

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Nine Months Ended December 31, 2022

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the nine months ended December 31, 2022 pursuant to the Japanese Financial Instrument and Exchange Law.

Condensed Consolidated Statement of Financial Position

Ricoh Company, Ltd. and its Consolidated Subsidiaries

ASSETS	Millions of Yen	
	As of March 31, 2022	As of December 31, 2022
Current assets:		
Cash and cash equivalents (Note 7)	240,308	193,324
Time deposits (Note 7)	81	122
Trade and other receivables	397,148	433,495
Other financial assets	92,293	90,742
Inventories	232,558	328,837
Other current assets	50,034	66,818
Total current assets	1,012,422	1,113,338
Non-current assets:		
Property, plant and equipment	188,439	193,119
Right-of-use assets	57,730	56,550
Goodwill and intangible assets	259,482	336,133
Other financial assets	128,321	126,661
Investments accounted for using the equity method	81,396	83,355
Other investments	12,329	12,476
Other non-current assets	31,942	35,164
Deferred tax assets	81,193	82,802
Total non-current assets	840,832	926,260
Total assets	1,853,254	2,039,598

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2022	As of December 31, 2022
Current liabilities:		
Bonds and borrowings (Note 8)	114,395	172,338
Trade and other payables	268,534	282,071
Lease liabilities	22,665	22,545
Other financial liabilities	2,079	1,785
Income tax payables	11,143	11,103
Provisions	9,941	11,787
Other current liabilities	264,691	294,737
Total current liabilities	693,448	796,366
Non-current liabilities:		
Bonds and borrowings (Note 8)	121,042	184,406
Lease liabilities	44,444	42,370
Other financial liabilities	—	28,342
Accrued pension and retirement benefits	45,728	44,246
Provisions	9,607	9,297
Other non-current liabilities	29,029	25,362
Deferred tax liabilities	4,131	5,499
Total non-current liabilities	253,981	339,522
Total liabilities	947,429	1,135,888
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	180,942	158,529
Treasury stock (Note 9)	(460)	(433)
Other components of equity	126,341	153,180
Retained earnings	459,855	438,096
Equity attributable to owners of the parent	902,042	884,736
Non-controlling interests	3,783	18,974
Total equity	905,825	903,710
Total liabilities and equity	1,853,254	2,039,598

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

Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Consolidated Subsidiaries

Nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Sales (Note 4,5)	1,276,195	1,528,608
Cost of sales	814,336	989,744
Gross profit	461,859	538,864
Selling, general and administrative expenses (Note 12)	450,722	504,551
Other income *	14,572	5,295
Operating profit (loss)	25,709	39,608
Finance income	2,318	2,807
Finance costs	2,798	5,780
Share of profit (loss) of investments accounted for using the equity method	5,474	5,686
Profit (loss) before income tax expenses	30,703	42,321
Income tax expenses	7,374	14,067
Profit (loss) for the period	23,329	28,254
Profit (loss) attributable to:		
Owners of the parent	23,186	27,438
Non-controlling interests	143	816

	Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Earnings per share attributable to owners of the parent: (Note 13)		
Basic	34.07	44.29
Diluted	34.06	44.28

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

* Gain on sales of property, plant and equipment and others were included in "Other income".

Three months ended December 31, 2021 and 2022

	Millions of Yen	
	Three months ended December 31, 2021	Three months ended December 31, 2022
Sales (Note 4,5)	432,732	555,072
Cost of sales	275,831	362,494
Gross profit	156,901	192,578
Selling, general and administrative expenses (Note 12)	153,698	178,031
Other income *	9,406	1,613
Operating profit (loss)	12,609	16,160
Finance income	1,335	1,460
Finance costs	960	1,698
Share of profit (loss) of investments accounted for using the equity method	1,745	1,795
Profit (loss) before income tax expenses	14,729	17,717
Income tax expenses	2,662	4,805
Profit (loss) for the period	12,067	12,912
Profit (loss) attributable to:		
Owners of the parent	12,029	12,524
Non-controlling interests	38	388

	Yen	
	Three months ended December 31, 2021	Three months ended December 31, 2022
Earnings per share attributable to owners of the parent: (Note 13)		
Basic	18.43	20.56
Diluted	18.43	20.56

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

* Gain on sales of property, plant and equipment and others were included in "Other income".

Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and its Consolidated Subsidiaries

Nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss) for the period	23,329	28,254
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	2,612	(581)
Net changes in fair value of financial assets measured through other comprehensive income	(102)	(120)
Share of other comprehensive income of investments accounted for using equity method	2,324	(439)
Total components that will not be reclassified subsequently to profit or loss	4,834	(1,140)
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	409	(77)
Exchange differences on translation of foreign operations	10,431	27,060
Share of other comprehensive income of investments accounted for using equity method	18	263
Total components that will be reclassified subsequently to profit or loss	10,858	27,246
Total other comprehensive income (loss)	15,692	26,106
Comprehensive income (loss)	39,021	54,360
Comprehensive income (loss) attributable to:		
Owners of the parent	38,940	53,750
Non-controlling interests	81	610

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

Three months ended December 31, 2021 and 2022

	Millions of Yen	
	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit (loss) for the period	12,067	12,912
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	31	(11)
Net changes in fair value of financial assets measured through other comprehensive income	(13)	23
Share of other comprehensive income of investments accounted for using equity method	2,174	329
Total components that will not be reclassified subsequently to profit or loss	2,192	341
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	4	70
Exchange differences on translation of foreign operations	8,531	(32,876)
Share of other comprehensive income of investments accounted for using equity method	33	197
Total components that will be reclassified subsequently to profit or loss	8,568	(32,609)
Total other comprehensive income (loss)	10,760	(32,268)
Comprehensive income (loss)	22,827	(19,356)
Comprehensive income (loss) attributable to:		
Owners of the parent	22,854	(19,330)
Non-controlling interests	(27)	(26)

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

Condensed Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and its Consolidated Subsidiaries

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurements 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
Balance as of April 1, 2021	135,364	186,231	(45,024)	—	7,807	(430)
Profit (loss) for the period						
Other comprehensive income (loss)				2,612	2,222	419
Comprehensive income (loss)	—	—	—	2,612	2,222	419
Net change in treasury stock (Note 9)		(139)	(92,716)			
Dividends declared and approved to owners (Note 10)						
Share-based payment transactions		25	16			
Transfer from other components of equity to retained earnings				(2,612)	(386)	
Other						
Total transactions with owners	—	(114)	(92,700)	(2,612)	(386)	—
Balance as of December 31, 2021	135,364	186,117	(137,724)	—	9,643	(11)

(Millions of Yen)

	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2021	74,720	82,097	561,578	920,246	3,606	923,852
Profit (loss) for the period			23,186	23,186	143	23,329
Other comprehensive income (loss)	10,501	15,754		15,754	(62)	15,692
Comprehensive income (loss)	10,501	15,754	23,186	38,940	81	39,021
Net change in treasury stock (Note 9)				(92,855)		(92,855)
Dividends declared and approved to owners (Note 10)			(14,058)	(14,058)	(30)	(14,088)
Share-based payment transactions				41		41
Transfer from other components of equity to retained earnings		(2,998)	2,998	—		—
Other			(2,077)	(2,077)		(2,077)
Total transactions with owners	—	(2,998)	(13,137)	(108,949)	(30)	(108,979)
Balance as of December 31, 2021	85,221	94,853	571,627	850,237	3,657	853,894

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurements 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
Balance as of April 1, 2022	135,364	180,942	(460)	—	4,540	246
Profit (loss) for the period						
Other comprehensive income (loss)				(581)	(555)	197
Comprehensive income (loss)	—	—	—	(581)	(555)	197
Net change in treasury stock (Note 9)		(21)	(30,005)			
Retirement of treasury stock (Note 9)			30,014			
Dividends declared and approved to owners (Note 10)						
Share-based payment transactions		72	18			
Change in scope of consolidation (Note 6)						
Written put options over non-controlling interests (Note 6)		(22,485)				
Transfer from other components of equity to retained earnings				581	(54)	
Transfer from retained earnings to additional paid-in capital		21				
Total transactions with owners	—	(22,413)	27	581	(54)	—
Balance as of December 31, 2022	135,364	158,529	(433)	—	3,931	443

(Millions of Yen)

	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2022	121,555	126,341	459,855	902,042	3,783	905,825
Profit (loss) for the period			27,438	27,438	816	28,254
Other comprehensive income (loss)	27,251	26,312		26,312	(206)	26,106
Comprehensive income (loss)	27,251	26,312	27,438	53,750	610	54,360
Net change in treasury stock (Note 9)				(30,026)		(30,026)
Retirement of treasury stock (Note 9)			(30,014)	—		—
Dividends declared and approved to owners (Note 10)			(18,635)	(18,635)	(75)	(18,710)
Share-based payment transactions				90		90
Change in scope of consolidation (Note 6)				—	14,656	14,656
Written put options over non-controlling interests (Note 6)				(22,485)		(22,485)
Transfer from other components of equity to retained earnings		527	(527)	—		—
Transfer from retained earnings to additional paid-in capital			(21)	—		—
Total transactions with owners	—	527	(49,197)	(71,056)	14,581	(56,475)
Balance as of December 31, 2022	148,806	153,180	438,096	884,736	18,974	903,710

