

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Three Months Ended June 30, 2023

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the three months ended June 30, 2023 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, 2023 | As of June 30, 2023 |
| Current assets: | | |
| Cash and cash equivalents (Note 7) | 221,890 | 192,464 |
| Time deposits (Note 7) | 207 | 238 |
| Trade and other receivables | 476,429 | 457,273 |
| Other financial assets | 93,906 | 104,019 |
| Inventories | 314,368 | 342,434 |
| Other current assets | 68,499 | 83,539 |
| Total current assets | 1,175,299 | 1,179,967 |
| Non-current assets: | | |
| Property, plant and equipment | 196,512 | 200,647 |
| Right-of-use assets | 57,003 | 58,111 |
| Goodwill and intangible assets | 366,394 | 401,135 |
| Other financial assets | 135,158 | 147,269 |
| Investments accounted for using the equity method | 83,529 | 84,352 |
| Other investments | 19,359 | 19,672 |
| Other non-current assets | 44,540 | 49,382 |
| Deferred tax assets | 72,162 | 73,241 |
| Total non-current assets | 974,657 | 1,033,809 |
| Total assets | 2,149,956 | 2,213,776 |

| LIABILITIES AND EQUITY | Millions of Yen | |
|---|-------------------------|------------------------|
| | As of March 31, 2023 | As of June 30, 2023 |
| Current liabilities: | | |
| Bonds and borrowings (Note 8) | 157,828 | 171,280 |
| Trade and other payables | 312,429 | 284,242 |
| Lease liabilities | 26,185 | 26,654 |
| Other financial liabilities | 2,582 | 3,687 |
| Income tax payables | 11,864 | 12,573 |
| Provisions | 10,968 | 11,459 |
| Other current liabilities | 307,258 | 348,227 |
| Total current liabilities | 829,114 | 858,122 |
| Non-current liabilities: | | |
| Bonds and borrowings (Note 8) | 205,110 | 177,451 |
| Lease liabilities | 38,147 | 40,758 |
| Other financial liabilities | 27,566 | 31,143 |
| Accrued pension and retirement benefits | 41,058 | 41,439 |
| Provisions | 8,347 | 8,421 |
| Other non-current liabilities | 24,742 | 26,654 |
| Deferred tax liabilities | 17,790 | 18,658 |
| Total non-current liabilities | 362,760 | 344,524 |
| Total liabilities | 1,191,874 | 1,202,646 |
| Equity: | | |
| Common stock | 135,364 | 135,364 |
| Additional paid-in capital | 158,529 | 158,592 |
| Treasury stock (Note 9) | (427) | (415) |
| Other components of equity | 167,368 | 223,505 |
| Retained earnings | 470,722 | 468,276 |
| Equity attributable to owners of the parent | 931,556 | 985,322 |
| Non-controlling interests | 26,526 | 25,808 |
| Total equity | 958,082 | 1,011,130 |
| Total liabilities and equity | 2,149,956 | 2,213,776 |

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

| | Millions of Yen | |
|---|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
| Sales (Note 4,5) | 459,341 | 534,601 |
| Cost of sales | 291,336 | 344,403 |
| Gross profit | 168,005 | 190,198 |
| Selling, general and administrative expenses | 159,678 | 182,009 |
| Other income * | 1,299 | 1,982 |
| Operating profit (loss) | 9,626 | 10,171 |
| Finance income | 603 | 3,302 |
| Finance costs | 1,091 | 1,793 |
| Share of profit (loss) of investments accounted for using the equity method | 2,063 | 1,654 |
| Profit (loss) before income tax expenses | 11,201 | 13,334 |
| Income tax expenses | 3,579 | 4,755 |
| Profit (loss) for the period | 7,622 | 8,579 |
| Profit (loss) attributable to: | | |
| Owners of the parent | 7,591 | 8,795 |
| Non-controlling interests | 31 | (216) |

| | Yen | |
|---|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
| Earnings per share attributable to owners of the parent: (Note 12) | | |
| Basic | 11.98 | 14.44 |
| Diluted | 11.98 | 14.43 |

