Annual Securities Report

(The 122nd Business Term)
From April 1, 2021 to March 31, 2022

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

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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan. The translation of the Independent Auditors’ Report is included at the end of this document.

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

Contents

I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	IFRSs				
Fiscal year	118th business term	119th business term	120th business term	121st business term	122nd business term
Year end	March 2018	March 2019	March 2020	March 2021	March 2022
Sales	2,063,363	2,013,228	2,008,580	1,682,069	1,758,587
Profit(loss) before income tax expenses	(124,182)	83,964	75,891	(41,028)	44,388
Profit(loss) attributable to owners of the parent	(135,372)	49,526	39,546	(32,730)	30,371
Comprehensive income(loss) attributable to owners of the parent	(118,072)	30,304	6,949	21,897	90,733
Equity attributable to owners of the parent	909,565	932,577	920,371	920,246	902,042
Total assets	2,641,030	2,725,132	2,867,645	1,887,868	1,853,254
Equity per share attributable to owners of the parent (yen)	1,254.79	1,286.56	1,270.47	1,281.29	1,416.08
Earnings(loss) per share attributable to owners of the parent, basic (yen)	(186.75)	68.32	54.58	(45.20)	45.35
Earnings(loss) per share attributable to owners of the parent, diluted (yen)	—	—	54.58	(45.20)	45.34
Equity attributable to owners of the parent ratio (%)	34.44	34.22	32.10	48.75	48.67
Profit(loss) to equity attributable to owners of the parent ratio (%)	(13.87)	5.38	4.27	(3.56)	3.33
Price earnings ratio (times)	—	16.93	14.55	—	23.42
Net cash provided by operating activities	110,288	81,947	116,701	126,962	82,462
Net cash used in investing activities	(81,077)	(45,931)	(164,591)	(63,559)	(59,355)
Net cash provided by (used in) financing activities	6,407	42,424	75,757	(4,085)	(131,685)
Cash and cash equivalents at end of year	160,568	240,099	263,688	330,344	234,020
Number of employees	97,878	92,663	90,141	81,184	78,360

(Note) 1. Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

2. There were no diluted shares for the year 2018 and 2019.

3. Price earnings ratio are not shown because there were losses per share attributable to owners of the parent for the year 2018 and 2021.

2. HISTORY

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

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

April 2013	The Company transfers part of its engineering functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Technologies Company, Ltd.
April 2013	The Company transfers part of its production functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industry Company, Ltd.
July 2014	Domestic sales and service subsidiaries are merged into Ricoh Japan Corporation.
October 2014	The Company transfers its direct sales of optical equipment and electronic components divisions previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industrial Solutions Inc.
October 2014	The Company transfers its Electronic Devices Division to Ricoh Electronic Devices Company, Ltd. ("Ricoh Electronic Devices Co., Ltd.", now known as Nisshinbo Micro Devices Inc.)
April 2016	The Company opens Ricoh Eco Business Development Center in Gotemba, Shizuoka.
November 2017	The Company establishes Ricoh Manufacturing (China) Ltd.
January 2018	The Company relocates its headquarters to Ohta-ku, Tokyo.
March 2018	The Company transfers 80% of the outstanding shares of Ricoh Electronic Devices Co., Ltd. ("Ricoh Electronic Devices Co., Ltd.", now known as Nisshinbo Micro Devices Inc.), to Nisshinbo Holdings Inc. (The Company transferred all shares to Nisshinbo Holdings Inc. in December 2021.)
August 2018	The Company transfers 66.6% (figures below the second decimal place are omitted) of the outstanding shares of Ricoh Logistics System Co., Ltd. ("Ricoh Logistics System", now known as SBS Ricoh Logistics System Co., Ltd.), to SBS Holdings Co., Ltd.
April 2020	The Company transfers approximately 20% of the outstanding shares of Ricoh Leasing Co., Ltd., to Mizuho Leasing Co., Ltd.