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

Condensed Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	(Millions of Yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
I. Cash Flows from Operating Activities:		
Profit (loss) for the period	23,329	28,254
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities:		
Depreciation and amortization	67,997	68,470
Other income	(11,954)	(425)
Share of (profit) loss of investments accounted for using the equity method	(5,474)	(5,686)
Finance income and costs	480	2,973
Income tax expenses	7,374	14,067
(Increase) decrease in trade and other receivables	50,855	(4,341)
(Increase) decrease in inventories	(32,230)	(63,299)
(Increase) decrease in lease receivables	18,965	13,566
Increase (decrease) in trade and other payables	(57,771)	(11,869)
Increase (decrease) in accrued pension and retirement benefits	(7,596)	(6,087)
Other, net	(913)	(6,751)
Interest and dividends received	2,362	4,111
Interest paid	(1,740)	(3,823)
Income taxes paid	(15,081)	(22,692)
Net cash provided by (used in) operating activities	38,603	6,468
II. Cash Flows from Investing Activities:		
Proceeds from sales of property, plant and equipment	13,352	2,157
Expenditures for property, plant and equipment	(22,685)	(28,548)
Expenditures for intangible assets	(24,527)	(25,589)
Payments for purchases of investment securities	(440)	(389)
Proceeds from sales of investment securities	4,103	489
Net (Increase) decrease in time deposits	40	(42)
Purchase of business, net of cash acquired (Note 6)	(3,837)	(52,233)
Net cash provided by (used in) investing activities	(33,994)	(104,155)
III. Cash Flows from Financing Activities:		
Net increase (decrease) of short-term debt	6,431	39,143
Proceeds from long-term debt	16,143	109,046
Repayments of long-term debt	(15,712)	(23,009)
Repayments of bonds (Note 8)	—	(13,725)
Repayments of lease liabilities	(23,382)	(24,226)
Dividends paid (Note 10)	(14,058)	(18,635)
Payments for purchase of treasury stock (Note 9)	(92,716)	(30,005)
Other, net	(230)	(105)
Net cash provided by (used in) financing activities	(123,524)	38,484
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	3,070	5,814
V. Net Increase (decrease) in Cash and Cash Equivalents	(115,845)	(53,389)
VI. Cash and Cash Equivalents at Beginning of Year	330,344	234,020
VII. Cash and Cash Equivalents at End of Period (Note 7)	214,499	180,631

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

Notes: The difference in the amount of "Cash and cash equivalents" between condensed consolidated statement of financial position and condensed consolidated statement of cash flows represents bank overdrafts.

Notes to Condensed Consolidated Financial Statements

Ricoh Company, Ltd. and its Consolidated Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the “Company”) is a company domiciled in Japan. The condensed consolidated financial statements of the Company as of and for the period ended December 31, 2022 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates.

Ricoh is operating development, manufacturing, sales and service activities on the business segments of Digital Services, Digital Products, Graphic Communications, Industrial Solutions and Other (see Note 4, “OPERATING SEGMENTS”).

2. BASIS OF PREPARATION

(1) Statements of Compliance

The condensed consolidated financial statements meet the requirements set out under Article 1-2, Paragraph 1, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the “Rules on Quarterly Consolidated Financial Statements”) under which the Company is qualified as a “specified company” and duly prepares such summary in accordance with IAS 34 “Interim Financial Reporting”, under the provisions of Article 93 of the Rules on Quarterly Consolidated Financial Statements. As the condensed consolidated financial statements do not contain all the information required in annual consolidated financial statements, it should be read in combination with the consolidated financial statements for the fiscal year ended March 31, 2022, prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The condensed 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.

(2) Use of Estimates and Judgments

The preparation of condensed consolidated financial statements in accordance with IFRSs requires management to make 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.

Estimates and judgments that have significant impact on the amounts in the condensed consolidated financial statements for the period ended December 31, 2022 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies which apply in the condensed consolidated financial statements are the same as those in the previous fiscal year.

4. OPERATING SEGMENTS

Ricoh's operating segments are composed of Digital Services, Digital Products, Graphic Communications, Industrial Solutions and Other.

The electronics business in Industrial Solutions has been reclassified into Digital Products from this third quarter. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

The following table presents the content of each operating segment.