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

| | Millions of Yen | |
|--|--|--|
| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
| Profit (loss) for the period | 7,622 | 8,579 |
| Other comprehensive income (loss): | | |
| Components that will not be reclassified subsequently to profit or loss: | | |
| Remeasurements of defined benefit plans | – | – |
| Net changes in fair value of financial assets measured through other comprehensive income | (226) | 243 |
| Share of other comprehensive income of investments accounted for using equity method | (667) | (125) |
| Total components that will not be reclassified subsequently to profit or loss | (893) | 118 |
| Components that will be reclassified subsequently to profit or loss: | | |
| Net changes in fair value of cash flow hedges | (77) | – |
| Exchange differences on translation of foreign operations | 44,964 | 55,741 |
| Share of other comprehensive income of investments accounted for using equity method | (64) | 109 |
| Total components that will be reclassified subsequently to profit or loss | 44,823 | 55,850 |
| Total other comprehensive income (loss) | 43,930 | 55,968 |
| Comprehensive income (loss) | 51,552 | 64,547 |
| Comprehensive income (loss) attributable to: | | |
| Owners of the parent | 51,488 | 64,045 |
| Non-controlling interests | 64 | 502 |

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, 2022 | 135,364 | 180,942 | (460) | — | 4,540 | 246 |
| Profit (loss) for the period | | | | | | |
| Other comprehensive income (loss) | | | | | (893) | (150) |
| Comprehensive income (loss) | — | — | — | — | (893) | (150) |
| Net change in treasury stock (Note 9) | | | (11,812) | | | |
| Dividends declared and approved to owners (Note 10) | | | | | | |
| Share-based payment transactions | | 23 | 9 | | | |
| Transfer from other components of equity to retained earnings | | | | | 9 | |
| Total transactions with owners | — | 23 | (11,803) | — | 9 | — |
| Balance as of June 30, 2022 | 135,364 | 180,965 | (12,263) | — | 3,656 | 96 |

(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 | | | 7,591 | 7,591 | 31 | 7,622 |
| Other comprehensive income (loss) | 44,940 | 43,897 | | 43,897 | 33 | 43,930 |
| Comprehensive income (loss) | 44,940 | 43,897 | 7,591 | 51,488 | 64 | 51,552 |
| Net change in treasury stock (Note 9) | | | | (11,812) | | (11,812) |
| Dividends declared and approved to owners (Note 10) | | | (8,281) | (8,281) | (59) | (8,340) |
| Share-based payment transactions | | | | 32 | | 32 |
| Transfer from other components of equity to retained earnings | | 9 | (9) | — | | — |
| Total transactions with owners | — | 9 | (8,290) | (20,061) | (59) | (20,120) |
| Balance as of June 30, 2022 | 166,495 | 170,247 | 459,156 | 933,469 | 3,788 | 937,257 |

(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, 2023 | 135,364 | 158,529 | (427) | — | 4,847 | 240 |
| Profit (loss) for the period | | | | | | |
| Other comprehensive income (loss) | | | | | 107 | 107 |
| Comprehensive income (loss) | — | — | — | — | 107 | 107 |
| Net change in treasury stock | | | (2) | | | |
| Dividends declared and approved to owners (Note 10) | | | | | | |
| Share-based payment transactions | | 63 | 14 | | | |
| Transfer from other components of equity to retained earnings | | | | | 887 | |
| Equity transactions with non-controlling shareholders | | | | | | |
| Total transactions with owners | — | 63 | 12 | — | 887 | — |
| Balance as of June 30, 2023 | 135,364 | 158,592 | (415) | — | 5,841 | 347 |

(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, 2023 | 162,281 | 167,368 | 470,722 | 931,556 | 26,526 | 958,082 |
| Profit (loss) for the period | | | 8,795 | 8,795 | (216) | 8,579 |
| Other comprehensive income (loss) | 55,036 | 55,250 | | 55,250 | 718 | 55,968 |
| Comprehensive income (loss) | 55,036 | 55,250 | 8,795 | 64,045 | 502 | 64,547 |
| Net change in treasury stock | | | | (2) | | (2) |
| Dividends declared and approved to owners (Note 10) | | | (10,354) | (10,354) | (1,372) | (11,726) |
| Share-based payment transactions | | | | 77 | | 77 |
| Transfer from other components of equity to retained earnings | | 887 | (887) | — | | — |
| Equity transactions with non-controlling shareholders | | | | — | 152 | 152 |
| Total transactions with owners | — | 887 | (11,241) | (10,279) | (1,220) | (11,499) |
| Balance as of June 30, 2023 | 217,317 | 223,505 | 468,276 | 985,322 | 25,808 | 1,011,130 |