3. DESCRIPTION OF BUSINESS

Ricoh consists of the parent company, Ricoh Company, Ltd., 207 subsidiaries and 17 affiliates as of March 31, 2022.

Ricoh's development, manufacturing, sales and service activities center on the business segments of Digital Services, Digital Products, Graphic Communications, Industrial Solutions and Other.

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

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

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

Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh changed Operating Segments from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

For details of the changes, please refer to "V. Financial Information – Notes to Consolidated Financial Statements – 5. Operating Segments".

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.

<Digital Services>

In Digital Services, we sell office imaging equipment and consumables. These include MFPs and printers, in which we have a leading global market share. We draw on our global customer base to offer IT-related solutions that support customers' overall workflow reforms and work practice innovations. We also provide other services to digitally resolve management issues and enhance productivity for customers.

<Digital Products>

In Digital Products, we develop and produce (including on an original equipment manufacturing basis) office MFPs, in which we are the global market leader, as well as printers and other imaging equipment and edge devices that support digital communication.

<Graphic Communications>

This segment comprises the commercial printing and industrial printing businesses.

Commercial printing business: We provide digital printing-related products and services for high-mix, low-volume printing to our customers in the printing industry.

Industrial printing business: We manufacture and sell industrial inkjet printers, inkjet ink, and industrial printers for diverse applications. These include building materials, furniture, wallpaper, signage displays, and apparel fabrics.

[Main Subsidiaries and Affiliates in the above three business segments]

Manufacturing

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

The Americas: Ricoh Electronics, Inc.

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

Other regions: Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Manufacturing (China) Ltd. and Ricoh Manufacturing (Thailand) Ltd.

Sales, Service and Support

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

The Americas: Ricoh Americas Holdings, Inc., Ricoh Canada Inc., Ricoh USA Inc. and Ricoh Printing Systems America, Inc.

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

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

<Industrial Solutions>

This segment includes the thermal and industrial products businesses.

Thermal business: We manufacture and sell thermal paper used for food POS labels, barcode labels, shipping labels, and other labels, and thermal transfer ribbons for printing clothing price tags, brand tags, and tickets.

Industrial products business: We provide precision device components and other products that employ optical and image processing technologies.

[Main Subsidiaries and Affiliates]

Manufacturing

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

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

<Other>

This segment includes the smart vision and other businesses.

Smart vision: We are strengthening our platform business, which brings together our 360° RICOH THETA cameras with software and cloud services to streamline real estate, construction, and architectural site work.

Other: We are expanding new business opportunities in various fields. One is our digital camera-related business, for which we have solid consumer market demand. Other examples include our business with PLAiR, a new plant-derived material that is an alternative to plastic, our biomedical business, which supports drug discovery with iPS differentiated cells and cell chips, and our medical imaging-based healthcare business, which focuses on magnetoencephalography. We are helping to resolve social issues, notably through inspections of road surfaces, tunnels, slopes, and other infrastructure, and are creating environmental technologies and businesses. This segment also includes businesses that affiliates are expanding.

[Main Subsidiaries and Affiliates]

