					
Transfer to other comprehensive income related to disposal group held for sale (Note 10)					(225)	95	
Total transactions with owners	-	87	(401)	2,473	(1,848)	95	-
Balance as of March 31, 2020	135,364	186,173	(37,795)	-	5,191	409	36,168

	Millions of Yen					
	Other components of equity	Other comprehensive income related to disposal group held for sale	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Total other components of equity					
Balance as of April 1, 2018	114,954	-	510,113	909,565	79,190	988,755
Cumulative effects of changes in accounting policy	(27,856)	-	33,691	5,835	-	5,835
Opening Balance reflecting changes in accounting policy	87,098	-	543,804	915,400	79,190	994,590
Profit (loss)			49,526	49,526	5,851	55,377
Other comprehensive income (loss) (Note 33)	(19,222)			(19,222)	(19)	(19,241)
Comprehensive income (loss)	(19,222)	-	49,526	30,304	5,832	36,136
Net change in treasury stock				(10)		(10)
Dividends declared and approved to owners (Note 25)			(12,685)	(12,685)	(1,101)	(13,786)
Transfer from other components of equity to retained earnings	5,769		(5,769)	-		-
Equity transactions with non-controlling shareholders				(377)	2,490	2,113
Other				(55)		(55)
Total transactions with owners	5,769	-	(18,454)	(13,127)	1,389	(11,738)
Balance as of March 31, 2019	73,645	-	574,876	932,577	86,411	1,018,988
Profit (loss)			39,546	39,546	4,867	44,413
Other comprehensive income (loss) (Note 33)	(32,597)			(32,597)	(202)	(32,799)
Comprehensive income (loss)	(32,597)	-	39,546	6,949	4,665	11,614
Net change in treasury stock				(401)		(401)
Dividends declared and approved to owners (Note 25)			(18,841)	(18,841)	(1,227)	(20,068)
Share-based payment transactions (Note 24)				43		43
Share-based payment transactions of subsidiaries (Note 24)				-	31	31
Transfer from other components of equity to retained earnings	850		(850)	-		-
Equity transactions with non-controlling shareholders				44	(1,724)	(1,680)
Transfer to other comprehensive income related to disposal group held for sale (Note 10)	(130)	130		-		-
Total transactions with owners	720	130	(19,691)	(19,155)	(2,920)	(22,075)
Balance as of March 31, 2020	41,768	130	594,731	920,371	88,156	1,008,527

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss)	55,377	44,413
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization (Note 5)	94,288	120,688
Impairment losses of property, plant and equipment and intangible assets (Note 13)	2,138	909
Impairment of goodwill (Note 13)	581	13
Other income (Note 27)	(23,449)	(6,748)
Share of profit (loss) of investments accounted for using the equity method	(492)	(244)
Finance income and costs (Note 32)	3,367	3,393
Income tax expenses (Note 22)	28,587	31,478
(Increase) decrease in trade and other receivables	(6,595)	16,408
(Increase) decrease in inventories	(30,097)	3,158
(Increase) decrease in lease receivables	(13,527)	(33,953)
Increase (decrease) in trade and other payables	10,024	(18,987)
Increase (decrease) in accrued pension and retirement benefits	(6,937)	(6,805)
Other, net	553	(4,966)
Interest and dividends received	4,123	4,557
Interest paid	(5,007)	(4,429)
Income taxes paid	(30,987)	(32,184)
Net cash provided by (used in) operating activities	81,947	116,701
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	9,707	8,615
Expenditures for property, plant and equipment	(72,462)	(86,596)
Proceeds from sales of intangible assets	969	221
Expenditures for intangible assets	(29,589)	(27,188)
Payments for purchases of investment securities	(8,639)	(14,982)
Proceeds from sales of investment securities	63,830	3,985
Net (Increase) decrease in time deposits	458	12
Purchases of business, net of cash acquired (Note 6)	(5,133)	(16,462)
Net increase (decrease) from sales of investments in subsidiaries (Note 28)	10,223	-
Other, net	(15,295)	(32,196)
Net cash provided by (used in) investing activities	(45,931)	(164,591)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) of short-term debt (Note 18)	26,236	6,068
Proceeds from long-term debt (Note 18)	152,234	292,885
Repayments of long-term debt (Note 18)	(139,399)	(200,950)
Proceeds from issuance of bonds (Note 18)	50,000	72,119
Repayments of bonds (Note 18)	(35,000)	(42,148)
Repayments of lease liabilities (Note 18)	-	(30,065)
Dividends paid (Note 25)	(12,685)	(18,841)
Payments for purchases of treasury stock	(10)	(401)
Proceeds from sales of shares of subsidiaries which does not involve changes in the scope of consolidation (Note 28)	3,006	-
Other, net	(1,958)	(2,910)
Net cash provided by (used in) financing activities	42,424	75,757
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	1,091	(4,278)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,531	23,589
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	160,568	240,099
CASH AND CASH EQUIVALENTS AT END OF YEAR	240,099	263,688
CASH AND CASH EQUIVALENTS RECLASSIFIED TO ASSETS HELD FOR SALE	-	(854)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Consolidated statements of financial position) (Note 7)	240,099	262,834

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Ricoh Company, Ltd. and its Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the "Company") is a company domiciled in Japan. The consolidated financial statements of the Company as of and for the year ended March 31, 2020 comprise the Company and its subsidiaries ("Ricoh" as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are comprised of the Office Printing segment, including MFPs and copiers, related parts and supplies, the Office Service segment, including personal computers, servers, network equipment, related service and support, the Commercial Printing segment, including cut sheet printers, continuous feed printers, the Industrial Printing segment, including inkjet heads, imaging systems and industrial printers, the Thermal Media segment, including thermal media and Other, including industrial optical component/module, electronic components and digital cameras (see Note 5, "Operating Segments").

2. BASIS OF PREPARATION

(1) Statements of Compliance

Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") based on the stipulations of Article 93 of the "Regulations Concerning Terminology, Form and Method for Preparing Financial Statements". Ricoh meets all the requirements for "Regulations Concerning Terminology, Form and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance of Japan Regulation No. 28, 1976).

(2) Basis of Measurement

Ricoh's consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities, including financial instruments measured at fair value and retirement benefit assets and liabilities as shown in Note 3, "significant accounting policies".

(3) Functional and Presentation Currency

The items included in financial statements of each group company are measured by the currency of the primary economic environment in which each group company operates ("functional currency"). The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All amounts presented in Japanese yen have been rounded to the nearest million.

(4) New Standards and Interpretations

Significant accounting policies which are applied to the Consolidated Statement of Financial Position are consistent with previous fiscal year excepting the table below.

IFRSs	Title	Summaries of new IFRSs/amendments
IFRS 16	Leases	Changes in accounting for leases

Adoption of IFRS 16 ‘Leases’

Ricoh implemented IFRS 16 ‘Leases’ as of April 1, 2019. Ricoh applied this standard retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application. In applying IFRS 16, Ricoh uses a practical expedient, in which an entity is not required to reassess whether a contract is or contains a lease at date of initial application, and Ricoh also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

For leases that Ricoh as a lessee previously classified as operating leases applying IAS 17, right-of-use assets and lease liabilities were recognized at the date of initial application. Lease liabilities have been measured at the present value of outstanding lease payments discounted using the lessee’s incremental borrowing rate at the date of initial application. The weighted average of the lessee’s incremental borrowing rate is 1.6%. Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted for the prepaid lease payments and other factors. Ricoh has elected the exemptions that allow a lessee not to apply the requirements of IFRS 16 to short-term leases (with a lease term of 12 months or less) and leases for low-value assets.

For leases that Ricoh as a lessee previously classified as finance leases applying IAS 17, the carrying amounts of right-of-use assets and lease liabilities at the date of initial application were the carrying amounts of lease assets and lease liabilities, respectively, immediately before the date measured applying IAS 17.

The following is a reconciliation of non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the consolidated statement of financial position at the date of initial application.

	(Millions of Yen)
Non-cancellable operating lease contracts as of March 31, 2019	49,522
Finance lease liabilities as of March 31, 2019	3,397
Cancellable operating lease contracts, etc.	30,359
Lease liabilities as of April 1, 2019	83,278

Right-of-use assets recognized at the beginning of the current fiscal year was ¥79,807 million. There was no material impact on profit and loss of the current fiscal year from the changes.

(5) Early Adoption of New Standards

Ricoh has no early adoption of any new standards.

(6) Use of Estimates and Judgments

For the preparation of consolidated financial statements in accordance with IFRSs, it is required that management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

• Note 22 – Income taxes (Recognition of deferred tax assets)

Ricoh's consolidated financial results for the current fiscal year have been significantly influenced by a decrease in demand for the mainstay businesses of office equipment and consumables toward the end of the current fiscal year, particularly overseas, due to the global spread of COVID-19 prompting governments in numerous countries to impose lockdowns or requests to voluntarily constrain activities.
It is anticipated that these circumstances will continue during the following fiscal year to a certain degree and Ricoh has made several assumptions concerning when the impact by the spread of COVID-19 will come to an end. Our performance is expected to recover most likely from the third quarter of FY2020, while also considering possibilities for a recovery in performance starting from the second quarter of FY2020 or from FY2021.
Ricoh tests goodwill and fixed assets for impairment and evaluates the recoverability of deferred tax assets on the grounds that future business plans are established in accordance with certain assumptions in consideration of the above scenarios. Please refer to Note 13 - Impairment losses (Impairment losses on tangible assets, intangible assets and goodwill) and Note 22 - Income taxes (Recognition of deferred tax assets) for more information.

The following notes include information in respect to uncertainties of judgments and estimates which have a significant risk to cause material adjustments in the next fiscal year.

• Note 14 - Lease
• Note 19 - Provisions
• Note 23 - Employee benefits (Pension accounting)
• Note 26 - Financial Instruments and related disclosures (Allowance for doubtful receivables, fair value of securities)
• Note 29 – Sales (Revenue recognition)

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Business Combinations

Business combinations are accounted for using the acquisition method. Goodwill is recognized and measured as the excess of the net of the acquisition date amounts of identifiable assets acquired and liabilities assumed over the aggregate of consideration transferred, the amount of any noncontrolling interests and, in case of business combinations achieved in stages, the acquisition date fair value of the previously held equity interest. If the consideration of the acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is immediately recognized as profit in the consolidated statement of profit or loss. If the amount of initial accounting for a business combination is not determined by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported and are adjusted during the measurement period, which is one year from the acquisition date. The acquisition related costs incurred are recognized as expenses.

Business combinations of entities under common control or business combinations in which all the combined entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations when that control is not transitory are accounted for based on carrying amounts.

(b) Subsidiaries

Subsidiaries are entities which are controlled by Ricoh. Ricoh controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. When necessary, the accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by Ricoh. All intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

On the disposal of interests in subsidiaries, if Ricoh retains control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the noncontrolling interests and the fair value of the consideration received is recognized directly in equity as Ricoh Company, Ltd. shareholders' equity. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

(c) Associates

Associates are entities over which Ricoh has significant influence but does not have control to govern financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized at cost on acquisition. The investments include goodwill recognized on acquisition.

Ricoh's share of the income and expenses of the associates accounted for using the equity method and changes in Ricoh's share in such equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date when it is lost. The accounting policies of associates accounted for using the equity method have been adjusted to ensure consistency with those applied by Ricoh.

(2) Foreign Currency

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currencies of Ricoh by applying the rate of exchange prevailing at the date of transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies at the prevailing exchange rate at the reporting date. Nonmonetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the exchange rate at the date when the fair value was determined. Exchange differences arising from retranslation are recognized in profit or loss.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions of foreign operations are translated using the exchange rate at the reporting date. In addition, the income and expenses of foreign operations are translated using the average exchange rate for the year excluding those cases in which exchange rates are fluctuating significantly.

Foreign exchange translation differences are recognized in other comprehensive income. On disposal of the entire interest in foreign operations and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the foreign exchange translation differences related to such foreign operations is reclassified to profit or loss at the time of such disposal.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits available for withdrawal on demand and short-term investments due within 3 months or less and are substantially free from any price fluctuation risk.

(4) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory includes purchase costs and conversion costs that contain appropriate allocation of fixed and variable overhead expenses. These costs are assigned to inventories mainly by the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(5) Assets held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification requires both of conditions, when the asset (or disposal group) is available for immediate sale in its present condition and when its sale is highly probable. For the sale to be highly probable, management must be committed to a plan to sell the asset (or disposal group) and the sale must be expected to be concluded within one year from the date of the classification.

After the classification, the asset (or disposal group) is measured at the lower of its carrying amount and fair value less costs to distribute and depreciation on the asset (or disposal group) ceases. Regarding the measurement, an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell is recognized through profit or loss. The gain can be recognized up to the amount not in excess of the cumulative impairment loss that has been recognized.

(6) Property, Plant and Equipment

(a) Recognition and measurement

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment loss. The cost of items of property, plant and equipment includes costs directly attributable to the acquisition and initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

(b) Subsequent costs

Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized to the extent they enhance the future economic benefit of the asset.

(c) Depreciation

Depreciation of property, plant and equipment is mainly computed by the straight-line method based on the estimated useful life of each item. The depreciation period generally ranges from 2 to 60 years for buildings and structures, 1 to 20 years for machinery and vehicles and 1 to 20 years for tools, equipment and fixtures. The depreciation method, useful life and residual value are reviewed at the end of each reporting period and changed when necessary.

(7) Goodwill and Intangible Assets

(a) Goodwill

Goodwill measurements at initial recognition are presented in "(1) Principles of Consolidation (a) Business Combinations". It is not amortized and is measured by deducting impairment loss from cost.

(b) Intangible Assets

Intangible assets are measured at cost less any accumulated amortization and accumulated impairment loss.

(i) Capitalized software costs

Ricoh capitalizes certain internal and external costs incurred to acquire or create internal use software during the application development stage as well as upgrades and enhancements that result in additional functionality. The capitalized software is amortized on a straight line basis generally over 2 to 10 years.

(ii) Development assets

An intangible asset arising from development activities (or from the development phase of an internal project) shall be recognized if, and only if, Ricoh can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset for use or sale;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization of such an asset commences on the commercial production date after the completion of an internal project, and the asset is amortized on a straight-line basis over its estimated useful life, generally ranging from 2 to 10 years, that is the period over which it is expected to generate net cash inflows. Other development expenditure and expenditure on research activities are recognized as an expense as incurred.

(iii) Other intangible assets

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are measured at fair value on the acquisition date.

(iv) Amortization (other than development assets)

Intangible assets with definite useful lives are amortized over the estimated useful life and a determination is made as to whether there exists any indication of impairment. Intangible assets consisting primarily of software, customer relationships and trademarks are amortized on a straight-line basis over 1 to 20 years. Intangible assets with indefinite useful lives and intangible assets that are not ready to use are not amortized, but are tested annually for impairment until the asset's life is determined to no longer be indefinite.

(8) Impairment losses of tangible assets, right-of-use assets, goodwill and intangible assets

At the end of each reporting period, Ricoh assesses whether there is any indication of impairment for non-financial assets, excluding inventories and deferred tax assets. If any such indication exists, the assets are tested for impairment based on the recoverable amount. Irrespective of whether there is any indication of impairment, Ricoh test goodwill, an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually. A cash generating unit ("CGU") is the smallest group of assets which generates cash inflows that are largely independent from the cash inflows of other assets or groups of assets. A CGU or group of CGUs to which the goodwill is allocated is determined based on the unit by which the goodwill is monitored for internal management purposes and is not larger than the operating segment before aggregation.