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)

| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
|---|-------------------------------------|-------------------------------------|
| I. Cash Flows from Operating Activities: | | |
| Profit (loss) for the period | 7,622 | 8,579 |
| Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities - | | |
| Depreciation and amortization | 22,631 | 25,783 |
| Other income | (20) | (13) |
| Share of (profit) loss of investments accounted for using the equity method | (2,063) | (1,654) |
| Finance income and costs | 488 | (1,509) |
| Income tax expenses | 3,579 | 4,755 |
| (Increase) decrease in trade and other receivables | 28,725 | 44,108 |
| (Increase) decrease in inventories | (20,383) | (10,789) |
| (Increase) decrease in lease receivables | 7,702 | (3,801) |
| Increase (decrease) in trade and other payables | (7,922) | (36,185) |
| Increase (decrease) in accrued pension and retirement benefits | (2,556) | (901) |
| Other, net | (14,527) | 12,502 |
| Interest and dividends received | 1,212 | 2,729 |
| Interest paid | (1,177) | (1,557) |
| Income taxes paid | (3,464) | (7,569) |
| Net cash provided by (used in) operating activities | 19,847 | 34,478 |
| II. Cash Flows from Investing Activities: | | |
| Proceeds from sales of property, plant and equipment | 1,658 | 241 |
| Expenditures for property, plant and equipment | (8,282) | (10,590) |
| Expenditures for intangible assets | (6,921) | (7,575) |
| Payments for purchases of investment securities | (251) | (9) |
| Proceeds from sales of investment securities | 40 | 26 |
| Net (Increase) decrease in time deposits | (4) | (12) |
| Purchase of business, net of cash acquired (Note 6) | (750) | (13,111) |
| Net cash provided by (used in) investing activities | (14,510) | (31,030) |
| III. Cash Flows from Financing Activities: | | |
| Net increase (decrease) of short-term debt | (8,874) | (23,259) |
| Proceeds from long-term debt | 50,928 | 10,953 |
| Repayments of long-term debt | (20,991) | (11,048) |
| Repayments of lease liabilities | (7,950) | (7,492) |
| Dividends paid (Note 10) | (8,281) | (10,354) |
| Payments for purchase of treasury stock (Note 9) | (11,812) | (2) |
| Other, net | (59) | (1,220) |
| Net cash provided by (used in) financing activities | (7,039) | (42,422) |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents | 11,103 | 8,543 |
| V. Net Increase (decrease) in Cash and Cash Equivalents | 9,401 | (30,431) |
| VI. Cash and Cash Equivalents at Beginning of Year | 234,020 | 210,884 |
| VII. Cash and Cash Equivalents at End of Period (Note 7) | 243,421 | 180,453 |

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 June 30, 2023 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, 2023, 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 three months ended June 30, 2023 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

3. MATERIAL ACCOUNTING POLICIES

Material accounting policies which apply in the condensed consolidated financial statements are same as previous fiscal year excepting the table below.

| IFRSs | Title | Summaries of new IFRSs/amendments |
|--------|--------------|--|
| IAS 12 | Income Taxes | Clarify accounting for deferred tax related to assets and liabilities arising from a single transaction. |

The effect of adoption of above standards is minor.

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 the previous third quarter. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

Also, the PFU business in Other segment has been reclassified into Digital Services and Digital Products from this first quarter.

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, network equipment, and related parts & supplies, production and sales of scanners, related parts & supplies and 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 |

(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 three months ended June 30, 2022 and 2023. Intersegment transactions are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the three months ended June 30, 2022 and 2023.