Manufacturing

Other regions: Ricoh Imaging Products (Philippines) Corporation

Sales, Service and Support

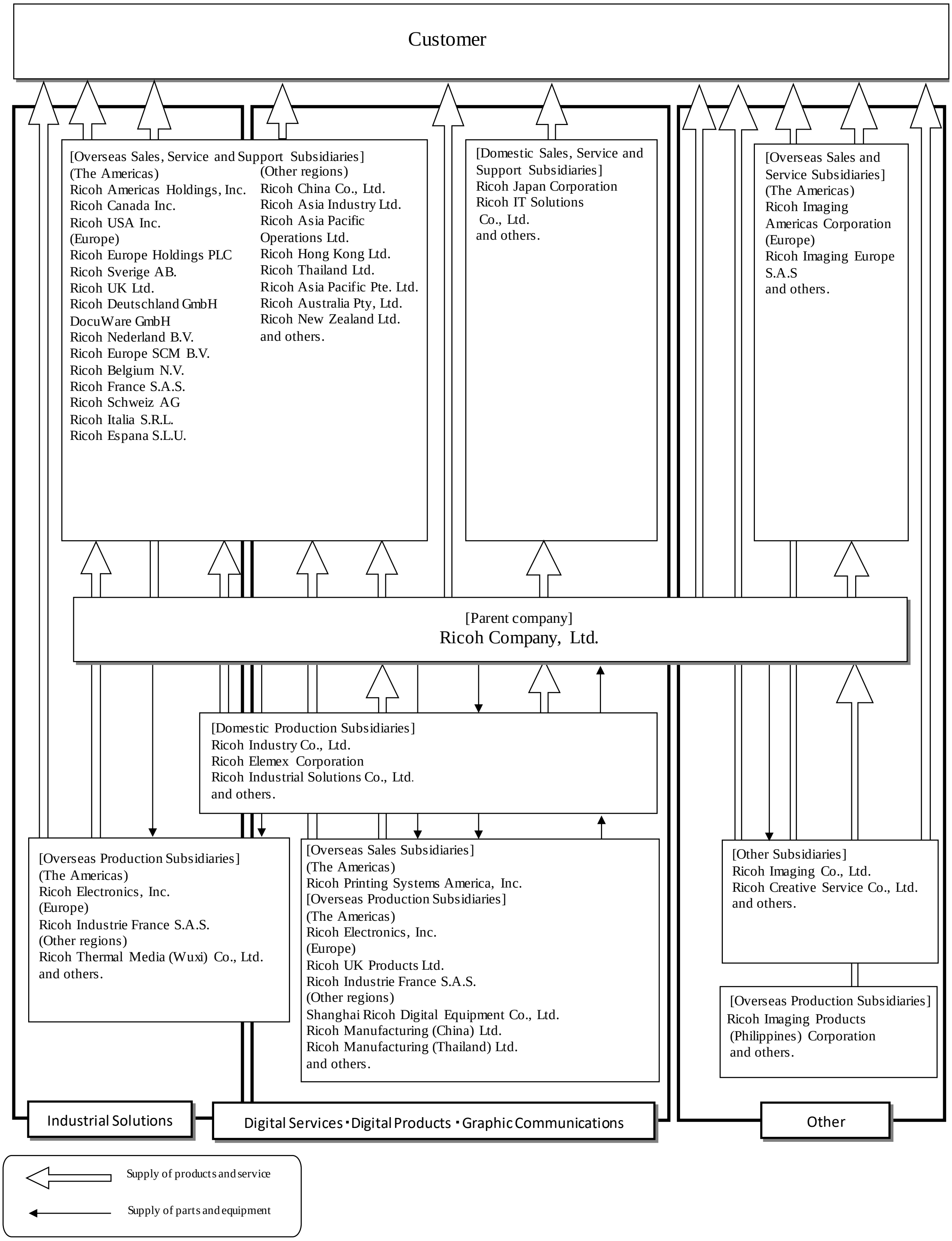
Japan: Ricoh Imaging Co., Ltd. and Ricoh Creative Service Co., Ltd.

The Americas: Ricoh Imaging Americas Corporation

Europe: Ricoh Imaging Europe S.A.S

<Chart of Operational Flow>

The following chart shows the group’s positions.