The grouping of assets is based on business management units for performance management accounting.

In the 19th Mid-Term Management Plan that Ricoh launched in FY2017, our strategy shifted from expanding scale to focusing on profit for the core business segments of Office Printing and Office Service, and we have redefined our business domain for business management according to that strategy and divided it into more discrete segments than before. A system was created that enabled actual management decision-making and business management monitoring using smaller management units and newly defined CGUs and CGU groups based on the management units.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset that are not considered in estimating future cash flows. Because corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the assets are tested based on the recoverable amount of the CGU to which they belong. If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit.

At the end of each reporting period, Ricoh assesses whether there is any indication that an impairment loss recognized in prior periods for an asset or CGU may no longer exist or may have decreased. If any such indication exists in an asset or CGU, the recoverable amount of the asset or CGU is estimated. In cases in which the recoverable amount exceeds the carrying amount of the asset or CGU, the impairment loss is reversed. The carrying amount after the reversal of the impairment loss will not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized in prior years. Impairment loss recognized for goodwill is not reversed in subsequent periods.

(9) Leases

(a) Leases as lessee

(For the year ended March 31, 2019)

Ricoh assesses whether an arrangement is or contains a lease at the inception of the arrangement. If fulfillment of the arrangement is dependent on the use of a specific asset, it contains a lease. Arrangements convey the right to use the assets when the arrangements convey to Ricoh the right to control the use of the underlying assets. At the inception or on reassessment of an arrangement that contains a lease, Ricoh separates payments and other consideration required by the arrangement into lease and non-lease elements on the basis of their relative fair values. If Ricoh concludes that it is impracticable to separate the payments for finance leases reliably, then assets and liabilities are recognized at the amount equal to the fair value of the underlying assets. Subsequently, the liabilities are reduced as payments are made, and imputed finance costs incurred on the liabilities are recognized using Ricoh's incremental borrowing rate.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives are deemed as inseparable components of the total lease payments and are recognized over the lease term.

Minimum lease payments made under finance leases are allocated to the finance costs and the reduction of the outstanding liabilities. Finance costs are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of liabilities.

(For the year ended March 31, 2020)

Ricoh assesses whether the contract is, or contains, a lease at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the underlying asset is real estate, Ricoh allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. When the underlying asset is other than real estate, Ricoh elects not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

For a contract that is, or contains, a lease, Ricoh recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Lease liabilities are measured at the present value of outstanding lease payments discounted using the lessee's incremental borrowing rate at the commencement date. Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted for the prepaid lease payments and other factors.

Right-of-use assets are measured at cost and depreciated on a straight-line basis over the shorter of their estimated useful lives and lease terms. Lease payments are apportioned between interest expenses and the reduction of the outstanding liability using the effective interest method.

Interest expenses are presented on the consolidated statement of profit or loss separately from depreciation expenses of right-of-use assets.

Ricoh does not recognize right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and leases for low-value assets. Ricoh recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

(b) Leases as lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Other leases are classified as operating leases. In circumstances in which the lessor is a manufacturer or dealer, the profit or loss from a finance lease is recognized in accordance with the same revenue recognition policy as that for products sales. Finance income is recognized over the term of the lease using the effective interest method. In circumstances in which the lessor is neither a manufacturer nor dealer, finance income is recognized over the term of the lease using the effective interest method.

The interest rate implicit in the lease is the discount rate that causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equaled to the sum of the fair value of the leased asset and any initial direct costs incurred by the lessor.

Income from operating leases are recognized on a straight-line basis over the term of the lease.

(10) Provisions

Provisions are recognized when Ricoh has present obligations (legal or constructive) as a result of past events, when it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations. Where the time value of money is material, the provision is measured based on the present value using a discount rate that reflects the risks specific to the liability.

The estimated costs of dismantling, removing and restoring assets and any other expenditures arising from a contractual obligation are recognized as provisions for asset retirement obligation, which is included in the cost of "Property, plant and equipment". The estimated costs and discount rate are reviewed annually, and where Ricoh considers it is necessary to change them, the liability is added to or deducted from the cost of the related asset as a change in accounting estimate.

The warranties provision corresponds to the cost of product warranties related to after-sales service and is recognized based on the estimated cost of after-sales service during the warranty period. The warranty costs were included in "Cost of sales".

(11) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached to the grants. With regard to government grants for the purchase of assets, the amount of the grant is credited to deferred income and recognized in the statement of profit over the expected useful life of the relevant assets on a straight-line basis.

(12) Employee benefits

(a) Post-employment benefits

Ricoh has defined benefit corporate pension plans and defined contribution plans.

The net obligations for defined benefit plans are recognized at the present value of the amount of future benefits that the employees have earned in the current and prior periods less the fair value of any plan assets on a plan-by-plan basis. Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and directly reclassified to retained earnings from other components of equity. Past service costs are recognized in profit or loss.

The contribution to the defined contribution plans are recognized as an expense when the related service is provided by the employee.

(b) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if Ricoh has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(13) Share-based Payment

Ricoh has equity-settled share-based compensation plans.

Under the equity-settled share-based compensation plan, the amount of services received is measured with reference to the fair value of the granted capital instruments at the granted date, and is recognized as an expense over the vesting period. The same amount is recognized as an increase in additional paid-in capital.

(14) Financial Instruments

Ricoh classifies the financial assets and liabilities that it holds into the following categories: (i) financial assets measured at amortized cost, (ii) debt instruments measured at fair value through other comprehensive income (iii) equity instruments measured at fair value through other comprehensive income, (iv) financial assets measured at fair value through profit or loss and (v) financial liabilities measured at amortized cost.

(a) Initial recognition and measurement

Ricoh initially recognizes trade and other receivables on the date that they are originated. A regular way purchase or sale of financial assets are initially recognized on the settlement date. Financial assets measured at fair value through profit or loss are initially measured at fair value. Financial assets measured at amortized cost, debt instruments and equity instruments measured at fair value through other comprehensive income are initially measured at fair value plus transaction costs directly attributable to the acquisition. However, trade receivables that do not contain a significant financing component are initially measured at the transaction price.

(b) Classification and subsequent measurement

(i) Financial assets measured at amortized cost

Financial assets held by Ricoh are measured at amortized cost if both of the following conditions are met:

・The financial asset is held in a business model in which the objective is to hold financial assets in order to collect contractual cash flows; and

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the carrying amounts of the financial assets measured at amortized cost are recognized using the effective interest method less impairment loss, if any. Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss for the period.

(ii) Debt instruments measured at fair value through other comprehensive income

Financial assets held by Ricoh are classified as debt instruments measured at fair value through other comprehensive income if both of the following conditions are met.

・The financial asset is held in a business model in which the objective is to hold financial assets in order to collect contractual cash flows and sale the financial asset; and

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at fair value after initial recognition, and subsequent changes including foreign exchange, impairment gains or losses, and dividends from debt instrument are recognized as profit or loss. Other changes are included in other comprehensive income. When the debt instruments are derecognized, accumulated other comprehensive income is reclassified to retained earnings.

(iii) Equity instruments measured at fair value through other comprehensive income

Ricoh has made an irrevocable election to present subsequent changes in the fair value of financial assets, except financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income and classify them in equity instruments measured at fair value through other comprehensive income.

These financial assets are measured at fair value after initial recognition, and changes in the fair value are included in other comprehensive income. When the fair value significantly declines or the equity instruments are derecognized, accumulated other comprehensive income is reclassified to retained earnings.

Dividends from equity instruments measured at fair value through other comprehensive income are recognized as profit or loss.

(iv) Financial assets measured at fair value through profit or loss

Equity instruments that are not classified as equity instruments measured at fair value through other comprehensive income measured at fair value through profit or loss.

These financial assets are measured at fair value after initial recognition, and changes in their fair value are recognized in profit or loss.

(v) Financial liabilities measured at amortized cost

Bonds, borrowings, trade and other payables which Ricoh holds are initially measured at fair value less transaction costs directly attributable to the issuance. After initial recognition, these financial liabilities are measured at amortized cost.

(c) Derecognition of non-derivative financial assets and liabilities

Ricoh derecognizes financial assets when the contractual rights to the cash flows from the assets expire or Ricoh transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Ricoh derecognizes financial liabilities when contractual obligations are discharged, cancelled or expire.

(d) Impairment of non-derivative financial assets

With respect to impairment of financial assets measured at amortized cost, Ricoh recognizes a loss allowance for expected credit losses on such financial assets. At each reporting date, Ricoh assesses whether the credit risks on the financial assets have increased significantly since initial recognition. Ricoh assesses whether a credit risk on the financial assets has increased significantly based on a change in the default risk, considering past due information and the financial difficulties of the obligors.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to the 12- month expected credit loss. If a credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit loss. However, with respect to trade receivables that do not contain a significant financing component, the loss allowance is measured at an amount equal to the lifetime expected credit loss (simplified approach).

The expected credit loss of financial asset is estimated in a way that reflects the following:

・an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;

・the time value of money; and

・reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amounts of these measurements are recognized in profit or loss. If an event that reduces an impairment loss occurs after the impairment loss has been recognized, the impairment loss will be reversed to the extent of the decrease and credited to profit or loss.

(e) Equity

(i) Ordinary shares

Incremental costs, net of tax, directly attributable to the issuance of equity instruments are deducted from equity.

(ii) Treasury shares

If the Company purchases its own equity instruments (treasury shares), the consideration paid, net of directly attributable transaction costs and tax, is recognized as a deduction from equity. If the Company disposes of treasury shares, any gain or loss arising from the disposal is recognized in equity.

(f) Derivative financial instruments and hedging activities

Ricoh manages its exposure to certain market risks, primarily foreign currency, interest rate and stock price risks through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets hedge effectiveness requirements. In general, a derivative may be designated as either (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (“fair value hedge”) or (2) a hedge of the exposure to changes in variability of the expected cash flows associated with an existing asset or liability or a highly probable forecasted transaction (“cash flow hedge”).

Ricoh formally documents all relationships between hedging instruments and hedged items as well as its risk management objectives and strategies for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the consolidated statement of financial position or to specific firm commitments or forecasted transactions.

(i) Fair value hedges

Derivative instruments designated as fair value hedges are measured at fair value. Changes in the fair values of derivatives designated as fair value hedges are recognized as gains or losses and are offset by the losses or gains resulting from the changes in the fair values of the hedged items.

(ii) Cash flow hedges

The effective portion of the gains and losses of hedging instruments in a cash flow hedge are recognized through other comprehensive income. Other comprehensive income is reclassified to profit or loss in the same period during which the hedged expected cash flows affect profit or loss. Changes in the fair values of the ineffective portions of cash flow hedges are recognized immediately in profit or loss.

(iii) Derivatives not designated as hedging instruments

Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in profit or loss.

(15) Revenue Recognition

Ricoh recognizes and measure revenue based on a 5-step approach as follows.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The specific revenue recognition standards are described in Note 29 Sales.

(16) Finance Income and Finance Costs

Finance income mainly comprises dividend income, interest income and foreign currency exchange gain. Dividend income is recognized on the date when the right to receive payment is established. Interest income is recognized when incurred using the effective interest method.

Finance costs mainly comprise interest costs and foreign currency exchange loss. Interest costs are recognized when incurred using the effective interest method.

(17) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for those taxes which are recognized either in other comprehensive income, directly in equity or arising from business combinations. Current taxes are the expected taxes payable or receivable on taxable profit or loss using the tax rates and tax laws enacted or substantially enacted by the end of the reporting period adjusted by taxes payable or receivable in prior years. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax basis, net operating loss carryforwards and tax credit carryforwards.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither book basis or tax basis profits (tax losses). Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and investments accounted for by the equity method. However, if Ricoh is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates accounted for by the equity method are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences are expected to be reversed based on tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and income taxes are levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(18) Earnings Per Share

Basic earnings per share are calculated by dividing profit and loss attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of treasury shares. Diluted earnings per share are calculated by adjusting the effects of potentially dilutive ordinary shares.

(19) Operating Segments

Operating segments are components of business activities from which Ricoh may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments, and for which discrete financial information for operating results of all operating segments is available and is regularly reviewed by management in order to determine the allocation of resources to the segment and assess its performance.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards and interpretations that were not effective in the reporting period ended March 31, 2020 and which Ricoh has not yet adopted for the preparation of consolidated financial statements would not significantly affect the consolidated financial statements.

5. OPERATING SEGMENTS

Ricoh's Operating Segments Information is as follows.

New Segments	Products & Services
Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Services	Personal computers, servers, network equipment, related services, support, software and service solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal papers, thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare, financial services

Segment profit (loss) is determined by subtracting "Cost of sales" and "Selling, general and administrative expenses" from "Sales," and is used by Ricoh's chief operating decision maker in deciding how to allocate resources and in assessing performance. Segment profit (loss) excludes certain corporate expenses such as costs related to human resources, legal relations, investor relations, public relations, corporate planning and environmental activities.

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the years ended March 31, 2019 and 2020. Intersegment sales are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the years ended March 31, 2019 and 2020.

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Segment sales:		
Office Printing	1,086,428	1,006,274
Office Services	481,392	568,955
Commercial Printing	185,292	178,396
Industrial Printing	20,692	23,006
Thermal Media	66,368	61,896
Other	218,080	197,581
Intersegment sales	(45,024)	(27,528)
Total segment sales	2,013,228	2,008,580
Segment profit (loss):		
Office Printing	117,999	90,343
Office Services	14,739	29,090
Commercial Printing	27,223	23,152
Industrial Printing	(7,127)	(4,950)
Thermal Media	4,230	3,213
Other	17,305	2,331
Total segment profit	174,369	143,179
Reconciling items:		
Corporate expenses and elimination	(87,530)	(64,139)
Finance income	4,598	4,926
Finance costs	(7,965)	(8,319)
Share of profit of investments accounted for using equity method	492	244
Profit before income tax expenses	83,964	75,891

Intersegment sales represent sales of the Other segment to the Office Printing segment.

The following table represents significant restructuring activities for the years ended March 31, 2019 and 2020.

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Restructuring expenses:		
Office Printing	16,908	10,511
Corporate	2,393	132
Total	19,301	10,643

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Total assets:		
Office Printing	1,471,925	1,457,868
Office Services	331,116	438,460
Commercial Printing	171,544	164,648
Industrial Printing	24,044	24,812
Thermal Media	53,502	51,589
Other	252,875	282,050
Elimination	(5,275)	(4,513)
Corporate	425,401	452,731
Consolidated	2,725,132	2,867,645

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Capital expenditures:		
Office Printing	60,762	60,444
Office Services	3,737	5,208
Commercial Printing	10,831	10,634
Industrial Printing	2,278	1,923
Thermal Media	2,423	3,324
Other	13,981	22,168
Corporate	8,039	10,083
Consolidated	102,051	113,784
Depreciation and amortization:		
Office Printing	57,082	66,112
Office Services	3,885	10,606
Commercial Printing	13,047	14,983
Industrial Printing	2,016	2,820
Thermal Media	2,329	3,515
Other	8,870	14,994
Corporate	7,059	7,658
Consolidated	94,288	120,688

Assets are allocated to the operating segments which mainly benefited from the assets. Corporate assets consist primarily of cash and cash equivalents and other financial assets that are not related to specific operating segments.