(1) Operating Segment Information

| | Millions of Yen | |
|--|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
| Segment sales: | | |
| Digital Services | 368,579 | 427,348 |
| Digital Products | 102,916 | 116,745 |
| Graphic Communications | 51,899 | 56,603 |
| Industrial Solutions | 27,429 | 23,424 |
| Other | 8,412 | 9,715 |
| Intersegment sales | (99,894) | (99,234) |
| Total segment sales | 459,341 | 534,601 |
| Segment profit (loss): | | |
| Digital Services | 2,930 | 8,941 |
| Digital Products | 12,067 | 996 |
| Graphic Communications | 2,450 | 2,712 |
| Industrial Solutions | (577) | (1,230) |
| Other | (3,022) | (2,508) |
| Total segment profit (loss) | 13,848 | 8,911 |
| Reconciling items: | | |
| Corporate expenses and elimination | (4,222) | 1,260 |
| Finance income | 603 | 3,302 |
| Finance costs | (1,091) | (1,793) |
| Share of profit of investments accounted for using equity method | 2,063 | 1,654 |
| Profit (loss) before income tax expenses | 11,201 | 13,334 |

Intersegment sales are primarily from Digital Products to Digital Services.

(2) Geographic Information

Sales based on the location of customers are as follows:

| | Millions of Yen | |
|--|-------------------------------------|-------------------------------------|
| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
| Sales: | | |
| Japan | 163,764 | 191,909 |
| The Americas | 132,591 | 152,562 |
| Europe, Middle East and Africa | 121,064 | 144,604 |
| Other | 41,922 | 45,526 |
| Consolidated | 459,341 | 534,601 |
| The United States (included in The Americas) | 110,365 | 128,539 |

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.

Three months ended June 30, 2022 and 2023

| Three months ended June 30, 2022 | Millions of Yen | | | | |
|-------------------------------------|-----------------|--------------|-----------------------------------|--------|---------|
| | Japan | The Americas | Europe, Middle East and Africa | Other | Total |
| Digital Services | 142,861 | 97,730 | 101,544 | 26,444 | 368,579 |
| Digital Products | 4,984 | 272 | 2 | 1,893 | 7,151 |
| Graphic Communications | 6,578 | 25,116 | 13,138 | 7,067 | 51,899 |
| Industrial Solutions | 7,590 | 8,317 | 5,490 | 5,568 | 26,965 |
| Other | 1,751 | 1,156 | 890 | 950 | 4,747 |
| Total segment sales | 163,764 | 132,591 | 121,064 | 41,922 | 459,341 |

| Three months ended June 30, 2023 | Millions of Yen | | | | |
|-------------------------------------|-----------------|--------------|-----------------------------------|--------|---------|
| | Japan | The Americas | Europe, Middle East and Africa | Other | Total |
| Digital Services | 165,054 | 110,470 | 122,323 | 29,501 | 427,348 |
| Digital Products | 10,527 | 6,802 | 2,132 | 1,873 | 21,334 |
| Graphic Communications | 6,201 | 27,448 | 14,899 | 8,055 | 56,603 |
| Industrial Solutions | 7,773 | 6,602 | 4,207 | 4,521 | 23,103 |
| Other | 2,354 | 1,240 | 1,043 | 1,576 | 6,213 |
| Total segment sales | 191,909 | 152,562 | 144,604 | 45,526 | 534,601 |

Note:

- (i) Intersegment transactions were excluded in the table above.
- (ii) The PFU business in Other segment has been reclassified into Digital Services and Digital Products from this first quarter.
- (iii) The electronics business in Industrial Solutions has been reclassified into Digital Products from the previous third quarter. Prior year comparative figures have also been reclassified to conform to the current year's presentation.
- (iv) 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 ¥41,098 million and ¥51,334 million for the three months ended June 30, 2022 and 2023 respectively, which was mainly composed of Digital Services.

6. BUSINESS COMBINATIONS

(For the three months ended June 30, 2022)

There was no significant business combination.

(For the three months ended June 30, 2023)

(PFH Technology Group Unlimited Company)

1. Outline of business combination

(i) Name and description of acquired business

Name of acquired business : PFH Technology Group Unlimited Company (hereinafter “PFH”)

Description of business : IT infrastructure, cloud and managed workplace services

(ii) Reason for the acquisition of shares

Ricoh Europe Holdings PLC, a wholly owned subsidiary of the Company, acquired all shares of PFH, a leading provider of IT infrastructure, cloud and managed workplace services in Ireland, in order to expand digital services. By acquiring the shares, Ricoh grows footprint in Ireland, where leading multinational businesses are highly concentrated, and intends to achieve digital transformation (DX) for customers and expand Ricoh’s office services business, which is positioned as an area of accelerated growth in its business portfolio management.