4. INFORMATION ON AFFILIATES

(As of March 31, 2022)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Consolidated Subsidiaries)			
Ricoh Industry Co., Ltd.	Japan	Production of digital service devices	100.0
Ricoh Elemex Corporation	Japan	Production and sale of digital service devices	100.0
Ricoh Japan Corporation	Japan	Provision of digital services combining devices, applications and maintenance	100.0
Ricoh IT Solutions Co., Ltd.	Japan	Development, construction and sale of network systems	100.0
Ricoh Imaging Co., Ltd.	Japan	Sale of digital cameras	100.0
Ricoh Creative Service Co., Ltd.	Japan	Management of group facility, advertisement and printing	100.0
Ricoh Industrial Solutions Co., Ltd.	Japan	Production and sale of optical equipment and electronic components	100.0
Ricoh Technologies Co., Ltd.	Japan	Development and design of digital service devices	100.0
Ricoh Electronics, Inc.	U.S.A.	Production of digital service devices related supplies and Production and sale of thermal media	100.0 (100.0)
Ricoh UK Products Ltd.	U.K.	Production of digital service devices and related supplies	100.0 (100.0)
Ricoh Industrie France S.A.S.	France	Production and sale of thermal media	100.0
Ricoh Thermal Media (Wuxi) Co., Ltd.	China	Production and sale of thermal media	99.0 (10.0)
Shanghai Ricoh Digital Equipment Co., Ltd.	China	Production and sale of digital service devices	100.0 (55.3)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Manufacturing (China) Ltd.	China	Production of digital service devices	100.0 (100.0)
Ricoh Manufacturing (Thailand) Ltd.	Thailand	Production of digital service devices and related supplies	100.0
Ricoh Imaging Products (Philippines) Corporation	Philippines	Production of digital cameras	100.0 (100.0)
Ricoh Americas Holdings, Inc.	U.S.A.	Holding company in the U.S.A.	100.0
Ricoh Canada Inc.	Canada	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh USA, Inc.	U.S.A.	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Printing Systems America, Inc.	U.S.A.	Sale of inkjet head	100.0 (4.4)
Ricoh Imaging Americas Corporation	U.S.A.	Sale of digital cameras	100.0 (100.0)
Ricoh Europe Holdings PLC	U.K.	Holding company of sales in the European region	100.0
Ricoh Sverige AB.	Sweden	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh UK Ltd.	U.K.	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Deutschland GmbH	Germany	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
DocuWare GmbH	Germany	Development and sale of CSP (Contents Service Platform)	100.0 (100.0)
Ricoh Nederland B.V.	Netherlands	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Europe SCM B.V.	Netherlands	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Belgium N.V.	Belgium	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh France S.A.S.	France	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Mauden S.R.L.	Italy	Provision of IT services	100.0 (100.0)
Ricoh Espana S.L.U.	Spain	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital cameras	100.0 (100.0)
Ricoh China Co., Ltd.	China	Provision of digital services combining devices, applications and maintenance	100.0
Ricoh Asia Industry Ltd.	Hong Kong, China	Provision of digital service devices for sales bases	100.0
Ricoh Asia Pacific Operations Ltd.	Hong Kong, China	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Hong Kong Ltd.	Hong Kong, China	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Thailand Ltd.	Thailand	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Asia Pacific Pte Ltd.	Singapore	Holding company of sales in the Asia Pacific region	100.0
Ricoh Australia Pty, Ltd.	Australia	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh New Zealand Ltd.	New Zealand	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Europe Finance Ltd.	U.K.	Provision of finance management services to Ricoh group companies	100.0 (100.0)
And 163 other consolidated subsidiaries			

(Affiliates)

SBS Ricoh Logistics System Co., Ltd.	Japan	Logistics services and custom clearances	33.3 (33.3)
Ricoh Leasing Co., Ltd.	Japan	General leasing and rental Factoring	33.7
And 15 other affiliates			

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

5. EMPLOYEES

(1) Consolidated basis

(As of March 31, 2022)

Segment	Number of employees
Digital Services	51,446
Digital Products	12,832
Graphic Communications	6,307
Industrial Solutions	3,086
Other	2,477
All companies (Shared)	2,212
Total	78,360

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

(2) The Company

(As of March 31, 2022)

Number of employees	Average age	Average length of service (Year)	Average annual salary (Yen)
7,613 (709)	45.3	20.5	8,040,733

Segment	Number of employees
Digital Services	734
Digital Products	2,668
Graphic Communications	1,169
Industrial Solutions	407
Other	463
All companies (Shared)	2,172
Total	7,613

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

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

3. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

A union is organized in the Company and certain subsidiaries. There were no significant labor disputes noted in fiscal year 2021, and the Company believes that it has a good relationship with its employees.