Segments	Business Domains
Digital Services	Sales of MFPs (multifunctional printers), laser printers, digital duplicators, wide format printers, facsimile machine, scanners, personal computers, servers, network equipment, related parts & supplies, services, support, software and service & solutions related to documents
Digital Products	Production and OEM of MFPs (multifunctional printers), laser printers, digital duplicators, wide format printers, facsimile machine, scanners, network equipment, and related parts & supplies, production and sales of electronic components
Graphic Communications	Production and sales of cut sheet printers, continuous feed printers, inkjet heads, imaging systems, industrial printers, related parts & supplies, services, support and software
Industrial Solutions	Production and sales of thermal paper and thermal media, industrial optical component/module and precision mechanical component
Other*	Digital cameras, 360° cameras, environment and healthcare

* Sales, profit and loss of PFU are included in Other.

(Note) Digital services as a business segment is mainly limited to the office services business and the office printing sales business. This segment does not include all digital services, which Ricoh aims to transform into "a digital services company" that connects workplaces and support worker's creativity. "Digital Services" provided as "a digital services company" is included in all the business segments as well as Digital Services business segment.

Segment profit (loss) is based on operating profit (loss) and is used by Ricoh's management in allocating resources and in assessing business performance. Segment profit (loss) excludes certain adjustment such as elimination of unrealized gain or loss on inventories and fixed assets accrued from intersegment transaction.

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the nine months ended December 31, 2021 and 2022. Intersegment transactions are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the nine months ended December 31, 2021 and 2022.

(1) Operating Segment Information

Nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Segment sales:		
Digital Services	1,037,069	1,186,964
Digital Products	282,016	337,275
Graphic Communications	135,548	169,558
Industrial Solutions	71,573	85,612
Other	24,904	77,083
Intersegment sales	(274,915)	(327,884)
Total segment sales	1,276,195	1,528,608
Segment profit (loss):		
Digital Services	8,782	17,881
Digital Products	32,353	26,907
Graphic Communications	1,890	10,013
Industrial Solutions	(305)	(509)
Other	(11,117)	(4,327)
Total segment profit (loss)	31,603	49,965
Reconciling items:		
Corporate expenses and elimination	(5,894)	(10,357)
Finance income	2,318	2,807
Finance costs	(2,798)	(5,780)
Share of profit of investments accounted for using equity method	5,474	5,686
Profit (loss) before income tax expenses	30,703	42,321

Intersegment sales are primarily from Digital Products to Digital Services.

Three months ended December 31, 2021 and 2022

	Millions of Yen	
	Three months ended December 31, 2021	Three months ended December 31, 2022
Segment sales:		
Digital Services	348,599	418,724
Digital Products	96,719	117,982
Graphic Communications	48,518	60,676
Industrial Solutions	24,873	28,646
Other	8,203	43,365
Intersegment sales	(94,180)	(114,321)
Total segment sales	432,732	555,072
Segment profit (loss):		
Digital Services	3,944	7,989
Digital Products	15,747	4,862
Graphic Communications	1,559	6,149
Industrial Solutions	(53)	(97)
Other	(3,700)	(316)
Total segment profit (loss)	17,497	18,587
Reconciling items:		
Corporate expenses and elimination	(4,888)	(2,427)
Finance income	1,335	1,460
Finance costs	(960)	(1,698)
Share of profit of investments accounted for using equity method	1,745	1,795
Profit (loss) before income tax expenses	14,729	17,717

Intersegment sales are primarily from Digital Products to Digital Services.

(2) Geographic Information

Sales based on the location of customers are as follows:

Nine months ended December 31, 2021 and 2022

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Sales:		
Japan	502,110	551,232
The Americas	323,231	441,934
Europe, Middle East and Africa	328,977	394,892
Other	121,877	140,550
Consolidated	1,276,195	1,528,608
The United States (included in The Americas)	268,794	370,439

Three months ended December 31, 2021 and 2022

	Millions of Yen	
	Three months ended December 31, 2021	Three months ended December 31, 2022
Sales:		
Japan	165,954	199,646
The Americas	108,559	158,260
Europe, Middle East and Africa	116,655	146,548
Other	41,564	50,618
Consolidated	432,732	555,072
The United States (included in The Americas)	89,620	133,178

5. SALES

As described in Note 4 “OPERATING SEGMENTS”, operating segments of Ricoh comprise Digital Services, Digital Products, Graphic Communications, Industrial Solutions and Other. In addition, Sales are classified by region based on the location of customers.

The following table presents sales of each segment by geographic region.