(iii) Acquisition date

June 1, 2023

(iv) Percentage of voting equity interests acquired

100%

2. Consideration transferred and each major class of consideration

| | Millions of Yen |
|--------------------------|-----------------|
| Cash | 13,123 |
| Contingent consideration | 4,275 |
| Total | 17,398 |

(Note) The contingent consideration is calculated on the basis of agreed-upon conditions depending on the achievement of PFH 's performance targets and recognized a potential payment of 28.75 million EURO.

3. Acquisition-related costs

The acquisition-related costs of ¥188 million were included in “Selling, general and administrative expenses” in the condensed consolidated statement of profit or loss.

4. Assets acquired, liabilities assumed and goodwill

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

| | Millions of Yen |
|---|-----------------|
| Fair value of the consideration transferred | 17,398 |
| Cash and cash equivalents | 2,499 |
| Trade and other receivables | 4,117 |
| Inventories | 3,870 |
| Other assets | 1,667 |
| Trade and other payables | (1,540) |
| Other liabilities | (9,465) |
| Net assets | 1,148 |
| Goodwill | 16,250 |
| Total | 17,398 |

Goodwill arising from the acquisition of PFH 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 June 30, 2023 and therefore, the provisional amounts of intangible assets and goodwill may be adjusted upon the completion of the purchase price allocation. The operating results have been included in the accompanying condensed consolidated financial statements since the acquisition date.

5. Impact on Ricoh's business results

Profit or loss information after the acquisition date, as well as the pro-forma information calculated as if the business combination had been conducted at the beginning of the fiscal year are omitted because the business combination has an insignificant impact on condensed consolidated statement of profit or loss.

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 June 30, 2022 | As of June 30, 2023 |
| Cash and deposits | 252,269 | 192,702 |
| Time deposits with a maturity of more than three months | (88) | (238) |
| Cash and cash equivalents in Condensed Consolidated Statement of Financial Position | 252,181 | 192,464 |
| Bank overdrafts | (8,760) | (12,011) |
| Cash and cash equivalents in Condensed Consolidated Statement of Cash Flows | 243,421 | 180,453 |

8. BONDS

No issuance or repayment of bonds was noted for the first quarter ended June 30, 2022 and 2023.

9. CAPITAL AND RESERVES

(For the three months ended June 30, 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 first quarter ended June 30, 2022 is as follows.

| | |
|----------------------|--|
| (1) Share category | Common stock |
| (2) Number of shares | 10,968,200 shares |
| (3) Repurchase cost | ¥ 11,811,048,200 |
| (4) Period | May 11, 2022, through June 30, 2022 |
| (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 |

(For the three months ended June 30, 2023)

There was no significant transaction.

10. DIVIDENDS

(1) Dividends paid during the three months ended June 30, 2022 and 2023 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, 2022 | Ordinary shares | 8,286 | 13.0 | March 31, 2022 | June 27, 2022 | Retained earnings |
| Ordinary general meeting of shareholders held on June 23, 2023 | Ordinary shares | 10,361 | 17.0 | March 31, 2023 | June 26, 2023 | Retained earnings |

Note: The total amount of dividends paid during the three months ended June 30, 2022 and 2023 include ¥5 million and ¥6 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 whose record date is in the current quarter but whose effective date is in the following quarter

No such dividend was noted for the first quarter ended June 30, 2022 and 2023.

11. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments by type

The carrying amount and fair value of major financial instruments were as follows:

| | Millions of Yen | | | |
|--|----------------------|----------------|---------------------|----------------|
| | As of March 31, 2023 | | As of June 30, 2023 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Assets: | | | | |
| Lease receivables | 228,862 | 232,006 | 250,765 | 254,342 |
| Derivative assets | 202 | 202 | 523 | 523 |
| Securities and equity interests | 18,972 | 18,972 | 19,309 | 19,309 |
| Bonds | 387 | 387 | 363 | 363 |
| Total | 248,423 | 251,567 | 270,960 | 274,537 |
| Liabilities: | | | | |
| Derivative liabilities | 362 | 362 | 2,386 | 2,386 |
| Contingent consideration | 7,245 | 7,245 | 9,879 | 9,879 |
| Written put option liabilities over non-controlling interests | 22,541 | 22,541 | 22,565 | 22,565 |
| Bonds and borrowings | 205,110 | 199,713 | 177,451 | 172,206 |
| Total | 235,258 | 229,861 | 212,281 | 207,036 |

Note:

(i) Cash and cash equivalents, time deposits and trade and other payables

These are not included in the table above, as their carrying amounts approximate their fair values due to short-term settlement.