II. **BUSINESS OVERVIEW**

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

（1） Unchanging Commitments amid Change

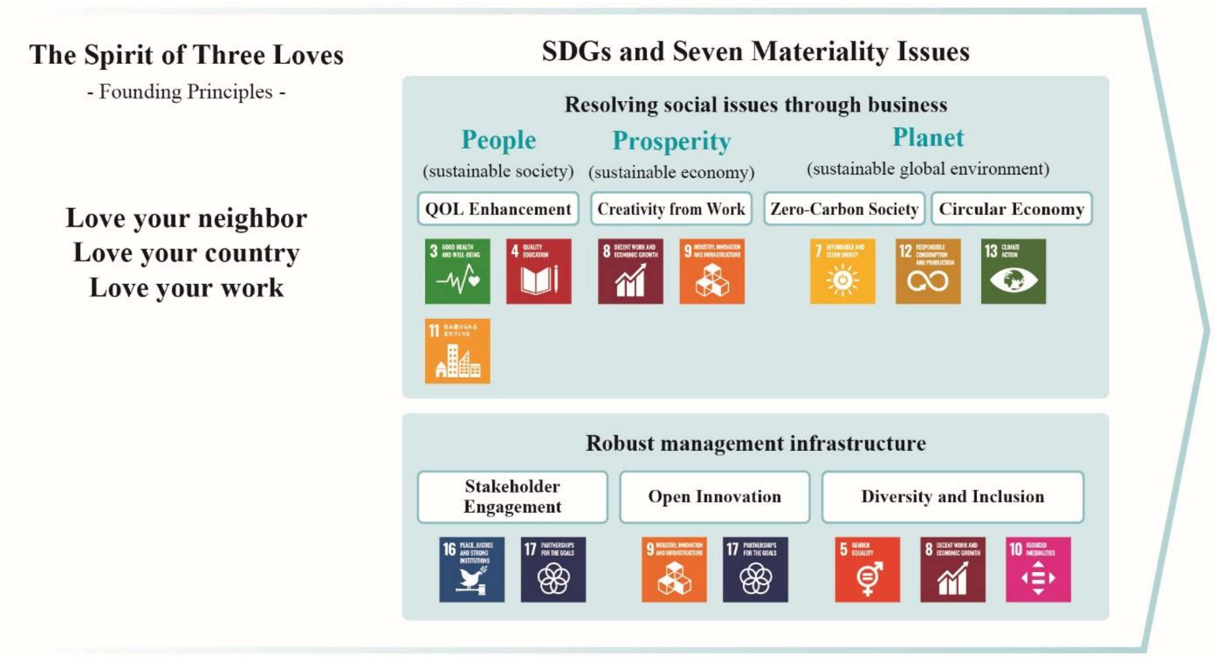
The pandemic transformed the world. It prevented people from going to offices and forced them to adopt new work practices, accelerating a move to working anytime, anywhere. Things will not return to normal even after the pandemic abates. The office services that we have provided over the years have helped customers adapt to the new world of work.

Two fundamental commitments will remain unchanged in this new environment.

The first, we will stay close to our customers. Since championing office automation in 1977, we have done much to help improve the efficiency and productivity of offices. As the value of work shifts away from enhancing efficiency toward harnessing the creativity that only people can deliver, we will keep collaborating with customers to help them attain fulfillment through work.

Our second commitment is to the Spirit of Three Loves. These founding principles of "Love your neighbor, Love your country, Love your work" are in keeping with a central promise of the Sustainable Development Goals* of the United Nations, which is to leave nobody behind. We will improve our corporate value by tackling seven material issues based on the Spirit of Three Loves. These issues are to transform work, improve the quality of life, decarbonize the economy, materialize a circular economy, engage with stakeholders, pursue open innovation, and promote diversity and inclusion (see page 27). In addition, this section contains forward-looking statements, which are based on our judgments at the end of the period.