(2) Sales by Product Category

Information for sales by product category is as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Sales:		
Office Printing	1,086,428	1,006,274
Office Services	481,392	568,955
Commercial Printing	185,292	178,396
Industrial Printing	20,692	23,006
Thermal Media	66,368	61,896
Other	173,056	170,053
Total sales	2,013,228	2,008,580

* Each category includes the following product lines:

Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Service	Personal computers, servers, network equipment, related services, support, software and service & solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printer, related parts and supplies, services, support and software
Industrial printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal paper, thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare, financial services

(3) Geographic Information

Sales based on the location of customers and noncurrent assets, including property, plant and equipment, right-of-use assets, goodwill and intangible assets were as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Sales:		
Japan	805,799	872,378
The Americas	567,442	534,181
Europe, the Middle East and Africa	458,856	436,458
Other	181,131	165,563
Consolidated	2,013,228	2,008,580
The United States (included in The Americas)	468,334	445,474

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Non-current assets:		
Japan	265,743	233,301
The Americas	91,533	105,181
Europe, the Middle East and Africa	81,869	116,475
Other	30,948	37,935
Consolidated	470,093	492,892
The United States (included in The Americas)	77,837	88,618

6. BUSINESS COMBINATIONS

On August 5, 2019, Ricoh acquired DocuWare GmbH ("DocuWare"), which provides cloud and on-premise CSP (Contents Service Platform) to support document management and workflow automation, through the Company's wholly owned Europe holding subsidiary, Ricoh Europe Holdings, Plc., for a total cash consideration of ¥18,667 million, including transaction costs. With this acquisition, Ricoh aims to expand its Digital business. Ricoh applied the acquisition method to account for the acquisition and the acquisition cost has been allocated to the assets acquired and the liabilities assumed based on the acquisition-date fair values. The initial accounting for the business combination had not been completed as of December 31, 2019 and the amounts disclosed previously were provisional based on the information available at that time. The allocation of the acquisition cost was completed as of March 31, 2020. As it was completed, the amounts of intangible assets and liabilities increased by ¥6,838 million and ¥1,132 million, respectively, and goodwill decreased by ¥5,706 million. The operating results of DocuWare have been included in the accompanying consolidated financial statements after the acquisition date.

The acquisition-date fair values of the consideration transferred, assets acquired and liabilities assumed are as follows:

	Millions of Yen
Fair value of the consideration transferred	18,532
Cash and cash equivalents	4,881
Trade receivables and other assets	1,795
Intangible assets	6,838
Liabilities	(6,276)
Net assets	7,238
Goodwill	11,294
Total	18,532

Goodwill arising from the acquisition of DocuWare consists primarily of future economic benefits and synergies with existing operations. The acquisition-related costs of ¥135 million were included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss. The consideration transferred is composed of cash and cash equivalents.

Sales and profit generated by DocuWare since the acquisition date amounted to ¥4,313 million and ¥33 million, respectively. Assuming the business combination was conducted at the beginning of the period, its effect on the consolidated statement of profit or loss would be ¥1,430 million in sales and ¥236 million (loss) in profit and the pro-forma information would be ¥2,010,010 million in sales and ¥44,177 million in profit, respectively. The amounts are unaudited by the independent auditor.

7. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Cash and cash equivalents		
Cash and deposit	240,169	262,884
Less time deposit over 3 months	(70)	(50)
Total cash and cash equivalents on consolidated statement of financial position	240,099	262,834

The balance of "Cash and cash equivalents" in the consolidated statement of financial position as of March 31, 2019 and 2020 agree with the respective balances in the consolidated statement of cash flows.

8. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Notes receivables and electronically recorded monetary claims	44,030	38,723
Accounts receivables	464,124	297,662
Other receivables	143,773	64,781
Less allowance for doubtful receivables	(47,123)	(8,386)
Total	604,804	392,780

The amounts expected to be recovered or settled within or after 12 months after the reporting period are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Within 12 months	511,044	392,660
After 12 months	93,760	120
Total	604,804	392,780

9. INVENTORIES

Details of inventories are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Goods and products	121,490	112,331
Work in progress and raw materials	86,258	88,917
Total	207,748	201,248

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Amount of write-down	5,112	5,561

The amount of write-down is included in “Cost of sales” in the consolidated statement of profit or loss.

10. ASSETS CLASSIFIED AS HELD FOR SALE

(For the year ended March 31, 2019)
Assets classified as held for sale consist mainly of land, buildings and structures in Ricoh Industry Co., Ltd. (former Saitama plant) in the amount of 2,150 million yen and for which a signed sales contract was entered into in March 2019. The assets were sold for the year ended March 31, 2020.

(For the year ended March 31, 2020)
At a meeting on March 9, 2020, the Board of Directors of Ricoh Company Ltd. agreed to sell a portion of its shares in Ricoh Leasing Co., Ltd. (referred to as “Ricoh Leasing”), a consolidated subsidiary of the Company, to Mizuho Leasing Company, Ltd. (referred to as “Mizuho Leasing”).
This agreement enables Ricoh Leasing to expand its business domain and invest in growth beyond the scope of Ricoh even further than before, while at the same time to enhance the business base of vendor leasing, which is Ricoh Leasing's strength. In addition, the Company will improve its asset efficiency and while maintaining its relationship with Ricoh Leasing, reduce risks arising from financial assets on the balance sheet. This will enable flexible financing and proactive investment in growth areas.
Along with the agreement, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, Ricoh reclassified assets and liabilities owned by Ricoh Leasing and its subsidiaries to “Assets classified as held for sale” and “Liabilities directly related to assets held for sale”. Ricoh measured the disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The reportable segments in which the assets and the liabilities are presented are the Office Printing segment, the Office Services segment, the Commercial Printing and the Other segment.

The details of the non-current asset and the disposal group are as follows.

	Millions of Yen
	As of March 31, 2020
Assets classified as held for sale	
Current Assets :	
Cash and cash equivalents	854
Time deposits	3
Trade and other receivables	189,971
Other financial assets	209,875
Other current assets	13,871
Subtotal	414,574
Non-current assets :	
Property, plant and equipment	60,856
Right-of-use assets	2,402
Goodwill and intangible assets	2,060
Other financial assets	618,677
Other investments	15,664
Other non-current assets	9,309
Deferred tax assets	2,040
Subtotal	711,008
Total	1,125,582

	Millions of Yen
	As of March 31, 2020
Liabilities directly related to assets held for sale	
Current Liabilities :	
Bonds and borrowings	217,650
Trade and other payables	41,595
Lease liabilities	483
Other financial liabilities	261
Income tax payables	4,079
Other current liabilities	30,876
Subtotal	294,944
Non-current Liabilities :	
Bonds and borrowings	661,277
Lease liabilities	1,900
Other financial liabilities	80
Accrued pension and retirement benefits	978
Other non-current liabilities	9,890
Subtotal	674,125
Total	969,069

Cumulative other comprehensive income (net of taxes) related to disposal group held for sale amounted to ¥130 million (credit) and were included in equity in the consolidated statements of financial position as of March 31, 2020. Net changes in fair value of financial assets measured through other comprehensive income amounted to ¥225 million (credit) are directly reclassified to retained earnings and net changes in fair value of cash flow hedges amounted to ¥95 million (debit) are reclassified to profit or loss when the asset is sold.

As described in Note 38, Subsequent Events, on April 23, 2020, the Company concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, the Company's voting rights in Ricoh Leasing is now 33.7%, and Ricoh Leasing, which used to be a consolidated subsidiary of the Company, became an affiliate accounted for under the equity method.

11. PROPERTY, PLANT AND EQUIPMENT

Cost, accumulated depreciation and impairment loss, and the carrying amount of property, plant and equipment are as follows:

Cost

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2018	31,996	276,137	220,489	475,934	8,542	1,013,098
Additions	-	8,503	3,146	39,447	21,366	72,462
Acquisitions through business combinations	85	43	-	85	-	213
Disposals	(1,087)	(10,333)	(6,561)	(35,101)	(248)	(53,330)
Transfers from construction in progress	26	3,657	8,625	9,200	(21,508)	-
Exchange differences	213	633	(438)	3,305	(85)	3,628
Decrease due to disposal of interest in subsidiaries	(845)	(8,631)	(1,798)	(1,675)	(2)	(12,951)
Others (*1)	(962)	(2,448)	519	7,565	18	4,692
Balance as of March 31, 2019	29,426	267,561	223,982	498,760	8,083	1,027,812
Effects of changes in accounting policy	-	-	-	(723)	-	(723)
Opening Balance reflecting changes in accounting policy	29,426	267,561	223,982	498,037	8,083	1,027,089
Additions	-	7,580	2,709	46,836	29,471	86,596
Acquisitions through business combinations	-	61	3	1,407	17	1,488
Disposals	(168)	(5,427)	(9,749)	(61,523)	(24)	(76,891)
Transfers from construction in progress	-	6,902	6,824	7,369	(21,095)	-
Exchange differences	(129)	(2,401)	(2,545)	(7,043)	(447)	(12,565)
Decrease due to reclassification to assets classified as held for sale	-	(9,667)	(127)	(96,963)	(4,281)	(111,038)
Others	-	(1,513)	27	2,397	1,174	2,085
Balance as of March 31, 2020	29,129	263,096	221,124	390,517	12,898	916,764

*1…Reclassification to Assets classified as held for sale was included in "Others".

Accumulated depreciation and impairment loss

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Total
Balance as of April 1, 2018	(1,608)	(192,877)	(183,573)	(385,035)	(763,093)
Depreciation expense	-	(9,052)	(10,737)	(45,648)	(65,437)
Disposals	252	8,822	6,116	32,419	47,609
Impairment loss	-	(129)	(356)	(1,212)	(1,697)
Exchange differences	-	(319)	507	(1,236)	(1,048)
Decrease due to disposal of interest in subsidiaries	-	4,278	1,076	474	5,828
Others	-	1,921	(366)	(1,242)	313
Balance as of March 31, 2019	(1,356)	(187,356)	(187,333)	(401,480)	(777,525)
Effects of changes in accounting policy	-	-	-	705	705
Opening Balance reflecting changes in accounting policy	(1,356)	(187,356)	(187,333)	(400,775)	(776,820)
Depreciation expense	-	(8,086)	(10,140)	(44,302)	(62,528)
Disposals	-	5,112	9,112	53,611	67,835
Impairment loss	-	(22)	(152)	(477)	(651)
Exchange differences	-	1,880	1,878	4,128	7,886
Decrease due to reclassification to assets classified as held for sale	-	669	70	49,443	50,182
Others	-	361	28	(1,488)	(1,099)
Balance as of March 31, 2020	(1,356)	(187,442)	(186,537)	(339,860)	(715,195)

Carrying amount

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2018	30,388	83,260	36,916	90,899	8,542	250,005
Balance as of March 31, 2019	28,070	80,205	36,649	97,280	8,083	250,287
Balance as of March 31, 2020	27,773	75,654	34,587	50,657	12,898	201,569

12. GOODWILL AND INTANGIBLE ASSETS

Cost, accumulated amortization and impairment loss, and the carrying amount of goodwill and intangible assets are as follows:

Cost

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2018	301,810	176,485	82,359	80,540	20,286	661,480
Additions	-	10,827	-	-	1,775	12,602
Acquisitions through business combinations	3,924	222	1,134	-	-	5,280
Increase through internal development activities	-	-	-	16,987	-	16,987
Disposals	-	(13,166)	(954)	(17,606)	(16)	(31,742)
Exchange differences	7,659	(703)	2,935	-	(1,772)	8,119
Decrease due to disposal of interest in subsidiaries	-	(6,654)	-	-	-	(6,654)
Others	-	(1,300)	-	-	63	(1,237)
Balance as of March 31, 2019	313,393	165,711	85,474	79,921	20,336	664,835
Additions	-	12,423	-	-	136	12,559
Acquisitions through business combinations	14,287	6,172	1,327	-	-	21,786
Increase through internal development activities	-	-	-	14,629	-	14,629
Disposals	-	(22,466)	(138)	(13,302)	(42)	(35,948)
Exchange differences	(8,158)	(2,752)	(1,888)	-	(257)	(13,055)
Decrease due to reclassification to assets classified as held for sale	(97)	(3,116)	-	-	(1)	(3,214)
Others	(379)	(491)	-	-	201	(669)
Balance as of March 31, 2020	319,046	155,481	84,775	81,248	20,373	660,923

Accumulated amortization and impairment loss

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2018	(180,856)	(133,320)	(77,853)	(34,880)	(17,441)	(444,350)
Amortization expense	-	(10,101)	(1,474)	(16,850)	(426)	(28,851)
Disposals	-	12,929	954	17,606	14	31,503
Impairment loss	(581)	(329)	(112)	-	-	(1,022)
Exchange differences	(7,081)	349	(2,538)	-	903	(8,367)
Decrease due to disposal of interest in subsidiaries	-	5,328	-	-	-	5,328
Others	-	713	-	-	17	730
Balance as of March 31, 2019	(188,518)	(124,431)	(81,023)	(34,124)	(16,933)	(445,029)
Amortization expense	-	(10,606)	(637)	(16,806)	(254)	(28,303)
Disposals	-	21,584	138	12,532	42	34,296
Impairment loss	(13)	(258)	-	-	-	(271)
Exchange differences	4,383	2,224	1,595	-	173	8,375
Decrease due to reclassification to assets classified as held for sale	-	1,154	-	-	-	1,154
Others	-	753	-	-	-	753
Balance as of March 31, 2020	(184,148)	(109,580)	(79,927)	(38,398)	(16,972)	(429,025)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2018	120,954	43,165	4,506	45,660	2,845	217,130
Balance as of March 31, 2019	124,875	41,280	4,451	45,797	3,403	219,806
Balance as of March 31, 2020	134,898	45,901	4,848	42,850	3,401	231,898

Amortization expense of development assets were included in ”Cost of sales”, and amortization expense of other intangible assets were included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

13. IMPAIRMENT LOSS

(1) Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit groups

Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit group was as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Office Service Total	257	224
Industrial Printing (Common function group excluding sales for Industrial printer)	1,927	342
Industrial Printing Total	1,927	342
Other Total	535	356
Impairment loss Total	2,719	922

(2) Impairment loss on Property, plant and equipment and goodwill and intangible assets by class

Impairment loss on Property, plant and equipment and goodwill and intangible assets by class was as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Buildings and structures	129	22
Machinery and vehicles	356	152
Tools, equipment and fixtures	1,212	477
Property, plant and equipment Total	1,697	651
Goodwill	581	13
Software	329	258
Trademarks and customer relationships	112	-
Goodwill and intangible assets Total	1,022	271
Impairment loss Total	2,719	922

Impairment loss for the year ended March 31, 2019 was included in "Selling, general and administrative expenses" in the amount of ¥2,138 million and "Impairment of goodwill" in the amount of ¥581 million. Impairment loss for the year ended March 31, 2020 was included in "Cost of Sales" in the amount of ¥234 million, "Selling, general and administrative expenses" in the amount of ¥674 million and "Impairment of goodwill" in the amount of ¥13 million respectively.

(3) Impairment losses and the background

(For the year ended March 31, 2019)
Ricoh recognized impairment loss on property, plant and equipment and goodwill and intangible assets in Industrial Printing and other business due to the actual profit falling below the assumed profit. Ricoh decreased the recoverable amount of these carrying amounts to zero.

Value in use is calculated by discounting the estimated cash flows using the pre-tax weighted average cost (8.3% to 12.6%) based on the projection approved by management and the growth rate. Business plans are projected for within 5 years and the growth rate does not exceed the long-term average growth rate for the market in which the asset is used.