Nine months ended December 31, 2021 and 2022

Nine months ended December 31, 2021	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	439,134	241,092	278,125	78,718	1,037,069
Digital Products	12,389	554	14	5,475	18,432
Graphic Communications	19,301	62,557	35,297	18,393	135,548
Industrial Solutions	24,213	15,862	12,825	17,185	70,085
Other	7,073	3,166	2,716	2,106	15,061
Total segment sales	502,110	323,231	328,977	121,877	1,276,195

Nine months ended December 31, 2022	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	455,825	315,893	327,033	88,213	1,186,964
Digital Products	15,987	734	9	6,862	23,592
Graphic Communications	19,630	85,794	43,122	21,012	169,558
Industrial Solutions	24,570	24,042	17,301	17,880	83,793
Other	35,220	15,471	7,427	6,583	64,701
Total segment sales	551,232	441,934	394,892	140,550	1,528,608

Note:

1. Intersegment transactions are excluded in the table above.
2. Sales of PFU are included in Other segment.
3. The electronics business in Industrial Solutions has been reclassified into Digital Products from this third quarter. Prior year comparative figures have also been reclassified to conform to the current year's presentation.
4. Revenues recognized in accordance with IFRS15 ‘Revenue from contracts with customers’ as well as revenues from leases recognized in accordance with IFRS16 ‘Leases’ are included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥115,613 million and ¥134,589 million for the nine months ended December 31, 2021 and 2022 respectively, which was mainly composed of Digital Services.

Three months ended December 31, 2021 and 2022

Three months ended December 31, 2021	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	144,822	79,387	98,068	26,322	348,599
Digital Products	4,500	235	4	1,538	6,277
Graphic Communications	6,631	21,894	13,218	6,775	48,518
Industrial Solutions	7,797	5,982	4,451	6,204	24,434
Other	2,204	1,061	914	725	4,904
Total segment sales	165,954	108,559	116,655	41,564	432,732

Three months ended December 31, 2022	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	156,055	110,183	121,020	31,466	418,724
Digital Products	5,873	170	4	2,415	8,462
Graphic Communications	6,527	31,384	15,620	7,145	60,676
Industrial Solutions	8,137	7,947	5,756	6,154	27,994
Other	23,054	8,576	4,148	3,438	39,216
Total segment sales	199,646	158,260	146,548	50,618	555,072

Note:

1. Intersegment transactions are excluded in the table above.
2. Sales of PFU are included in Other segment.
3. The electronics business in Industrial Solutions has been reclassified into Digital Products from this third quarter. Prior year comparative figures have also been reclassified to conform to the current year's presentation.
4. Revenues recognized in accordance with IFRS15 'Revenue from contracts with customers' as well as revenues from leases recognized in accordance with IFRS16 'Leases' are included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥38,059 million and ¥49,064 million for the three months ended December 31, 2021 and 2022 respectively, which was mainly composed of Digital Services.

6. BUSINESS COMBINATIONS

(For the nine months ended December 31, 2021)

There was no significant business combination.

(For the nine months ended December 31, 2022)

1. Outline of business combination

(i) Name and description of acquired business

Name of acquired business : PFU Limited

Description of business : Document scanners, industrial computing products and other hardware; security and document management and other software & services; configuration of IT infrastructure; and multivendor services provided in cooperation with third-party companies

(ii) Reason for the acquisition of shares

This share acquisition is a part of the growth investments outlined in the medium- to long-term plan through FY2025. PFU has the No. 1 share in the global market for document scanners and offers cloud construction and managed security services in Japan. By making PFU a subsidiary of the Company, the Company intends to strengthen edge devices that support digital services by acquiring industry and business scanners that serve as entry points for business workflows, and also intends to fortify its human capital through acquiring software engineers and digital professionals in the field, close to its customers and edge devices including construction and operation of multi-cloud environments and security services. In doing so, the Company intends to achieve digital transformation (DX) for customers and expand Ricoh's the office services business, which is positioned as an area of accelerated growth in its business portfolio management. In addition, PFU has the No. 1 share in the Japanese market for industrial computer boards and boasts an extensive product lineup. The combination of PFU's strengths and the Company's electronics business will create synergies in production, purchasing, and development to increase cost competitiveness, strengthen the industrial computer business, and develop new edge devices that will advance the digitalization of frontlines in fields such as logistics and manufacturing.

(iii) Acquisition date

September 1, 2022

(iv) Percentage of voting equity interests acquired

80%

2. Consideration transferred and each major class of consideration

Cash (including other payables) ¥90,584 million

(Note) Price adjustments after acquisition have been finalized, and the final acquisition cost was determined.

3. Acquisition-related costs

The acquisition-related costs of ¥236 million were included in "Selling, general and administrative expenses" in the condensed consolidated statement of profit or loss.