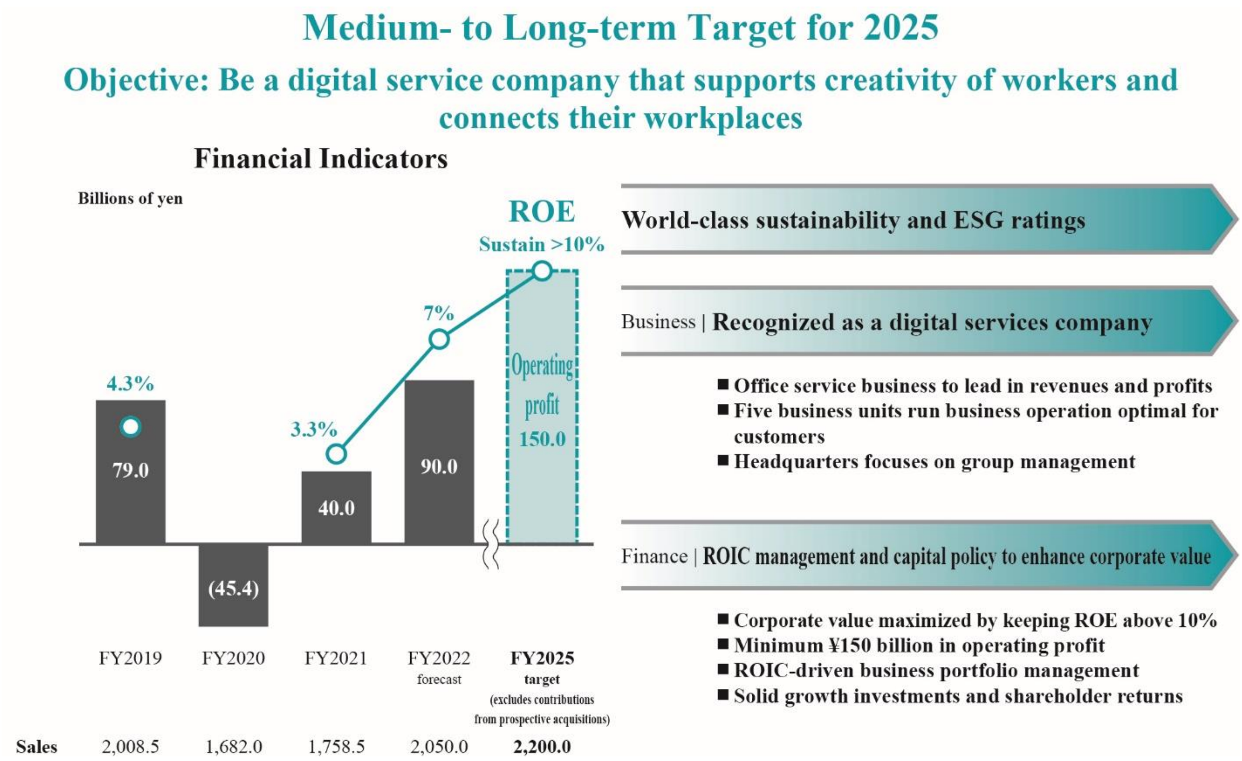
*Sustainable Development Goals
In September 2015, the United Nations Summit adopted 17 Sustainable Development Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in such the drive to free humanity from poverty and hunger and improve the human condition in areas as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



（2）**Medium-Term Direction**

By 2025, we look to become a digital services company that connects workplaces and supports worker creativity. From a future financial (environmental, social, and governance (ESG)) perspective, we will undertake initiatives across the value chain to serve the growing ESG requirements of customers and investors in keeping with a commitment to maintaining a top worldwide reputation for sustainability and ESG. On the financial front, we look for the office services business to continue its growth and drive our overall performance. We will maintain an operational structure that can deliver a return on equity of 7%* by fiscal 2022, the final year of our 20th Mid-Term Management Plan, and surpass 10% by fiscal 2025.