The major components of the above-mentioned impairment by reportable segment are as follows.
Industrial Printing segment: ¥1,927 million, of which goodwill was ¥581 million.
Other segment: ¥535 million. Impairment loss in the Industrial Printing segment included goodwill for AnaJet LLC acquired in 2016.

(For the year ended March 31, 2020)
Ricoh recognized impairment loss on property, plant and equipment and goodwill and intangible assets in other business, Industrial Printing and Office Service due to the actual profit falling below the assumed profit. Ricoh decreased these carrying amounts to zero.

Value in use is calculated by discounting the estimated cash flows using the pre-tax weighted average cost (7% to 12%) based on the projection approved by management and the growth rate. Business plans are projected for within 5 years and the growth rate does not exceed the long-term average growth rate for the market in which the asset is used.

The major components of the above-mentioned impairment by reportable segment are as follows.
Other segment: ¥356 million.
Industrial Printing segment: ¥342 million.

(4) Impairment test of goodwill

(For the year ended March 31, 2019)
The recoverable amount of goodwill was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-3 to 5%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (8 to 13%).
The result of estimations of the growth rate and the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the growth rate falls or the discount rate rise in each.

	Growth rate	Discount rate
Office Printing (Europe, Middle East and Africa sales group)	-1.2%	+0.8%

Ricoh believe that the carrying amount will not exceed the recoverable amount even if there are reasonably possible changes in the major assumptions underlying the recoverable amount (growth rate, discount rate, etc.) in other CGU or CGU group which goodwill are allocated.
The recoverable amount in Office Printing (Europe, Middle East and Africa sales group) is ¥6,604 million more than the carrying amount.

(For the year ended March 31, 2020)
The recoverable amount of goodwill was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-3 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (7 to 12%).

As described in Note 2. BASIS OF PREPARATION- (6) Use of Estimates and Judgments, Ricoh has made several assumptions concerning when the impact by the spread of COVID-19 will come to an end. Our performance is expected to recover most likely from the third quarter of FY2020, while also considering possibilities for a recovery in performance starting from the second quarter of FY2020 or from FY2021. Ricoh tests goodwill for impairment using value in use calculated by weighted average based on the assumptions of the probability and cashflow in consideration of the above several scenarios.
Office Printing (Europe, Middle East and Africa sales group) CGU group is exposed to a significant risk of resulting in a material adjustment to the carrying amounts of goodwill within the next financial year.
The recoverable amount in Office Printing (Europe, Middle East and Africa sales group) exceeds its

carrying amount by ¥16,695 million, however this headroom will reduce to ¥7,600 million under the most pessimistic scenario out of the aforementioned scenarios.

The result of estimations of the growth rate and the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the growth rate falls or the discount rate rise in each.

	Growth rate	Discount rate
Office Printing (Europe, Middle East and Africa sales group)	-3.9%	+1.9%

Ricoh believe that the carrying amount will not exceed the recoverable amount even if there are reasonably possible changes in the major assumptions underlying the recoverable amount (growth rate, discount rate, etc.) in other CGU or CGU group which goodwill are allocated.

The details of goodwill after recognition of impairment losses by CGU or CGU group are as follows.

	Millions of Yen	Millions of Yen
	As of March 31, 2019	As of March 31, 2020
Office Printing (Common function group excluding sales)	65,321	64,128
Office Printing (Europe, Middle East and Africa sales group)	46,718	44,546
Office Service (DocuWare)	-	11,414
Office Printing (Japan sales group)	5,078	4,981
Other CGUs, CGU groups	7,758	9,829
Total	124,875	134,898

14. LEASE

(1) As Lessor

(For the year ended March 31, 2019)

Lease receivables are included in other financial assets.

Ricoh's products are leased to domestic customers primarily through Ricoh Leasing Co., Ltd., a majority owned domestic subsidiary, and to overseas customers primarily through certain overseas subsidiaries. Most of these leases are accounted for as finance leases.

Future receivables under finance leases are as follows:

	Millions of Yen
	As of March 31, 2019
Gross investments in finance leases	
Due in 1 year or less	310,690
Due after 1 year through 5 years	558,820
Due after 5 years	47,503
Unguaranteed residual value	(6,701)
Future finance income	(58,815)
Present value of minimum lease payments receivable	851,497

Present value of future receivable under finance leases are as follows:

	Millions of Yen
	As of March 31, 2019
Due in 1 year or less	298,305
Due after 1 year through 5 years	511,342
Due after 5 years	41,850

(For the year ended March 31, 2020)

Lease receivables are included in other financial assets.

Ricoh's products are leased to domestic customers primarily through Ricoh Leasing Co., Ltd., a majority owned domestic subsidiary, and to overseas customers primarily through certain overseas subsidiaries. Most of these leases are accounted for as finance leases.

Residual risk on equipment under lease is not significant, because of the existence of a secondary market with respect to the equipment and having sales means such as extension of arrangement with customer.

(a) Finance lease

Future receivables under finance leases are as follows:

The table below does not include the amount included in "Assets classified as held for sale."

	Millions of Yen
	As of March 31, 2020
Gross investments in finance leases	
Due in 1 year or less	102,624
Due after 1 year through 2 years	73,401
Due after 2 year through 3 years	46,897
Due after 3 year through 4 years	24,248
Due after 4 year through 5 years	7,944
Due after 5 years	866
Undiscounted lease receivables	255,980
Unguaranteed residual value	(5,110)
Future finance income	(26,128)
Present value of minimum lease payments receivable	224,742

The following table presents selling profit or loss and finance income on the net investment in the lease.

	Millions of Yen
	For the year ended March 31, 2020
Selling profit or loss	33,055
Finance income on the net investment in the lease	31,731

(b) Operating lease

Future receivables under operating leases are as follows:

	Millions of Yen
	As of March 31, 2020
Due in 1 year or less	12,752
Due after 1 year through 2 years	4,536
Due after 2 year through 3 years	3,149
Due after 3 year through 4 years	2,155
Due after 4 year through 5 years	838
Due after 5 years	316
Undiscounted lease receivables	23,746

The following table presents operating lease income.

	Millions of Yen
	For the year ended March 31, 2020
Lease income	38,225
Income relating to variable lease payments	1,843

(2) As Lessee

(For the year ended March 31, 2019)

Future minimum lease payments under non cancellable operating leases are as follows:

	Millions of Yen
	As of March 31, 2019
Due in 1 year or less	13,384
Due after 1 year through 5 years	29,366
Due after 5 years	6,772

Ricoh made lease payments totaling ¥32,045 million for the year ended March 31, 2019, under cancellable and non cancellable operating lease agreements for office space, warehouses and machinery and equipment. Some of the agreements contain lease renewal option or escalation clauses.

(For the year ended March 31, 2020)

Ricoh leases many assets including land, buildings, machinery, equipment and fixtures.

Information on leases, as a lessee, is as follows:

(a) Right-of-use assets

Carrying amount of right-of use assets consists of the follows:

	Millions of Yen
	As of March 31, 2020
Land, buildings and structures	52,716
Vehicles and other	6,709
Total	59,425

The amount of right-of-use assets increased ¥17,691 million for the year ended March 31, 2020.

Total cash outflow for leases was ¥31,315 million for the year ended March 31, 2020.

(b) Income and expenses relating to leases

Income and expenses relating to leases consist of the following:

	Millions of Yen
	For the year ended March 31, 2020
Depreciation expenses for right-of-use assets:	
Land, buildings and structures	25,917
Vehicles and other	3,940
Total	29,857
Expenses relating to short-term lease and lease of low-value assets	2,001

Income and expenses with sublease and sale and lease back were not material.

Interest expense on lease liabilities are described in Note 32, Finance income and finance costs. Analysis of the contractual maturities of lease liabilities are described in Note 26, Financial instruments and related disclosures - (4) Liquidity risk management.

(c) Extension option and termination options

In Ricoh, each company is responsible for managing lease contracts, and lease conditions are individually negotiated, resulting in a wide range of contract conditions. Extension option and termination option are mainly included in real estate leases for offices and warehouses. These options are used as necessary for the lease contractor to utilize real estate for business.

15. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Derivative assets	1,286	2,054
Lease receivables	858,198	229,852
Installment loans	154,314	-
Less allowance for doubtful receivables	(11,152)	(5,499)
Total	1,002,646	226,407
Current	294,351	87,226
Noncurrent	708,295	139,181

16. OTHER INVESTMENTS

The components of other investments are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Securities	21,411	14,096
Bonds	1,032	855
Total	22,443	14,951
Current	-	-
Noncurrent	22,443	14,951

17. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Notes payables and electronically recorded obligations	32,620	35,759
Accounts payable	175,614	143,674
Other payables	97,955	66,622
Total	306,189	246,055

18. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Unsecured Bonds:		
0.37% straight bonds, payable in yen, due July 2019, issued by the Company	12,456	-
0.35% straight bonds, payable in yen, due July 2020, issued by the Company	12,456	11,955
0.22% straight bonds, payable in yen, due July 2022, issued by the Company	-	11,955
0.20% straight bonds, payable in yen, due December 2023, issued by the Company	10,000	10,000
0.47% straight bonds, payable in yen, due December 2028, issued by the Company	10,000	10,000
0.27% straight bonds, payable in yen, due July 2019, issued by a consolidated subsidiary	10,000	-
0.001% straight bonds, payable in yen, due September 2019, issued by a consolidated subsidiary	10,000	-
0.001% straight bonds, payable in yen, due February 2020, issued by a consolidated subsidiary	10,000	-
0.05% straight bonds, payable in yen, due July 2020, issued by a consolidated subsidiary	15,000	-
0.27% straight bonds, payable in yen, due August 2020, issued by a consolidated subsidiary	20,000	-
0.08% straight bonds, payable in yen, due January 2021, issued by a consolidated subsidiary	10,000	-
0.05% straight bonds, payable in yen, due September 2021, issued by a consolidated subsidiary	10,000	-
0.05% straight bonds, payable in yen, due September 2021, issued by a consolidated subsidiary	10,000	-
0.16% straight bonds, payable in yen, due January 2022, issued by a consolidated subsidiary	10,000	-
0.13% straight bonds, payable in yen, due February 2022, issued by a consolidated subsidiary	10,000	-
0.10% straight bonds, payable in yen, due February 2022, issued by a consolidated subsidiary	10,000	-
0.16% straight bonds, payable in yen, due July 2022, issued by a consolidated subsidiary	10,000	-
0.19% straight bonds, payable in yen, due September 2023, issued by a consolidated subsidiary	10,000	-
0.30% straight bonds, payable in yen, due January 2025, issued by a consolidated subsidiary	5,000	-
0.35% straight bonds, payable in yen, due July 2027, issued by a consolidated subsidiary	5,000	-
6.75% straight bonds, payable in yen, due December 2025, issued by a consolidated subsidiary	1,560	1,532
7.30% straight bonds, payable in yen, due November 2027, issued by a consolidated subsidiary	2,296	2,255
Total bonds	203,768	47,697
Unsecured loans		
From banks and insurance companies		
weighted average interest rate	0.24%	0.24%
due 2028	643,195	101,955

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Long-term borrowings arising from securitization of lease receivables (see Note 26)	21,143	736
Subtotal	868,106	150,388
Less current maturities included in “Current liabilities”	(201,644)	(22,216)
Total	666,462	128,172

All bonds outstanding as of March 31, 2020 are redeemable at the option of Ricoh under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on additional secured borrowings as defined in the agreements. Ricoh was in compliance with all such covenants as of March 31, 2020.

The table above does not include the carrying amount of financial liabilities included in “Liabilities directly related to assets held for sale.”

Short-term borrowings consist of the following:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Borrowings, principally from banks	14,214	26,664
Commercial paper	51,099	2,612
Total	65,313	29,276

	Weighted average interest rate	
	As of March 31, 2019	As of March 31, 2020
Borrowings, principally from banks	2.8%	1.5%
Commercial paper	0.7%	2.5%

The table above does not include the carrying amount of financial liabilities included in “Liabilities directly related to assets held for sale.”

Movement of liabilities related to financing activities consisted of the following:

	Millions of yen			
	As of April 1, 2018	Changes arising from cash flows	Exchange differences	As of March 31, 2019
Short-term debt	40,766	26,236	(1,689)	65,313
Long-term debt (i)	651,347	12,835	156	664,338
Bonds (i)	189,788	15,000	(1,020)	203,768
Total	881,901	54,071	(2,553)	933,419

(i) Including the current portion.

	Millions of yen						
				Non-cash changes			
	As of April 1, 2019	Effect of changes in accounting policy (ii)	Changes arising from cash flows	Additions	Transfer to liabilities directly related to assets held for sale	Exchange differences	As of March 31, 2020
Short-term debt	65,313	-	31,068	-	(66,220)	(885)	29,276
Long-term debt (i)	664,338	-	66,935	-	(627,707)	(875)	102,691
Bonds (i)	203,768	-	29,971	-	(185,000)	(1,042)	47,697
Lease liabilities(ii)	-	83,278	(30,065)	18,818	(2,383)	(3,677)	65,971
Total	933,419	83,278	97,909	18,818	(881,310)	(6,479)	245,635

(i) Including the current portion.
(ii) This is the impact of applying IFRS 16 ‘Lease’.

19. PROVISIONS

The changes in provisions are as follows:

	Millions of Yen				
	Asset retirement obligation	Warranties provision	Restructuring provision	Other provisions	Total
Balance as of April 1, 2019	4,651	1,949	7,958	4,329	18,887
Increase for the year	292	1,401	7,809	1,172	10,674
Decrease for the year (applied against provisions)	(119)	(1,155)	(7,425)	(642)	(9,341)
Decrease for the year (unused amounts reversed)	-	(296)	(431)	(815)	(1,542)
Interest expense for discounting	56	-	-	-	56
Others	(2)	(50)	(207)	(331)	(590)
Balance as of March 31, 2020	4,878	1,849	7,704	3,713	18,144
Current liabilities	-	1,849	7,704	2,133	11,686
Noncurrent liabilities	4,878	-	-	1,580	6,458

Ricoh recognizes provisions for asset retirement obligation when there is a contractual obligation to dismantle, remove or restore assets at the end of lease contract or obligation to decontaminate certain fixed assets. Future expected outflows of economic benefits are long-term in nature and may be affected by future business plans.

The warranties provision corresponds to the cost of product warranties related to after-sales service and is recognized based on the estimated cost of after-sales service during the warranty period. The warranty costs were included in in “Cost of sales”.

The restructuring provision consists of expenditures on restructuring activities such as fixed costs reductions in order to enhance competitiveness. Restructuring provisions are expected to be utilized mainly within the next fiscal year. However, they may be affected by future business plans.

Other provisions mainly consist of litigation provisions.

20. OTHER FINANCIAL LIABILITIES

(For the year ended March 31, 2019)
The components of other financial liabilities are as follows:

	Millions of Yen
	As of March 31, 2019
Derivative liabilities	544
Lease liabilities	3,397
Total	3,941
Current	521
Noncurrent	3,420

(For the year ended March 31, 2020)
There is no balance included in other financial liabilities.
The balance of lease liabilities is included in “Lease liabilities” in the consolidated statement of financial position as of March 31, 2020.

21. GOVERNMENT GRANTS

Government grants, principally arising in the Office Printing segment, relate to capital expenditures on R&D of Ricoh Company, Ltd. and the production facility of a manufacturing subsidiary in Japan. Government grants are recognized in the consolidated statement of profit or loss on a straight-line basis over the expected useful life of the relevant assets.

The total balance of government grants, presented as deferred income in “Other current liabilities” or “Other non-current liabilities” in the consolidated statement of financial position as of March 31, 2019 and 2020 was ¥4,638 million and ¥4,302 million, respectively.