4. Assets acquired, liabilities assumed, non-controlling interests and goodwill

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

	Millions of Yen
Fair value of the consideration transferred	90,584
Cash and cash equivalents	42,060
Trade and other receivables	19,698
Inventories	24,322
Property, plant and equipment	7,482
Intangible assets	6,631
Other assets	13,885
Trade and other payables	(13,575)
Other liabilities	(29,344)
Net assets	71,159
Non-controlling interests	(14,487)
Goodwill	33,912
Total	90,584

Non-controlling interests are measured by the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. Goodwill arising from the acquisition of PFU consists primarily of future economic benefits and synergies with existing operations. 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 was incomplete as of December 31, 2022 and therefore, the provisional amounts of intangible assets and goodwill may be adjusted upon the completion of the purchase price allocation. The operating results of PFU have been included in the accompanying condensed consolidated financial statements since the acquisition date.

The Company granted written put options to sell the subsidiary shares to the non-controlling shareholder of the acquired company. The present value of the written put options granted to the non-controlling shareholder was recognized as financial liabilities in the amount of ¥22,485 million at the acquisition date, and the same amounts were deducted from additional paid-in capital. The amount of the financial liabilities related to the written put options increased by ¥1,656 million due to the determination of the final acquisition cost.

5. Impact on Ricoh's business results

Sales and profit for the period generated by PFU since the acquisition date amounted to ¥48,640 million and ¥3,157 million, respectively. Assuming the business combination had been conducted at the beginning of the period, the pro-forma information for the nine months ended December 31, 2022 would have been ¥1,575,693 million in sales and ¥28,163 million in profit for the period, respectively. The amounts are unaudited by the independent auditor.

The information on the business combinations other than the above is omitted as it is immaterial both individually and in the aggregate.

7. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of December 31, 2021	As of December 31, 2022
Cash and deposits	224,792	193,446
Time deposits with a maturity of more than three months	(202)	(122)
Cash and cash equivalents in Condensed Consolidated Statement of Financial Position	224,590	193,324
Bank overdrafts	(10,091)	(12,693)
Cash and cash equivalents in Condensed Consolidated Statement of Cash Flows	214,499	180,631

8. BONDS

No issuance or repayment of bonds was noted for the nine months ended December 31, 2021.

No issuance of bonds was noted for the nine months ended December 31, 2022.

Details of bonds repaid during the nine months ended December 31, 2022 are as follows:

Issuer	Bond name	Issue date	Total amount	Interest Rate (%)	Collateral	Maturity date
Ricoh Company, Ltd.	The 3rd series of unsecured straight bonds of EURO	July 29, 2019	100 million Euro	0.220	None	July 29, 2022

9. CAPITAL AND RESERVES

(For the nine months ended December 31, 2021)

At the meeting of the Board of Directors of the Company held on March 3, 2021, the Company resolved a share repurchase. The share repurchase for the nine months ended December 31, 2021 is as follows and has been completed on December 10, 2021 (on delivery date basis).

(1) Share category	Common stock
(2) Number of shares	81,230,900 shares
(3) Repurchase cost	¥ 92,709,040,000
(4) Period	April 1, 2021, through December 10, 2021 (on delivery date basis)
(5) Method	Open market purchase on Tokyo Stock Exchange

(Reference)

The matters for resolution at the Board of Directors meeting held on March 3, 2021

(1) Share category	Common stock
(2) Number of shares	Up to 145,000,000 shares (representing 20.02% of issued and outstanding shares excluding treasury shares)
(3) Repurchase ceiling	¥100 billion
(4) Period	March 4, 2021, through March 3, 2022
(5) Method	Open market purchase on Tokyo Stock Exchange

(For the nine months ended December 31, 2022)

At the meeting of the Board of Directors of the Company held on May 10, 2022, the Company resolved a share repurchase. The share repurchase for the nine months ended December 31, 2022 is as follows and has been completed on September 27, 2022 (on delivery date basis).

(1) Share category	Common stock
(2) Number of shares	27,946,200 shares
(3) Repurchase cost	¥ 29,999,937,700
(4) Period	May 11, 2022, through September 27, 2022 (on delivery date basis)
(5) Method	Open market purchase on Tokyo Stock Exchange

(Reference)

The matters for resolution at the Board of Directors meeting held on May 10, 2022

(1) Share category	Common stock
(2) Number of shares	Up to 48,000,000 shares (representing 7.5% of issued and outstanding shares excluding treasury shares)
(3) Repurchase ceiling	¥30 billion
(4) Period	May 11, 2022, through September 30, 2022
(5) Method	Open market purchase on Tokyo Stock Exchange

The Company retired treasury shares, as stated below, following an October 4, 2022 Board of Directors resolution.