(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, 2023 | | | |
| | Level 1 | Level 2 | Level 3 | |
| Financial assets at fair value through profit or loss: | | | | |
| Derivative assets | — | 202 | — | 202 |
| Securities and equity interests | — | — | 1,517 | 1,517 |
| Financial assets at fair value through other comprehensive income: | | | | |
| Securities and equity interests | 14,422 | — | 3,033 | 17,455 |
| Bonds | 387 | — | — | 387 |
| Total assets | 14,809 | 202 | 4,550 | 19,561 |
| Financial liabilities at fair value through profit or loss: | | | | |
| Derivative liabilities | — | 362 | — | 362 |
| Contingent consideration | — | — | 7,245 | 7,245 |
| Total liabilities | — | 362 | 7,245 | 7,607 |

| | Millions of Yen | | | |
|--|---------------------|---------|---------|--------|
| | As of June 30, 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss: | | | | |
| Derivative assets | — | 523 | — | 523 |
| Securities and equity interests | — | — | 1,534 | 1,534 |
| Financial assets at fair value through other comprehensive income: | | | | |
| Securities and equity interests | 14,706 | — | 3,069 | 17,775 |
| Bonds | 363 | — | — | 363 |
| Total assets | 15,069 | 523 | 4,603 | 20,195 |
| Financial liabilities at fair value through profit or loss: | | | | |
| Derivative liabilities | — | 2,386 | — | 2,386 |
| Contingent consideration | — | — | 9,879 | 9,879 |
| Total liabilities | — | 2,386 | 9,879 | 12,265 |

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 | |
|--------------------------------------|--------------------|--------------------|
| | Three months ended | Three months ended |
| | June 30, 2022 | June 30, 2023 |
| Beginning balance | 3,011 | 4,550 |
| Total gains and losses: | | |
| - in profit or loss (i) | — | 9 |
| - in other comprehensive income (ii) | — | 12 |
| Purchases | 250 | 8 |
| Sales | (83) | — |
| Others | 11 | 24 |
| Ending balance | 3,189 | 4,603 |

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.

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

| | Millions of Yen |
|---|-------------------------------------|
| | Three months ended June 30, 2023 |
| Beginning balance | 7,245 |
| Increase due to acquisitions through business combinations and other | 4,275 |
| Settlement | (1,656) |
| Others | 15 |
| Ending balance | 9,879 |

12. EARNINGS PER SHARE

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

(1) Basic earnings per share

| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
|---|-------------------------------------|-------------------------------------|
| Profit (loss) attributable to owners of the parent (millions of yen) | 7,591 | 8,795 |
| Weighted average number of ordinary shares outstanding (thousands of shares) | 633,526 | 609,081 |
| Basic earnings (loss) per share (yen) | 11.98 | 14.44 |

(2) Diluted earnings per share

| | Three months ended June 30, 2022 | Three months ended June 30, 2023 |
|---|-------------------------------------|-------------------------------------|
| Profit (loss) attributable to owners of the parent (millions of yen) | 7,591 | 8,795 |
| Adjustments (millions of yen) | — | — |
| Profit (loss) used for calculation of diluted earnings per share (millions of yen) | 7,591 | 8,795 |
| Weighted average number of ordinary shares outstanding (thousands of shares) * | 633,526 | 609,081 |
| Effect of dilutive potential ordinary shares | | |
| Share-based payment (thousands of shares) | 128 | 219 |
| Weighted-average number of ordinary shares diluted (thousands of shares) | 633,654 | 609,301 |
| Diluted earnings (loss) per share (yen) | 11.98 | 14.43 |

* 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.

13. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2023 and June 30, 2023, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥13,222 million and ¥16,630 million, respectively.

As of March 31, 2023 and June 30, 2023, there were no significant contingent liabilities.

As of June 30, 2023, 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.

14. SUBSEQUENT EVENTS

There were no material subsequent events.

15. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were authorized for issue by Akira Oyama, Representative Director and President, and Takashi Kawaguchi, Director and Executive Corporate Officer, on August 10, 2023.