There are no unfulfilled conditions or contingencies related to government grants recognized as deferred income.

22. INCOME TAXES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen					
	As of April 1, 2018	Cumulative effect of adoption of new standard	Recognized in profit or loss	Recognized in other comprehen-sive income	Exchange differences and other	As of March 31, 2019
Deferred tax assets:						
Accrued expenses	24,050	-	(274)	-	11	23,787
Unrealized profit on inventories	11,029	-	1,776	-	(12)	12,793
Depreciation and amortization	5,888	-	1,718	-	(42)	7,564
Accrued pension and retirement benefits	31,634	-	(2,572)	1,755	12	30,829
Net operating loss carryforwards	33,244	-	(13,651)	-	(46)	19,547
Other	31,476	(301)	(7,078)	-	(456)	23,641
Total deferred tax assets	137,321	(301)	(20,081)	1,755	(533)	118,161
Deferred tax liabilities:						
Finance leases	(573)	-	22	-	-	(551)
Undistributed earnings of subsidiaries and affiliates	(6,832)	-	5,093	-	334	(1,405)
Net gain on fair value of available-for-sale financial assets	(15,911)	15,911	-	-	-	-
Net gain on fair value of financial asset through net income	-	(13,005)	13,005	-	-	-
Net gain on fair value of financial asset through other comprehensive income	-	(2,906)	-	881	(636)	(2,661)
Goodwill and intangible assets	(20,206)	-	(220)	-	(115)	(20,541)
Other	(8,382)	(1,913)	(2,560)	(28)	1,345	(11,538)
Total deferred tax liabilities	(51,904)	(1,913)	15,340	853	928	(36,696)

	Millions of Yen						
	As of April 1, 2019	Recognized in profit or loss	Recognized in other comprehen-sive income	Acquisitions through business combinations	Reclassification to assets classified as held for sale	Exchange differences and other	As of March 31, 2020
Deferred tax assets:							
Accrued expenses	23,787	(153)	-	-	(633)	(145)	22,856
Unrealized profit on inventories	12,793	(2,038)	-	-	(264)	(470)	10,021
Depreciation and amortization	7,564	420	-	-	(331)	(1)	7,652
Accrued pension and retirement benefits	30,829	754	(158)	-	(498)	(244)	30,683
Net operating loss carryforwards	19,547	(1,009)	-	73	-	(323)	18,288
Other	23,641	(8,352)	-	387	(1,316)	(169)	14,191
Total deferred tax assets	118,161	(10,378)	(158)	460	(3,042)	(1,352)	103,691
Deferred tax liabilities:							
Finance leases	(551)	63	-	-	-	-	(488)
Undistributed earnings of subsidiaries and affiliates	(1,405)	491	-	-	-	50	(864)
Net gain on fair value of financial asset through other comprehensive income	(2,661)	-	431	-	120	(274)	(2,384)
Goodwill and intangible assets	(20,541)	1,959	-	(2,051)	-	75	(20,558)
Other	(11,538)	(1,615)	110	-	882	469	(11,692)
Total deferred tax liabilities	(36,696)	898	541	(2,051)	1,002	320	(35,986)

Ricoh assesses the probability that a portion or all of the future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be used to offset future taxable profits on recognition of deferred tax assets. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and whether loss carryforwards are utilizable. Ricoh considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the temporary differences are deductible or loss carryforwards are utilizable, Ricoh believes it is more likely than not that the deferred tax assets of these deductible differences will be realized. The amount of the deferred tax assets considered realizable, however, will be reduced if estimates of future taxable income during the carryforward period are reduced.

As described in Note 2. BASIS OF PREPARATION- (6) Use of Estimates and Judgments, Ricoh has made several assumptions concerning when the impact by the spread of COVID-19 will come to an end. Our performance is expected to recover most likely from the third quarter of FY2020, while also considering possibilities for a recovery in performance starting from the second quarter of FY2020 or from FY2021. Ricoh considered the recoverability of deferred tax assets using taxable income calculated by weighted average based on the assumptions of the probability and future taxable income in consideration of the above several scenarios. As a result of that, Ricoh assumes that there are no significant fluctuations to the recoverability of deferred tax assets under the most pessimistic scenario out of the aforementioned scenarios for FY2020.

Net operating loss carryforwards, deductible temporary differences and foreign tax credit carryforwards for which deferred tax assets have not been recognized are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Net operating loss carryforwards	75,614	84,672
Deductible temporary differences	3,058	1,007
Foreign tax credit carryforwards	1,451	2,056
Total	80,123	87,735

The expiration date and amounts of net operating loss carryforwards for which deferred tax assets are not recognized are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Within 4 years	5,959	17,379
After 5 years and thereafter	69,655	67,293
Total	75,614	84,672

The expiration date of foreign tax credit carryforwards is within 4 years.

Ricoh applies the consolidated taxation system in Japan. The above amounts do not include net operating loss carryforwards in which deferred tax assets related to local taxes (residence tax and enterprise tax) are not recognized as it is not covered by the consolidated taxation system. The amount of net operating loss carryforwards related to residence tax and enterprise tax as of March 31, 2019 were ¥47,287 million and ¥115,359 million respectively and as of March 31, 2020 were ¥63,351 million and ¥110,729 million, respectively.

The amounts of recognized deferred tax assets over the amounts of deferred tax liabilities and the recoverability of deferred tax assets are dependent on future taxable profits as of March 31, 2019 and 2020 were ¥6,238 million and ¥9,780 million, respectively. These deferred tax assets were recognized in the Company or some other subsidiaries which recognized tax losses for the year ended March 31, 2019 and 2020. The Company and some other subsidiaries assess the probability that some other subsidiaries can utilize deductible temporary differences, net operating loss carryforwards and foreign tax credit carryforwards against future taxable profits.

Details of current and deferred tax expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Current tax expense:		
Current year	23,846	21,998
Total current tax expense	23,846	21,998
Deferred tax expense:		
Origination and reversal of temporary differences	1,126	8,415
Changes in unrecognized deferred tax assets in previous years	3,615	1,065
Total deferred tax expense	4,741	9,480
Total provision for income taxes	28,587	31,478

The amount of the benefits arising from previously unrecognized tax losses, tax credit or temporary differences of a prior period that were used to reduce current tax expenses for the year ended March 31, 2019 and 2020 were ¥3,147 million and ¥1,195 million, respectively and these benefits were included in the current tax expense.

The Company and its domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, represent a statutory income tax rate of approximately 32% for the year ended March 31, 2019 and approximately 31% for the year ended March 31, 2020.

Reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Statutory income tax rate	32%	31%
Nondeductible expenses	2	1
Nontaxable income	(0)	(0)
Changes in unrecognized deferred tax assets in previous years	4	1
Tax credits for research and development and other	(2)	(0)
Income tax exposures	1	(1)
Taxes on undistributed earnings of foreign subsidiaries	1	15
Difference in statutory tax rates of foreign subsidiaries	(2)	(5)
Other, net	(2)	(1)
Effective income tax rate	34	41

Ricoh does not recognize deferred tax liability on undistributed retained earnings of domestic subsidiaries because dividends from domestic subsidiaries are almost tax-free under the domestic tax law. Ricoh does not recognize deferred tax liability on the taxable temporary differences associated with a portion of undistributed retained earnings in foreign subsidiaries because Ricoh is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The amount of those taxable temporary differences as of March 31, 2019 and 2020 were ¥428,254 million and ¥425,391 million, respectively.

23. EMPLOYEE BENEFITS

(1) Defined benefit plans

Ricoh has defined benefit corporate pension plans and lump-sum payment plans. The benefits on these defined benefit plans are provided based on employees' years of service, compensation level and other terms. Contributions to these plans have been made to provide future pension payments in conformity with actuarial calculations determined by the current basic rate of salary.

The Company and some of its subsidiaries have contract-type corporate pension plans based on pension provision. The Company and some of its subsidiaries have established Ricoh group corporate pension provisions stipulating the contents of the pension plan such as eligibility requirements, contents and method for determining benefit payments and burden of contributions by agreement with their employees and have, had these plans approved by the Minister of Health, Labour and Welfare. The Company and some of its subsidiaries maintain plans by exchanging contracts with trust banks and insurance companies for the payment of contributions and the management of accumulated funds. The trust banks maintain and manage the plan assets while they perform actuarial calculation and payments of annual and lump-sum benefits.

The Company and some of its subsidiaries are responsible for operations related to the administration and investment of pension reserves for the participants in compliance with laws and regulations and any orders issued by the Minister of Health, Labour and Welfare. Furthermore, the Company and some of its subsidiaries are prohibited from engaging in any actions that could hinder proper administration and investment of the pension reserves for the purpose of furthering their own interests or the interests of third parties other than the participants.

For the year ended March 31, 2020, certain overseas subsidiaries offered voluntary lump-sum pension payout options to employees and made a lump-sum payment to applicants of this offer. As a result, Ricoh recognized settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2020.

The changes in the defined benefit obligations and plan assets of the pension plans are as follows:

	Millions of Yen	
Domestic plans	For the year ended March 31, 2019	For the year ended March 31, 2020
Net defined benefit obligations at beginning of year:	52,723	55,332
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	242,663	231,139
Current service cost	8,280	7,925
Interest cost	950	919
Actuarial gain and loss (i)	(2,263)	(6,208)
Benefits paid	(14,238)	(14,280)
Decrease due to disposal of interest in subsidiaries	(4,253)	-
Defined benefit obligations at end of year	231,139	219,495
Changes in plan assets:		
Fair value of plan assets at beginning of year	189,940	175,807
Interest income	655	635
Income related to plan assets (ii)	(6,931)	(4,022)
Employer contributions	9,634	9,823
Partial withdrawal of plan assets	(390)	(430)
Benefits paid	(14,197)	(14,242)
Decrease due to disposal of interest in subsidiaries	(2,904)	-
Fair value of plan assets at end of year	175,807	167,571
Net defined benefit obligations at end of year	55,332	51,924

Foreign plans	Millions of Yen For the year ended March 31, 2019	 For the year ended March 31, 2020
Net defined benefit obligations at beginning of year:	53,747	50,721
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	239,070	242,680
Current service cost	907	918
Past service cost	(122)	-
Interest cost	7,610	6,912
Plan participants' contributions	5	73
Actuarial gain (i)	4,449	9,633
Settlements	-	(8,937)
Benefits paid	(9,962)	(9,900)
Decrease due to disposal of interest in subsidiaries	(136)	-
Increase due to acquisitions through business combinations	-	2,273
Exchange differences and other	859	(276)
Defined benefit obligations at end of year	242,680	243,376
Changes in plan assets:		
Fair value of plan assets at beginning of year	185,323	191,959
Interest income	6,250	5,952
Income related to plan assets (ii)	973	5,124
Employer contributions	7,974	7,121
Plan participants' contributions	5	73
Partial withdrawal of plan assets	(754)	(852)
Settlements	-	(7,691)
Benefits paid	(9,962)	(9,900)
Increase due to acquisitions through business combinations	-	1,201
Exchange differences and other	2,150	1,383
Fair value of plan assets at end of year	191,959	194,370
Net defined benefit obligations at end of year	50,721	49,006

(i) Actuarial gain and loss for the year ended March 31, 2019 mainly arose from changes in financial assumptions. Actuarial loss for the year ended March 31, 2020 arising from changes in demographic assumptions was ¥8,062 million (gain). Other actuarial loss arose from changes in financial assumptions.

(ii) Income related to plan assets excludes interest income.

The weighted average of significant actuarial assumptions used to determine defined benefit obligations are as follows:

	Domestic plans As of March 31, 2019	 As of March 31, 2020	Foreign plans As of March 31, 2019	 As of March 31, 2020
Discount rate	0.4%	0.5%	3.1%	2.7%
Rate of compensation increase	2.4%	2.4%	2.1%	2.2%

In situations in which the discount rate changes, the effects on the defined benefit obligation as of March 31, 2019 and 2020 are shown below. The sensitivity analysis is based on the assumption that there are no other changes in the actuarial calculations, but, in fact, other changes in assumptions could possibly effect the defined benefit obligation. Ricoh does not expect any changes in the rate of compensation to increase.

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Increase of 0.5 of a percentage point	(27,288)	(26,223)
Decrease of 0.5 of a percentage point	29,534	27,092

The fair value of plan assets as of March 31, 2019 by asset class is as follows:

	Millions of Yen		
	As of March 31, 2019		
Domestic plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	16,391	-	16,391
Pooled funds	-	38,288	38,288
Debt securities:			
Domestic bonds	-	-	-
Pooled funds	-	58,297	58,297
Life insurance company general accounts	-	25,058	25,058
Other assets	11	37,762	37,773
Total assets	16,402	159,405	175,807

	Millions of Yen		
	As of March 31, 2019		
Foreign plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	1,028	-	1,028
Pooled funds	-	36,579	36,579
Debt securities:			
Foreign bonds	42,875	-	42,875
Pooled funds	-	86,514	86,514
Life insurance company general accounts	-	21,578	21,578
Other assets	327	3,058	3,385
Total assets	44,230	147,729	191,959

The fair value of plan assets as of March 31, 2020 by asset class is as follows:

Domestic plans	Millions of Yen As of March 31, 2020 Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	14,821	-	14,821
Pooled funds	-	38,101	38,101
Debt securities:			
Domestic bonds	-	-	-
Pooled funds	-	65,144	65,144
Life insurance company general accounts	-	24,266	24,266
Other assets	13	25,226	25,239
Total assets	14,834	152,737	167,571

Foreign plans	Millions of Yen As of March 31, 2020 Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	1,001	-	1,001
Pooled funds	-	31,417	31,417
Debt securities:			
Foreign bonds	59,929	-	59,929
Pooled funds	-	68,435	68,435
Life insurance company general accounts	-	29,987	29,987
Other assets	416	3,185	3,601
Total assets	61,346	133,024	194,370

Ricoh’s investment objectives are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and debt and equity securities and prohibit speculative investment in derivative financial instruments. Ricoh addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Ricoh’s model portfolio for domestic plans consists of three major components: approximately 30% is invested in equity securities, approximately 40% is invested in debt securities and approximately 30% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Outside Japan, investment policies vary by country, but the long-term investment objectives and strategies remain consistent. Ricoh’s model portfolio for foreign plans has been developed as follows: approximately 15% is invested in equity securities, approximately 65% is invested in debt securities and approximately 20% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Ricoh expects to contribute ¥16,640 million to its pension plans for the year ending March 31, 2021.

The weighted average duration of defined benefit obligations was mainly 11 years as of March 31, 2020.

(2) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2019 and 2020 were ¥12,700 million and ¥ 12,214 million, respectively.

(3) Employee benefit expense

The employee benefit expense included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss for the years ended March 31, 2019 and 2020 were ¥ 653,542 million and ¥ 637,169 million, respectively.

24. SHARE-BASED PAYMENT

(1) Share-Based Compensation Plans using Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers of the Company

(a) Details of share-Based compensation plans

The Company has introduced a share-based compensation plan with stock price conditions (hereinafter, "the plan") for the Company's board directors and executive officers (excluding outside board directors; hereafter, "directors and executive officers") from the year ended March 31,2020. This is aimed at reinforcing common interest between the Company's directors and executive officers and the shareholders. It will also achieve a highly transparent and fair share-based incentive system, with stock price conditions, to show commitment to sustainable development and medium to long-term improvement of our corporate value.