(1) Class of shares retired	Common stock
(2) Number of shares retired	27,946,200 shares
(3) Retirement date	October 31, 2022

10. DIVIDENDS

(1) Dividends paid during the nine months ended December 31, 2021 and 2022 are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Source of dividends
		(Millions of Yen)	(Yen)			
Ordinary general meeting of shareholders held on June 24, 2021	Ordinary shares	5,390 (Note)	7.5	March 31, 2021	June 25, 2021	Retained earnings
Board of Directors' meeting held on November 4, 2021	Ordinary shares	8,677 (Note)	13.0	September 30, 2021	December 1, 2021	Retained earnings
Ordinary general meeting of shareholders held on June 24, 2022	Ordinary shares	8,286 (Note)	13.0	March 31, 2022	June 27, 2022	Retained earnings
Board of Directors' meeting held on November 4, 2022	Ordinary shares	10,361 (Note)	17.0	September 30, 2022	December 1, 2022	Retained earnings

Note: The total amount of dividends by the resolution of the ordinary general meeting of shareholders held on June 24, 2021 and the board of directors' meeting held on November 4, 2021 include ¥3 million and ¥5 million respectively corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

In addition, the total amount of dividends by the resolution of the ordinary general meeting of shareholders held on June 24, 2022 and the board of directors' meeting held on November 4, 2022 include ¥5 million and ¥7 million respectively corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

(2) Dividends which record date is in the third quarter but which effective date is in the following quarter are as follows:

None Noted.

11. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments by type

Carrying amounts and fair values of the major financial instruments were as follows:

	Millions of Yen			
	As of March 31, 2022		As of December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Lease receivables	220,467	224,834	216,957	221,436
Derivative assets	147	147	446	446
Securities and equity interests	11,841	11,841	12,096	12,096
Bonds	488	488	380	380
Total	232,943	237,310	229,879	234,358
Liabilities:				
Derivative liabilities	2,079	2,079	393	393
Contingent consideration	–	–	7,217	7,217
Written put option liabilities over non-controlling interests	–	–	22,517	22,517
Bonds and borrowings	121,042	117,985	184,406	177,802
Total	123,121	120,064	214,533	207,929

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 the relatively short-term nature.

(ii) Trade and other receivables

Trade and other receivables settled in a short period are not included in the table above because the carrying amounts approximate the fair values due to the short maturities of these instruments. Any other receivables that are not material are not included in the table above.

(iii) Lease receivables

The fair value of lease receivables 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 using the inputs described above are classified as Level 3.

(iv) Derivatives

Derivative instruments include foreign currency contracts. 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, equity interests and bonds

Securities, equity interests and bonds include mainly marketable securities and bonds, as well as unlisted securities and equity interests. As the fair value of marketable securities and bonds is measured using quoted prices of identical assets in an active market and is therefore observable, their fair value is classified as Level 1. As the fair value of unlisted securities and equity interests is measured based on valuation techniques using observable indicators such as market prices of comparable companies, as well as unobservable indicators, their fair value is classified as Level 3.

(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 and borrowings 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, since they are valued using observable market data.

(vii) Contingent consideration

Contingent consideration is classified as Level 3, since the fair value of contingent consideration is calculated taking into account future performance of acquired companies and payment amounts.

(viii) Written put option liabilities over non-controlling interests

The amount stated as the fair value of written put option liabilities over non-controlling interests is determined by discounting future cash flows at the interest rate taking into account the credit risk at the period to the date of exercise and at the end of the period. Written put option liabilities over non-controlling interests using inputs described above are classified as Level 2, since they are valued using observable market data.

(ix) Measurement of financial instruments

Measurement methods for the financial instruments in accordance with IFRS9 'Financial Instruments' were as follows.

At amortized cost: trade receivables, bonds (as liabilities) and borrowings, written put option liabilities over non-controlling interests.

At fair value through profit or loss: derivative assets, securities and equity interests, derivative liabilities, contingent consideration.

At fair value through other comprehensive income: securities and equity interests, bonds (as assets).

(2) Fair value measurement applied in condensed 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 to occur.

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

	Millions of Yen			Total
	As of March 31, 2022			
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Derivative assets	—	147	—	147
Securities and equity interests	—	—	1,259	1,259
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	8,830	—	1,752	10,582
Bonds	488	—	—	488
Total assets	9,318	147	3,011	12,476
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	2,079	—	2,079
Total liabilities	—	2,079	—	2,079

	Millions of Yen			
	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	—	446	—	446
Securities and equity interests	—	—	1,293	1,293
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	8,905	—	1,898	10,803
Bonds	380	—	—	380
Total assets	9,285	446	3,191	12,922
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	393	—	393
Contingent consideration	—	—	7,217	7,217
Total liabilities	—	393	7,217	7,610

Note:

(i) Derivative instruments include foreign currency contracts. 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.