The Company has adopted a Board Incentive Plan trust in which beneficiaries include the directors and executive officers. Under the plan, the Company's shares are acquired through the trust using money contributed by the Company as the source of funds. In accordance with "Rules relating to grand of shares" established by the Company, from the date of commencement of the plan, points (1 point = 1 shares) are granted to the directors and executive officers each month at the end of the month during the period which the plan applies. The plan is designed so that the number of shares granted to the directors and executive officers are based on the comparative result of the growth rate of the Company's stock price and the growth rate of TOPIX (Tokyo stock price index) within a certain time frame. In principle, by carrying out the prescribed beneficiary vesting procedures at the time of retirement for directors and executive officers, those individuals are able to receive shares of the Company, with the number of shares corresponding to the number of points granted.

The plan is accounted for as equity-settled share-based compensation.

(b) Number of points granted during the period and weighed average fair value of points

The fair value of the points on the date of grant is determined by adjusting the market value of the Company's shares taking expected dividends in account.

The number of points granted during the period and the weighted average fair value of the points are as follows:

	Number of shares
	For the year ended March 31, 2020
Number of points granted during the period	39,600
Weighted average fair value (yen)	1,094

(c) Share-bases payment expenses

Share-based payment expenses was ¥ 43 million for the year ended March 31, 2020. This expense was presented within Selling, general and administrative expenses in the consolidated statement of profit or loss.

(2) Share-Based Compensation Plans using Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers of Ricoh Leasing Co., Ltd.

(a) Details of share-based compensation plans

Ricoh Leasing Co., Ltd. (referred to as “Ricoh Leasing”), a consolidated subsidiary of Ricoh, has introduced a share-based compensation plan (hereinafter, “the plan”) for Ricoh Leasing’s board directors and executive officers (excluding outside board directors; hereafter, “Ricoh Leasing directors and executive officers”) from the year ended March 31,2020. The plan clarifies the linkage between remuneration of Ricoh Leasing directors and executive officers and Ricoh Leasing’s business performance. The objectives of introducing the plan are to raise awareness that Ricoh Leasing directors and executive officers contribute to improving medium to long-term performance and increasing corporate value by sharing profit and risks due to change in stock prices with shareholders.

Ricoh Leasing has adopted Board Incentive Plan trust in which beneficiaries include Ricoh Leasing directors and executive officers as the structure for the plan. Under the plan, Ricoh Leasing shares are acquired through the trust using money contributed by Ricoh Leasing as the source of funds. In accordance with “Rules relating to grand of shares” established by Ricoh Leasing, from the date of commencement of the plan, points (1 point = 1 shares) are granted to Ricoh Leasing directors and executive officers each month on the end of the month during the period which the plan applies. Vesting conditions include the requirement that the recipient is a current office holder as a Ricoh Leasing director or executive officer, and points are granted according to office held and the degree of achievement of performance targets. In principle, at the time of their retirement as Ricoh Leasing directors and executive officers, by carrying out the prescribed beneficiary vesting procedures, they are able to receive shares of the Company, with the number of shares corresponding to the number of points granted.

The plan is accounted for as equity-settled share-based compensation.

(b) Number of points granted during the period and weighted average fair value of points

The fair value of the points on the date of grant is determined by adjusting the market of Ricoh Leasing’s shares taking expected dividends in account.

The number of points granted during the period and the weighted average fair value of the points are as follows:

	Number of shares
	For the year ended March 31, 2020
Number of points granted during the period	11,297
Weighted average fair value (yen)	2,900

(c) Share-bases payment expenses

Share-based payment expenses was ¥31 million for the year ended March 31, 2020. This expense was presented within Selling, general and administrative expenses in the consolidated statement of profit or loss.

25. CAPITAL AND RESERVES

(1) Common Stock

The numbers of shares authorized and issued are as follows:

	Number of shares	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Authorized:		
Ordinary shares	1,500,000,000	1,500,000,000
Issued:		
Balance, beginning of year	744,912,078	744,912,078
Adjustment for the year	-	-
Balance, end of year	744,912,078	744,912,078

The number of shares of treasury stock as of March 31, 2019 and 2020 included in the number of shares issued shown above were 20,049,430 shares and 20,478,528 shares, respectively. The Company has established the Board Incentive Plan trust in which beneficiaries include directors and executive officers from the year ended March 31, 2020. Four hundred twenty one thousand five hundred of the Company's shares owned by the trust account relating to this trust are accounted for as treasury stock.

(2) Reserves

(a) Additional Paid-in Capital

Under the Company Law of Japan ("the Company Law"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥177,347 million and ¥162,716 million as of March 31, 2019 and 2020, respectively, were not restricted by the limitations under the Company Law.

(3) Dividends

Dividends paid are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)	(Yen)		
Ordinary general meeting of shareholders held on June 22, 2018	Ordinary shares	5,436	7.5	March 31, 2018	June 25, 2018
Board of Directors' meeting held on October 26, 2018	Ordinary shares	7,249	10.0	September 30, 2018	December 3, 2018
Ordinary general meeting of shareholders held on June 21, 2019	Ordinary shares	9,423	13.0	March 31, 2019	June 24, 2019
Board of Directors' meeting held on November 1, 2019	Ordinary shares	9,423	13.0	September 30, 2019	December 2, 2019

Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)		(Yen)		
Ordinary general meeting of shareholders held on June 26, 2020	Ordinary shares	9,423	Retained earnings	13.0	March 31, 2020	June 29, 2020

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Capital risk management

Ricoh's capital management policy is to maintain a strong financial position, which enables us to procure sufficient funds for business expansion and to build an efficient capital structure in order to achieve continuous growth and increase corporate value.

Ricoh manages net interest-bearing debt, where cash and deposits are deducted from interest-bearing debt, capital (equity attributable to owners of the parent company) and the debt-to-equity ratio (ratio of interest-bearing debt to equity). The amounts as of each year end are as set forth in the table below.

In addition, Ricoh manages net interest-bearing debt, excluding debt from sales financing, for managerial purposes.

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Interest-bearing debt	933,419	245,635
Cash and deposit	(240,169)	(262,884)
Net interest-bearing debt	693,250	(17,249)
Capital (equity attributable to owners of the parent)	932,577	920,371
Debt Equity Ratio	0.74	(0.02)

(2) Market risk management

(a) Foreign currency exchange rate risk

(i) Foreign currency exchange rate risk management

The financial results, assets and liabilities are subject to foreign exchange fluctuations because of the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China.

Ricoh enters into foreign currency contracts to hedge against the potentially adverse impact of foreign currency fluctuations on those assets and liabilities denominated in foreign currencies.

(ii) Foreign currency contracts

Foreign currency contracts are as follows:

Foreign Currency Contracts

	As of March 31, 2019		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	¥110.99	3,885	0
Euro/¥	¥124.56	35,008	556
Pound/Euro	€1.16	39,095	(141)

	As of March 31, 2020		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	¥108.83	14,851	409
Euro/¥	¥119.55	4,782	69
Pound/Euro	€1.12	20,676	137

(iii) Sensitivity analysis for foreign currency risk

The following table represents Ricoh's sensitivity analysis of financial instruments for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before income tax expenses in the consolidated statement of profit or loss that would have resulted from a 1 yen appreciation of the Japanese yen against the U.S. dollar and the euro at the end of the year. The analysis is based on the assumption that such balances and interest rates are constant.

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
U.S. dollar	310	(20)
Euro	370	(125)

(b) Interest rate risk

(i) Interest rate risk management

Interest-bearing debt with floating rates is exposed to interest rate fluctuation risk.

Derivative financial contracts that Ricoh enters into are interest rate swap agreements to hedge against the potentially adverse impacts of cash flow fluctuations on its outstanding debt. Ricoh uses these financial instruments to reduce its risk in conformity with Ricoh policy.

(ii) Sensitivity analysis for interest rate

If the interest rate of financial instruments held by Ricoh as of March 31, 2019 and 2020 had increased by 1%, the impact on profit before income taxes in the consolidated statement of profit or loss would have been as set forth below.

The analysis assumes interest-bearing debt with floating rates affected by interest rate fluctuation and is based on the assumption that other factors, including the impact of foreign exchange fluctuation, are constant.

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Profit before income tax expense	(1,279)	(183)

(3) Credit risk management

(a) Credit risk of financial assets

Trade and other receivables are exposed to customer credit risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management responsible for trade receivables is focused on establishing appropriate credit limits, ongoing credit evaluations and account monitoring procedures.

Ricoh adjusts credit limits based on the results of the monitoring procedures in order to minimize potential risks such as the concentration of credit risk and credit default. In addition, Ricoh measures and recognizes an allowance for doubtful receivables by estimating future credit losses with consideration for future situations.

Ricoh considers whether credit risk on that financial instrument has increased significantly since initial recognition by evaluating changes in default risk with reference to factors including the decline of counterparty results and delinquency information. Additionally, Ricoh recognizes credit-impaired financial asset if it experiences serious overdue payment such as over 180 days or more and customer's serious financial difficulties. Ricoh directly reduces the gross carrying amount of a financial asset when there are no reasonable expectations of recovering a financial asset in its entirety, such as when receivables are legally extinguished.

To reduce credit risk in derivative transactions, Ricoh uses only creditworthy financial institutions.

The total carrying amount of financial assets represents the maximum amount of exposure to credit risk.

(i) The measurement of expected credit losses on trade receivables and lease receivables

Ricoh applies the simplified method in which the loss allowance on trade receivables and lease receivables is measured in an amount equal to the lifetime expected credit losses.

(ii) The measurement of expected credit loss on loans and other receivables

When at the end of the reporting period, the credit risk on loans and other receivables has not significantly increased since initial recognition, Ricoh calculates the amount of loss allowance on these financial instruments by estimating the 12-month expected credit loss collectively based upon both historical credit loss experience and forward-looking information such as economic conditions. Ricoh manages loan transactions by ongoing credit evaluations, establishing appropriate credit limits and monitoring accounts periodically to minimize the credit risk of these financial instruments.

(b) Quantitative and qualitative information on expected credit loss

Allowance for doubtful trade receivables and lease receivables is as follows:

	Millions of Yen		
	Non-credit-impaired doubtful receivables	Credit-impaired doubtful receivables	Total
As of April 1, 2018	15,453	9,731	25,184
Cumulative effects of adopting IFRS 9	(962)	-	(962)
As of April 1, 2018	14,491	9,731	24,222
Provision	1,230	37,783	39,013
Charge-offs	(364)	(4,639)	(5,003)
Exchange differences and other	120	(77)	43
As of March 31, 2019	15,477	42,798	58,275
Provision	3,788	2,572	6,360
Charge-offs	(1,739)	(1,455)	(3,194)
Write-offs	-	(37,037)	(37,037)
Reclassification to assets classified as held for sale	(7,732)	(1,995)	(9,727)
Exchange differences and other	(342)	(450)	(792)
As of March 31, 2020	9,452	4,433	13,885

The carrying amount of trade receivables and the allowance for doubtful receivables by the number of days past due is as follows:

(For the year ended March 31, 2019)

	Millions of Yen		
	Carrying amounts of receivables	Expected credit loss	Allowance for doubtful receivables for the entire period
Past due 180 days or less	1,321,182	1.2%	15,477
Past due 181 days or more	45,170	94.7%	42,798
Total	1,366,352	4.3%	58,275

(For the year ended March 31, 2020)

	Millions of Yen		
	Carrying amounts of receivables	Expected credit loss	Allowance for doubtful receivables for the entire period
Past due 180 days or less	559,507	1.7%	9,452
Past due 181 days or more	6,730	65.9%	4,433
Total	566,237	2.5%	13,885

(4) Liquidity risk management

Ricoh raises funds through borrowings from financial institutions or the issuance of bonds. These liabilities are exposed to the liquidity risk that Ricoh would not be able to repay liabilities on the due date resulting from the deterioration of the financing environment.

The Company and certain subsidiaries have committed limit of borrowing and overdraft facilities with financial institutions as well as commercial paper programs.

Ricoh has implemented a cash management system as a pooling-of-funds arrangement to achieve greater efficiencies in the utilization of liquidity on hand from one group company to another company through finance subsidiaries located in each region.

Ricoh has various funding methods and also has several committed lines of credit with financial institutions in order to reduce the liquidity risk.

An analysis of the contractual maturities of financial liabilities other than guarantee liabilities (including derivative financial instruments) is as follows:

For the year ended March 31, 2020, the table below does not include the amount included in "Liabilities directly related to assets held for sale."

	Millions of Yen							
	As of March 31, 2019							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	306,189	306,189	306,189	-	-	-	-	-
Short-term borrowings	65,313	65,365	65,365	-	-	-	-	-
long-term borrowings	664,338	667,865	160,273	115,417	167,912	115,289	57,346	51,628
Bonds	203,768	206,867	42,990	57,958	50,447	10,397	20,377	24,698
Subtotal	1,239,608	1,246,286	574,817	173,375	218,359	125,686	77,723	76,326
Derivative financial liabilities								
Interest rate swap agreements	472	472	46	287	85	54	-	-
Foreign currency contracts	72	72	72	-	-	-	-	-
Subtotal	544	544	118	287	85	54	-	-
Total	1,240,152	1,246,830	574,935	173,662	218,444	125,740	77,723	76,326

	Millions of Yen							
	As of March 31, 2020							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	246,055	246,055	246,055	-	-	-	-	-
Short-term borrowings	29,276	29,296	29,296	-	-	-	-	-
long-term borrowings	102,691	103,193	10,486	42,404	30,188	20,102	13	-
Bonds	47,697	49,565	12,330	361	12,298	10,330	315	13,931
Lease liabilities	65,971	70,662	28,193	13,592	9,521	6,364	3,694	9,298
Subtotal	491,690	498,771	326,360	56,357	52,007	36,796	4,022	23,229
Derivative financial liabilities								
Interest rate swap agreements	-	-	-	-	-	-	-	-
Foreign currency contracts	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Total	491,690	498,771	326,360	56,357	52,007	36,796	4,022	23,229

The Company and its certain subsidiaries enter into limit of borrowing and overdrafts arrangements with financial institutions. These financial institutions also hold the commercial paper issued by the Company and certain subsidiaries.

The total of credit facilities are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Limit of borrowing and overdrafts		
Used	4,963	13,016
Unused	367,150	264,228
Total	372,113	277,244
Issue limit of commercial paper		
Used	51,099	2,612
Unused	252,176	130,037
Total	303,275	132,649

(5) Fair value of financial instruments by type

The carrying amount and fair value of major financial instruments were as follows:

The table below includes the carrying amount included in "Assets classified as held for sale" and "Liabilities directly related to assets held for sale."

	Millions of Yen			
	As of March 31, 2019		As of March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Trade receivables	132,365	138,060	150,891	156,381
Lease receivables	848,234	863,268	872,031	887,174
Installment loans	153,126	153,325	180,586	181,368
Derivative assets	1,286	1,286	2,342	2,342
Securities	22,092	22,092	29,760	29,760
Bonds	1,032	1,032	855	855
Total	1,158,135	1,179,063	1,236,465	1,257,880
Liabilities:				
Derivative liabilities	544	544	341	341
Bonds and borrowings	666,462	666,283	789,449	786,493
Total	667,006	666,827	789,790	786,834

Note:

(i) Cash and cash equivalents, time deposits and trade and other payables

These financial instruments are not included in the table above as the carrying amounts approximate the fair values due to their relatively short-term nature.

(ii) Trade and other receivables

Trade and other receivables settled in a short period and other receivables are not included in the table above because the carrying amounts approximate the fair values due to the short maturities of these instruments.

The fair value of the receivables expected not to be recovered or settled in a short period is calculated per each receivable classified per certain business type based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk.

Trade and other receivables using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iii) Lease receivables and installment loans

The fair value of lease receivables and installment loans is calculated per each receivable classified per certain period based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk. Lease receivables and installment loans using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iv) Derivatives

Derivative instruments include foreign currency contracts and interest rate swap agreements. These derivative instruments are classified as Level 2 since the fair values of these instruments are measured mainly by obtaining quotes from brokers or proper valuation methods based on available information.

(v) Securities and bonds

Securities and bonds include mainly marketable securities, bonds and unlisted securities. Marketable securities and bonds are held at fair value using quoted prices in an active market. Unlisted securities are classified as Level 3 since the fair value of unlisted securities is measured using comparable companies' analyses or other reasonable valuation methods.

(vi) Bonds and borrowings

Bonds and borrowings expected to be settled in less than 12 months are not included in the table above as the carrying amounts approximate fair values due to the short-term maturities of these instruments.

The fair value of bonds, borrowings and lease liabilities are calculated from estimated present values using year-end borrowing rates applied to borrowings with similar maturities derived from future cash flows on a per-loan basis as well as calculated based on market prices. Bonds and borrowings using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework, since they are valued using observable market data.

(vii) Measurement of financial instruments

Measurement methods for financial instruments in accordance with IFRS9 'Financial Instruments' were as follows.

At amortized cost: trade receivables, installment loans, bonds (as liabilities) and borrowings.
At fair value through profit or loss: derivative assets and liabilities.
At fair value through other comprehensive income: securities and bonds (as assets).

Ricoh classifies the equity securities it holds to maintain and strengthen relationships with the companies as the financial assets measured at fair value through other comprehensive income.

The names of the companies whose securities represent the largest holdings of such securities by the company and their fair value were as follows:
(For the year ended March 31, 2019)

Company name	Fair value (Millions of Yen)
SAN-AI OIL CO.,LTD	3,056
OMRON Corporation	1,883
OTSUKA CORPORATION.	1,612
Sindoh Co., Ltd	1,465
Coca-Cola Bottlers Japan Holdings Inc.	1,080
Central Japan Railway Company	1,028
NIDEC CORPORATION.	855
Casa Inc.	845
MAX Co., Ltd.	814
Ushio Inc.	706
Others	8,748
Total	22,092

(For the year ended March 31, 2020)

Company name	Fair value (Millions of Yen)
SAN-AI OIL CO.,LTD	3,796
OTSUKA CORPORATION.	1,801
Coca-Cola Bottlers Japan Holdings Inc.	852
MAX Co., Ltd.	832
Casa Inc.	736
Central Japan Railway Company	692
Sindoh Co., Ltd	629
HISAMITSU PHARMACEUTICAL CO., INC.	595
Ushio Inc.	516
Broadleaf Co., Ltd.	422
Others	18,889
Total	29,760

Ricoh sold and derecognized some of its financial assets measured at fair value through other comprehensive income in consideration for improving assets efficiency as well as revising business relationships with the companies. The total amounts of the fair value of such financial assets at the time of sale and the cumulative gains or losses on the sales are as follows:

	For the year ended March 31, 2019 (Millions of Yen)	For the year ended March 31, 2020 (Millions of Yen)
Fair value	696	3,066
Cumulative gains (losses)	174	2,644
Dividend income	3	48

The dividends related to held investments in equity instruments designated at fair value through other comprehensive income for the year ended March 31, 2019 and 2020 were ¥618 million and ¥518 million, respectively.

Ricoh transfers to retained earnings the cumulative gains or losses arising from changes in the fair value if financial assets measured at fair value through other comprehensive income recognized in other components of equity when it disposes of an investment or when the fair value declines significantly. Cumulative gains or losses of other comprehensive income, net of tax, that were transferred to retained earnings for the year ended March 31, 2019 and 2020 were ¥616 million and ¥1,623 million, respectively.

(6) Fair value measurement applied in consolidated statement of financial position

The analysis of financial instruments subsequently measured at fair value is shown below. The fair value hierarchy of financial instruments is categorized as follows from Level 1 to Level 3:

Reclassification among the levels in the fair value hierarchy is recognized upon the date when the event or change in circumstances causing the reclassification first come into being.

Level 1: Fair values measured using quoted prices in active markets with respect to identical assets or liabilities

Level 2: Fair values measured using inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Fair values measured using inputs not based on observable market data

The following tables present the fair-value hierarchy of financial assets and liabilities that are measured at fair value in the consolidated statement of financial position, which includes the carrying amount included in "Assets classified as held for sale" and "Liabilities directly related to assets held for sale."

	Millions of Yen			
	As of March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	1,286	-	1,286
Financial assets at fair value through other comprehensive income:				
Securities	17,207	-	4,885	22,092
Bonds	1,032	-	-	1,032
Total assets	18,239	1,286	4,885	24,410
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	544	-	544
Total liabilities	-	544	-	544

	Millions of Yen			
	As of March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	2,342	-	2,342
Financial assets at fair value through other comprehensive income:				
Securities	13,251	-	16,509	29,760
Bonds	855	-	-	855
Total assets	14,106	2,342	16,509	32,957
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	341	-	341
Total liabilities	-	341	-	341

Note:

(i) Derivative instruments consist of foreign currency contracts and interest rate swap agreements. These derivative instruments are classified as Level 2 in the fair value hierarchy since they are valued using observable market data such as LIBOR based yield curves.

(ii) Securities and Bonds classified as Level 1 in the fair value hierarchy contains marketable equity securities and bonds. Marketable equity securities and bonds are valued using a market approach based on the quoted market prices of identical instruments in active markets. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as comparable companies' share prices and unobservable inputs, therefore, unlisted securities are classified as Level 3.

As to financial assets categorized at Level 3, significant changes in fair value are not expected in case that an unobservable input is replaced by a reasonable alternative assumption.

A reconciliation of financial assets categorized at Level 3 from beginning balances to ending balances is as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Beginning balance	3,624	4,885
Total gains and losses:		
- in other comprehensive income (i)	243	(260)
Purchases	1,715	12,352
Sales	(683)	(425)
Others	(14)	(43)
Ending balance	4,885	16,509

Note:

(i) Total gains and losses for the years ended March 31, 2019 and 2020 included in other comprehensive income relate to the shares not traded in the market. Related profit and loss was included in “Net changes in fair value of financial assets measured through other comprehensive income” (see Note 33, “Other Comprehensive Income”).

(7) Derivative financial instruments and hedging activities

Ricoh manages its exposure to certain market risks, primarily foreign currency, interest rate risks and stock price, through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets the hedge effectiveness requirements.

In general, a derivative instrument may be designated as either a hedge of the exposure to change in the fair value of a recognized asset or liability or an unrecognized firm commitment (“fair value hedge”) or a hedge of the exposure to change in the variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction (“cash flow hedge”).

The periods in which the cash flows associated with the cash flow hedge derivatives are expected to occur and the periods in which the cash flows are expected to enter into the determination of profit or loss are from 1 year to 4 years.

Gains and losses resulting from the fair values of derivatives not designated as hedging instruments were ¥325 million (loss) and ¥943 million (gain) for the years ended March 31, 2019 and 2020, respectively, and are included in "Finance income" and "Finance costs" in the consolidated statement of profit or loss. The gains and losses as noted above were due mainly to the impact of foreign exchange fluctuation.

For the year ended March 31, 2019 and 2020, hedging instruments designated as cash flow hedges and fair value hedges were as follows:
For the year ended March 31, 2020, the table below does not include the amount included in “Assets classified as held for sale” and “Liabilities directly related to assets held for sale.”

As of March 31, 2019

	Millions of Yen			Average interest rate	Presentation in the consolidated statement of financial position
	Contract amounts	Carrying amount			
		Asset	Liability		
Cash flow hedges					
Interest rate swap agreement	91,260	661	472	0.2%	Other financial assets Other financial liabilities
Fair value hedges					
Interest rate swap agreement	99,500	176	-	0.1%	Other financial assets

As of March 31, 2020

	Millions of Yen			Presentation in the consolidated statement of financial position
	Contract amounts	Carrying amount		
		Asset	Liability	
Cash flow hedges				
Foreign currency contracts	14,851	409	-	Other financial assets

The ineffective portion recognized in profit or loss is not significant, and thus a description of changes in fair value is omitted for the hedging instruments which were used as a basis to recognize the ineffective portion.

For the year ended March 31, 2019 and 2020, hedged items designated as cash flow hedges and fair value hedges were as follows:

As of March 31, 2019

	Millions of Yen
	Cash flow hedge reserve
Cash flow hedge	
Interest rate swap contracts	59

March 31, 2019

	Millions of Yen			Presentation in the consolidated statement of financial position
	Carrying amount	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount		
		Asset	Liability	
Cash flow hedge				
Interest rate swap contracts	99,500	-	176	Bonds ans and borrowings

As of March 31, 2020

	Millions of Yen
	Cash flow hedge reserve
Cash flow hedge	
Foreign currency contracts	409

The ineffective portion recognized in profit or loss is not significant, and thus a description of changes in fair value is omitted for the hedging instruments which were used as a basis to recognize the ineffective portion.

(8) Financial assets and liabilities offset

As for financial assets and liabilities arising from cash pooling, Ricoh has a legally enforceable right to offset and has the intention to settle the assets and liabilities between subsidiaries in Europe and the financial institution on a net basis or realize the assets and settle the liabilities simultaneously.

The amount of recognized financial assets and liabilities arising from the cash pooling contracts were as follows:

	Millions of Yen		
	As of March 31, 2019		
	Gross amount	Offset amount	Carrying amount
Financial assets			
Cash and cash equivalents	21,531	(21,081)	450
Financial liabilities			
Bonds and borrowings	21,081	(21,081)	-

	Millions of Yen		
	As of March 31, 2020		
	Gross amount	Offset amount	Carrying amount
Financial assets			
Cash and cash equivalents	19,274	(11,577)	7,697
Financial liabilities			
Bonds and borrowings	11,577	(11,577)	-

(9) Liquidated financial assets not qualifying for derecognition criteria

Ricoh has liquidated financial assets such as “Trade and other receivables” and “Finance lease receivables”.

Ricoh Leasing Co., Ltd. is involved with structured entities mainly through securitization of finance lease receivables. These structured entities, which have been designed in a way that voting or similar rights are not the dominating factors in deciding who controls these entities, are consolidated.

Ricoh Leasing Co., Ltd. has the power to direct the activities of the structured entities that most significantly impact the entities’ economic performance, and has the right to the profit and the obligation of the losses that would be potentially significant to the entities as well. Therefore, the entities are considered controlled by Ricoh Leasing Co., Ltd.

In accordance with the contractual arrangements with the structured entities, use of assets and the settlement of liabilities of these consolidated structured entities are restricted to the purposes for which they are structured.

The carrying amounts of assets and liabilities of the consolidated structured entities for Ricoh are as follows:

The table below includes the carrying amount included in "Assets classified as held for sale" and "Liabilities directly related to assets held for sale."

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Finance lease receivables, net	24,745	71,920
Borrowings	20,278	60,293

Ricoh Leasing Co., Ltd. transfers a portion of its beneficial interests. This transaction is recorded as financial transactions since Ricoh Leasing Co., Ltd. retains a subordinated beneficial interest and, therefore, substantially all the risks and rewards of the transferred assets. Lease receivables recognized based on the accounting treatment of consolidation of the structured entities and borrowings are in substance only to be used to settle obligations of the structured entities' liabilities.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

The table below includes the carrying amount included in "Assets classified as held for sale" and "Liabilities directly related to assets held for sale."

	Millions of Yen			
	As of March 31, 2019		As of March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance lease receivables, net	20,278	20,654	71,920	73,233
Borrowings	20,278	20,352	60,293	60,238

Apart from the transactions mentioned above, some other foreign subsidiaries of the Company transferred lease receivables with recourse. Ricoh recognized receivables subject to these transfers as well as relevant liabilities as Borrowings since the risks and economic values were retained and these transactions did not meet the derecognition criteria for financial assets. The assets and liabilities that were accounted for as secured loans are as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Finance lease receivables, net	865	736
Borrowings	865	736

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	Millions of Yen			
	As of March 31, 2019		As of March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance lease receivables, net	865	916	736	777
Borrowings	865	865	736	736

27. OTHER INCOME

The components of other incomes are as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Gain on sale of tangible assets and intangible assets	6,126	5,872
Gain on sale of securities of affiliates	14,227	325
Others	3,096	9,714
Total	23,449	15,911

28. LOSS OF CONTROL OF SUBSIDIARY

(For the year ended March 31, 2019)

(1) Ricoh India Limited

1. Overview of loss of control

On January 2018, Ricoh India Limited ("Ricoh India"), a subsidiary, filed a petition with the National Company Law Tribunal (NCLT) pursuant to Section 10 of the Insolvency and Bankruptcy Code of India. The petition had been admitted in May 2018. Along with this, an interim resolution professional was appointed. A creditors committee composed of Ricoh India's financial creditors appointed the current interim resolution professional as the official resolution professional in June 2018.

Ricoh had a majority of the voting rights of Ricoh India, whereas Ricoh India was excluded from the scope of consolidation in May 2018 based on our judgement that Ricoh lost control of Ricoh India in the situation above-mentioned in which Ricoh India was under the control of the resolution professional.

A public offering to the parties concerned in the corporate insolvency resolution was announced in July 2018. The participants in the offering prepared a reorganization plan and submitted it to the creditors committee. The creditors committee for Ricoh India approved one of the plans, amongst the several resolution plans submitted. The resolution professional filed this Resolution Plan with the NCLT for its approval on February 2019. The resolution plan is presently pending consideration by the NCLT.

2. Assets and liabilities included in the derecognized subsidiary were as follows:

	Millions of Yen
	As of March 31, 2019
	Carrying amount
Cash and cash equivalents	3,056
Trade and other receivables	10,526
Inventories	2,906
Property, plant and equipment and intangible assets	765
Other assets	8,063
Trade and other payables	(14,113)
Borrowings	(24,224)
Other liabilities	(3,382)
Net assets derecognized	(16,403)

3. Gain arising from the deconsolidation of Ricoh India with loss of control were as follows:

	Millions of Yen For the year ended March 31, 2019
Net assets derecognized	16,403
Other comprehensive income transferred to net profit/loss	2,618
Gain arising from the deconsolidation of Ricoh India	19,021

Note: The loss amounting to ¥20,929 million from measuring the retained investment in the former subsidiary at fair value at the date of loss of control was included in selling, general and administrative expenses.

4. Cash flows resulting from the derecognition were as follows:

	Millions of Yen For the year ended March 31, 2019
Cash and cash equivalents of derecognized subsidiary	(3,056)
Net proceeds from the deconsolidation of Ricoh India	(3,056)

5. Trade and other receivables resulting from loss of control and remeasurement of provision of allowance for doubtful accounts for receivable were as follows:

	As of April 1, 2018	At the time of deconsolidation of Ricoh India (*1)	Remeasurement of provision of allowance for doubtful accounts for receivables (*2)	Other	As of March 31, 2019
Receivables total	-	37,400	-	(40)	37,360
Provision of allowance for doubtful accounts for receivables	-	(16,403)	(20,957)	-	(37,360)
Net	-	20,997	(20,957)	(40)	-

Note: *1 Due to deconsolidation of Ricoh India, Ricoh has recognized receivables, which are included in trade and other receivables. These receivables were judged as a credit risk on financial instruments since Ricoh India is presently petitioning pursuant to Section 10 of the Insolvency and Bankruptcy Code of India. Thus, an allowance for doubtful accounts for receivables was measured at the amount of the expected credit loss over the entire period.