(ii) Securities, equity interests and bonds include mainly marketable securities and bonds, as well as unlisted securities and equity interests. As the fair value of marketable securities and bonds is measured using quoted prices of identical assets in an active market and is therefore observable, their fair value is classified as Level 1. As the fair value of unlisted securities and equity interests is measured based on valuation techniques using observable indicators such as market prices of comparable companies, as well as unobservable indicators, their fair value is classified as Level 3.

(iii) Contingent consideration is classified as Level 3, since the fair value of contingent consideration is calculated taking into account future performance of acquired companies and payment amounts.

A reconciliation of financial assets categorized at Level 3 from beginning balance to ending balance is as follows:

	Millions of Yen	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Beginning balance	2,453	3,011
Total gains and losses:		
- in profit or loss (i)	—	(128)
- in other comprehensive income (ii)	(45)	(6)
Purchases	369	379
Sales	(21)	(232)
Increase due to acquisitions through business combinations	—	160
Reclassified to Level 1 due to listing (iii)	(100)	—
Others	86	7
Ending balance	2,742	3,191

Note:

(i) Total gains and losses included in net profit or loss relate to financial assets held at the end of the period that are restated to fair value through net profit or loss. These are included in “Finance income” and “Finance costs” in the condensed consolidated statement of profit or loss.

(ii) Total gains and losses included in other comprehensive income relate to financial assets at fair value through other comprehensive income held at the end of the period. These are included in “Net changes in fair value of financial assets measured through other comprehensive income” in the condensed consolidated statement of comprehensive income.

(iii) Reclassification is because the initial public offering of investees made possible to observe its fair value by the share market price.

A reconciliation of financial liabilities categorized at Level 3 from beginning balance to ending balance is as follows:

	<u>Millions of Yen</u>
	<u>Nine months ended</u>
	<u>December 31, 2022</u>
<u>Beginning balance</u>	<u>—</u>
Increase due to acquisitions through business combinations and other	7,465
<u>Others</u>	<u>(248)</u>
<u>Ending balance</u>	<u>7,217</u>

12. SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following amounts were charged to selling, general and administrative expenses for the nine months and three months ended December 31, 2021 and 2022:

	<u>Millions of Yen</u>	
	<u>Nine months ended</u>	<u>Nine months ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2022</u>
<u>Research and development expenses</u>	<u>55,255</u>	<u>60,754</u>
<u>Shipping and handling expenses</u>	<u>20,127</u>	<u>24,864</u>
<u>Advertising expenses</u>	<u>3,185</u>	<u>3,398</u>

	<u>Millions of Yen</u>	
	<u>Three months ended</u>	<u>Three months ended</u>
	<u>December 31, 2021</u>	<u>December 31, 2022</u>
<u>Research and development expenses</u>	<u>17,261</u>	<u>22,074</u>
<u>Shipping and handling expenses</u>	<u>6,887</u>	<u>8,934</u>
<u>Advertising expenses</u>	<u>1,291</u>	<u>1,398</u>

13. EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are as follows.

(1) Basic earnings per share

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	23,186	27,438
Weighted average number of ordinary shares outstanding (thousands of shares)	680,598	619,533
Basic earnings per share (yen)	34.07	44.29

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	12,029	12,524
Weighted average number of ordinary shares outstanding (thousands of shares)	652,818	609,067
Basic earnings per share (yen)	18.43	20.56

(2) Diluted earnings per share

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	23,186	27,438
Adjustments (millions of yen)	—	—
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	23,186	27,438
Weighted average number of ordinary shares outstanding (thousands of shares) *	680,598	619,533
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	97	148
Weighted-average number of ordinary shares diluted (thousands of shares)	680,695	619,681
Diluted earnings per share (yen)	34.06	44.28

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	12,029	12,524
Adjustments (millions of yen)	—	—
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	12,029	12,524
Weighted average number of ordinary shares outstanding (thousands of shares) *	652,818	609,067
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	4	168
Weighted-average number of ordinary shares diluted (thousands of shares)	652,823	609,235
Diluted earnings per share (yen)	18.43	20.56

* The shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers are deducted from weighted average number of ordinary shares outstanding during

the period for the purpose of calculation of basic earnings per share and diluted earnings per share, because those shares are accounted as treasury shares.

14. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2022 and December 31, 2022, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥7,662 million and ¥11,651 million, respectively.

As of March 31, 2022 and December 31, 2022, there were no significant contingent liabilities.

As of December 31, 2022, the Company and certain subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the financial position or the results of operations of Ricoh.

15. SUBSEQUENT EVENTS

There were no material subsequent events.

16. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Takashi Kawaguchi, Corporate Officer, on February 10, 2023.