In addition, the provision of allowance for doubtful accounts for receivables of ¥16,403 million and gain of ¥19,021 million, which were recognized at the time of the deconsolidation of Ricoh India, were included in selling, general and administrative expenses.

*2 As a result of comprehensive consideration based on information that can be obtained at the end of the current fiscal year, Ricoh has determined that all receivables from Ricoh India cannot be collected, and the provision of allowance for doubtful accounts for receivables of ¥20,957 million was additionally booked. The provision for allowance for doubtful accounts was included in selling, general and administrative expenses.

(2) Ricoh Logistics System Co., Ltd.

1. Overview of loss of control

Ricoh concluded an agreement to sell approximately 66.6% of the Company's shares in Ricoh Logistics System Co., Ltd. ("Ricoh Logistics") to SBS Holdings Co., Ltd ("SBS Holdings") on May 18, 2018 and completed the transfer on August 1, 2018. In conjunction with this, Ricoh transferred all its remaining shares in Ricoh Logistics after the share transfer transaction to SBS Holdings representing approximately a 33.3% stake, to a new joint venture, RO Holdings Co., Ltd ("RO Holdings"). Following that transfer, Ricoh transferred ordinary shares equivalent to 33.4% of RO Holdings to Otsuka Corporation. Along with the series of transactions, Ricoh Logistics became an affiliated company accounted for by the equity method.

2. Assets and liabilities included in the derecognized subsidiary were as follows:

	Millions of Yen
	As of March 31, 2019
	Carrying amount
Cash and cash equivalents	4,663
Trade and other receivables	11,774
Property, plant and equipment	7,233
Goodwill and intangible assets	1,281
Trade and other payables	(10,520)
Accrued pension and retirement benefits	(1,485)
Other liabilities	(173)
Net assets removed	12,773

3. Gain arising from the sale of the subsidiary with loss of control was as follows:

	Millions of Yen
	For the year ended March 31, 2019
Cash received	18,000
Net assets removed	(12,773)
Retained investment in former subsidiary	9,000
Gain arising from the sale of subsidiaries with loss of control	14,227

Note: The gain was included in "Other income". The gain amounting to ¥4,742 million from measuring the retained investment in the former subsidiary at fair value at the date of loss of control was included in gain arising from the sale of subsidiaries with loss of control.

4. Cash flows resulting from the sale of subsidiary were as follows:

	Millions of Yen
	For the year ended March 31, 2019
Cash received from the sale of subsidiary	18,000
Cash and cash equivalents of derecognized subsidiary	(4,663)
Net proceeds from the sale of subsidiary	13,337

Note: The consideration received from Otsuka Corporation for the transfer of ordinary shares equivalent to 33.4% of RO Holdings was included in proceeds from sales of shares of subsidiaries which do not involve changes in the scope of consolidation in the consolidated statement of cash flows.

(For the year ended March 31, 2020)
Not applicable.

29. SALES

1. Disaggregation of sales

As described in Note 5, Operating Segments, operating segments of Ricoh comprise the Office Printing segment, the Office Service segment, the Commercial Printing segment, the Industrial Printing segment, the Thermal Media segment and the Other segment. In addition, sales are classified by region based on the location of customers. The following table presents sales of each segment by geographic region.

	Millions of Yen				
For the year ended March 31, 2019	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	346,032	331,007	299,841	109,548	1,086,428
Office Service	272,644	111,218	80,250	17,280	481,392
Commercial Printing	25,896	96,761	50,172	12,463	185,292
Industrial Printing	2,819	6,127	5,134	6,612	20,692
Thermal Media	13,658	19,461	17,800	15,449	66,368
Other	144,750	2,868	5,659	19,779	173,056
Total segment sales	805,799	567,442	458,856	181,131	2,013,228
Revenue from contracts with customers	683,228	516,697	367,010	154,573	1,721,509
Revenue from other sources	122,571	50,745	91,846	26,558	291,719

Revenue from other sources includes revenue from lease contracts as defined under IAS 17.

	Millions of Yen				
For the year ended March 31, 2020	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	337,995	305,976	263,197	99,106	1,006,274
Office Service	346,363	107,042	99,206	16,344	568,955
Commercial Printing	25,397	93,257	47,686	12,056	178,396
Industrial Printing	4,154	6,243	5,034	7,575	23,006
Thermal Media	12,896	18,864	16,372	13,764	61,896
Other	145,573	2,799	4,963	16,718	170,053
Total segment sales	872,378	534,181	436,458	165,563	2,008,580
Revenue from contracts with customers	738,437	475,148	349,628	135,340	1,698,552
Revenue from other sources	133,941	59,033	86,830	30,223	310,028

Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

The business segments of Ricoh are composed of the Office Printing, the Office Service, the Commercial Printing, the Industrial Printing, the Thermal Media and the Other segments. Each segment sells products and offers services. Revenue is measured at the amount of consideration promised in a contract with a customer, after deducting discounts, rebates, refunds, etc. depending on sales volume and other items. Variable considerations, including discounts, rebates, and other payments, are estimated considering all the information (historical, current and forecasted) that is reasonably available to the Company, and revenue is recognized only to the extent that it is highly probable that no significant reversal of recognized revenue will occur. Transactions in the Office Service and Other segments which Ricoh acts as an agent are presented on a net basis.

Ricoh makes provisions for product warranties since customers do not have the option to purchase a warranty separately. A warranty, or a part of a warranty, does not provide a customer with service in addition to the assurance that the product complies with agreed-upon specifications. There are no significant amounts for returns, refunds or other similar obligations.

As for sales of products in the Office Printing, the Office Service, the Commercial Printing and the Industrial Printing segments, revenue is recognized upon customer approval for the machines or at the time of customer receipt of related supplies as the performance obligation is satisfied when legal title to and physical possession of the product and the significant risks and rewards of ownership of the product transfer to the customer.
As for sales of main products of the Thermal and Other segments, revenue is recognized when the risks and rewards of ownership of the goods transfer from Ricoh to the customer at the time of customer receipt.

As for the Office Printing and Commercial Printing segments, revenues from maintenance contracts in which the customer typically pays a variable amount based on usage, a stated fixed fee or a stated base fee plus a variable amount is recognized. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Ricoh judges the performance obligation of the maintenance contract as making the machine always available for the customers. For the maintenance contract in which the customer pays a stated fixed fee, revenue is recognized ratably over the contract period. For maintenance contracts in which the customer pays a variable amount based on usage or a stated base fee plus a variable amount, revenue is recognized as billed.
As for the sales of services, for services related to documents, etc., revenue is recognized at the time of providing the service to the customer.

The financial factors related to installment sales receivables are adjusted since it is billed and paid for on a monthly basis for the term of the installment contract. Other promised consideration includes no significant financing component as Ricoh receives consideration within one year after satisfying the performance obligation.

2. Receivables and liabilities from contracts with customers
The ending balance of receivables and liabilities from contracts with customers were as follows:

	Millions of Yen	
	As of March 31, 2019	As of March 31, 2020
Receivables from contracts with customers	548,282	382,686
Contract liabilities	44,839	52,949

On the consolidated statements of financial position, liabilities from contracts with customers are recognized in other current liabilities and other non-current liabilities. Contract liabilities are mainly related to advanced payments from customers for maintenance contracts. For revenues recognized for the year ended March 31, 2019 and 2020, amounts included in liabilities from contracts with customers at the beginning of the fiscal year were ¥28,762 million and ¥33,754 million, respectively. For the year ended March 31, 2020, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in the previous period was not material.

3. Transaction price allocated to the remaining performance obligation

As of March 31, 2019 and 2020, The remaining performance obligation of the contracts with an initial service period of more than one year at the end of reporting period were ¥191,069 million and ¥203,667 million, respectively. These amounts related mainly to maintenance contracts of machines and including a fixed fee in the contract in which the customer pays a stated fixed fee or a stated base fee plus a variable amount. The transaction price allocated to the remaining contracts is expected to be recognized as revenue mostly over one to five years. Ricoh does not disclose information about remaining performance obligations that have original expected durations of one year or less.

4. Assets recognized from the costs to obtain or fulfill contracts with customers

Ricoh capitalizes the incremental costs of obtaining contracts with customers as an asset if those costs are expected to be recoverable and records them in “other current assets” and “other non-current assets” in the consolidated statements of financial position. Incremental costs of obtaining contracts are those costs that Ricoh incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Incremental costs of obtaining contracts recognized as assets by Ricoh are mainly the initial costs incurred related to sales commissions. The related assets are amortized evenly based on the estimated contract terms.

There are no assets recognized from the cost to fulfill contracts with customers.

	Millions of Yen	
	As of April 1, 2019	As of March 31, 2020
Assets recognized from costs to obtain a contract with customers	6,923	6,530

For the year ended March 31, 2019 and 2020, amortization associated with the assets recognized from the costs to obtain contracts with customers were ¥ 5,137 million and ¥4,418 million, respectively.

30. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Details of selling, general and administrative expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Personnel expenses	441,244	433,235
Depreciation and amortization expenses	24,866	53,334
Rental payments	30,913	7,259
Shipping and handling expenses	28,060	27,426
Restructuring expenses	18,703	10,337
Advertising expenses	7,307	6,099
Provision of allowance for doubtful accounts for receivables from Ricoh India Limited (*1)	37,360	-
Gain arising from the removal from consolidation of Ricoh India Limited with loss of control (*1)	(19,021)	-
Others	133,480	120,745
Total	702,912	658,435

*1…For the year ended March 31, 2019, gain arising from the removal from consolidation of Ricoh India Limited with loss of control, provision of allowance for doubtful accounts for receivables from Ricoh India Limited and others were included in selling, general and administrative expenses. (See Note 26, Loss of control of subsidiary)

31. RESEARCH AND DEVELOPMENT

Research and development expenses were as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Research and development expenses	94,026	88,222

32. FINANCE INCOME AND FINANCE COSTS

Details of finance income and finance costs are as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Finance income		
Dividend income		
Financial assets measured at fair value through other comprehensive income	621	566
Interest income		
Financial assets measured at amortized cost	3,453	3,953
Financial assets measured at fair value through other comprehensive income	49	38
Other finance income	475	369
Total finance income	4,598	4,926
Finance costs		
Interest costs		
Financial liabilities measured at amortized cost	5,915	4,464
Lease liabilities	-	1,250
Provisions	49	56
Foreign currency exchange loss, net	1,515	1,673
Other finance costs	486	876
Total finance costs	7,965	8,319

33. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income (loss) are as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Remeasurements of defined benefit plans		
Gain (loss) arising during the year	(6,389)	(2,481)
Total	(6,389)	(2,481)
Net changes in fair value of financial assets measured through other comprehensive income		
Gain (loss) arising during the year	(1,929)	(946)
Total	(1,929)	(946)
Net changes in fair value of cash flow hedges		
Gain (loss) arising during the year	(37)	2051
Reclassification adjustments to profit or loss for the year	93	(1,861)
Total	56	190
Exchange differences on translation of foreign operations		
Gain (loss) arising during the year	(12,839)	(30,012)
Reclassification adjustments to profit or loss for the year	1,860	450
Total	(10,979)	(29,562)

Tax effects of other comprehensive income (loss) (including those attributable to noncontrolling interests) are as follows:

	Millions of Yen					
	For the year ended March 31, 2019			For the year ended March 31, 2020		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurements of defined benefit plans	(8,144)	1,755	(6,389)	(2,323)	(158)	(2,481)
Net changes in fair value of financial assets measured through other comprehensive income	(2,810)	881	(1,929)	(1,377)	431	(946)
Net changes in fair value of cash flow hedges	84	(28)	56	80	110	190
Exchange differences on translation of foreign operations	(10,979)	-	(10,979)	(29,562)	-	(29,562)
Total other comprehensive income (loss)	(21,849)	2,608	(19,241)	(33,182)	383	(32,799)

34. EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are as follows.

Diluted earnings per share for the year ended March 31, 2019 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the year.

(1) Basic earnings per share

	For the year ended March 31, 2019	For the year ended March 31, 2020
Profit attributable to owners of the parent (millions of yen)	49,526	39,546
Weighted average number of ordinary shares outstanding (thousands of shares)	724,867	724,595
Basic earnings per share (yen)	68.32	54.58

(2) Diluted earnings per share

	For the year ended March 31, 2019	For the year ended March 31, 2020
Profit attributable to owners of the parent (millions of yen)	-	39,546
Adjustments (millions of yen)	-	-
Profit used for calculation of diluted earnings per share (millions of yen)	-	39,546
Weighted average number of ordinary shares outstanding (thousands of shares)	-	724,595
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	-	14
Weighted-average number of ordinary shares diluted (thousands of shares)	-	724,610
Diluted earnings per share (yen)	-	54.58

Note: For the purpose of calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers are accounted as treasury shares and the number of those shares are deducted from weighted-average number of ordinary shares outstanding during the year.

35. RELATED PARTIES

1. Transactions with related parties

There were no material related-party transactions (except for transactions that were offset in the consolidated financial statements).

2. Remuneration of key management personnel

Directors' remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2019	For the year ended March 31, 2020
Remuneration, including bonuses	368	319
Stock-based compensation	-	5
Total	368	324

36. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2019 and 2020, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥9,884 million and ¥6,378 million, respectively.

As of March 31, 2019 and 2020, there were no significant contingent liabilities.

37. GROUP ENTITIES

Refer to "4. Information on Affiliates" in "I. Overview of the Company".

The Company recognizes material non-controlling interests in Ricoh Leasing Co., Ltd. "Total assets" of Ricoh Leasing Co., Ltd. as of March 31, 2019 and 2020 were ¥1,118,397 million and ¥1,109,600 million, respectively, and "Total liabilities" were ¥944,193 million and ¥966,592 million, respectively. "Profit" for the years ended March 31, 2019 and 2020 was ¥11,829 million and ¥11,727 million, respectively, and "Comprehensive income" was ¥12,035 million and ¥11,205 million, respectively.

38. SUBSEQUENT EVENTS

At a meeting on March 9, 2020, the Board of Directors of Ricoh agreed to sell a portion of Ricoh's shares in Ricoh Leasing Co., Ltd. (referred to as "Ricoh Leasing") to Mizuho Leasing Company, Ltd. (referred to as "Mizuho Leasing").

As of April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, Ricoh's voting rights in Ricoh Leasing changed to the ownership ratio of 33.7%, and Ricoh Leasing, which used to be a consolidated subsidiary of the Company, became an affiliate accounted for under the equity method.

Cumulative other comprehensive income (net of taxes) related to disposal group held for sale amounted to ¥130 million (credit) and were included in equity in the consolidated statements of financial position as of March 31, 2020. Net changes in fair value of financial assets measured through other comprehensive income amounted to ¥225 million (credit) are directly reclassified to retained earnings and net changes in fair value of cash flow hedges amounted to ¥95 million (debit) are reclassified to profit or loss when the asset is sold.

The sales, operating profit and profit of Ricoh Leasing and its subsidiaries recorded in the consolidated statement of profit or loss for the year ended March 31, 2020 are ¥144,710 million, ¥18,482 million and ¥12,400 million, respectively.

39. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Hidetaka Matsuishi, Director and Corporate Executive Vice President, on June 29, 2020.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ricoh Company, Ltd.:

Opinion

We have audited the consolidated financial statements of Ricoh Company, Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group for the year ended March 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on June 21, 2019.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2020