* On May 10, 2022, we lowered our fiscal 2022 operating profit target from ¥100 billion to ¥90 billion, to reflect pandemic recovery progress and the prevailing business climate. We accordingly reduced our return on equity target from more than 9% to 7%.



Future Financial (ESG) Perspectives

We have positioned ESG initiatives as essential for generating future finances. We are undertaking activities after setting future financial targets (ESG targets) linked to our seven material issues. We are setting company-wide goals from the perspectives of digital transformation, addressing environmental and human rights issues, and improving our ability to implement management strategies and break them down for each business unit.

On the digital transformation front, we will strive to secure sufficient talent to become a digital services company and improve the quality of related patents. We are helping to decarbonize economies by steadily cutting greenhouse gas emissions based on a roadmap for deriving electricity from renewable energy sources that factors in regional and business unit situations. We are helping to create a circular economy by utilizing recycled materials, reinforcing our recycled products and components businesses, and developing technologies and solutions to support customers' recycling-oriented business models. We are conducting due diligence based on a human rights policy that we initiated in 2021. We are taking actions accordingly, including our business partners.

Financial Perspectives

We will reach our goals by 1. deploying Plan-Do-Check-Act cycles subsequent to our business unit adoption, 2. employing Ricoh-style business portfolio management, 3. strengthening our business foundations, and 4. reinforcing our capital policies.

1. Deploying Plan-Do-Check-Act Cycles Subsequent to Our Business Unit Adoption

We adopted a business unit structure in April 2021. Prime goals of this setup are to streamline capital management by better overseeing our business portfolio while accelerating decision-making by delegating authority. We have five business units and a Group headquarters. Subsequent to adopting a business unit structure, we carefully monitored benefits and challenges. We deployed Plan-Do-Check-Act cycles in our drive to enhance that structure.

Delegating authority to business units empowered them to flexibly and quickly tackle changes in the operating environment and overcome crises. Shifting to an integrated development, production, and sales setup enhanced coordination between functions and enabled units to promptly reflect higher costs in pricing, modify designs to accommodate multiple parts, and liaise with plants.

Key challenges are to streamline business unit structures and refine headquarters functions.

Business Unit Structure Benefits and Challenges

We are beginning to see the effects of our goal of Business Unit autonomy and will continue implementing the PDCA cycle.

Benefits: Business units are responding autonomously and are overcoming the crisis
Challenges: Reinforcing integrated structures within business units and overhauling headquarters functions

Business Unit	Key achievements during year to date
Ricoh Digital Services	• Japan: Expanded Scrum Asset sales • Europe: Bolstered digital service provision capabilities through acquisitions and personnel shifts • Enhanced global software portfolio and increased sales expansion
Ricoh Digital Products	• Cultivated operational excellence, such as by reinforcing manufacturing structure, cutting costs • Pursued collaboration within industry, such as by jointly developing modules and parts
Ricoh Graphic Communications	• Brought forward structural reforms, particularly in Commercial Printing • Capitalized on print demand recovery
Ricoh Industrial Solutions	• Evaluated digital services for Thermal business •Accelerated business selection and concentration
Ricoh Futures	• Expanded social infrastructure business by beginning to collaborate with local governments • Improved prospects for commercializing PLAiR new plant-derived material
Group headquarters	• Began business portfolio management • Transformed human capital to become job- and digitally-based, switched to cloud computing for IT infrastructure, and overhauled R&D

2. Employing Ricoh-Style Business Portfolio Management

Rigorous portfolio management at global headquarters will enable us to rely less on the office printing business and accelerate our transformation into a digital services company.

In business portfolio management, we have augmented conventional profitability and marketability evaluation perspectives with those of digital services compatibility. Our assessments cover four categories: growth acceleration, profit maximization, strategic transformation, and business revitalization.

The office services and commercial printing businesses are in the growth acceleration category. They will drive our growth because they are highly profitable, are expanding through success scenarios in their markets, and are highly compatible with digital services.

The office printing business is in the profit maximization category. It aims to keep stably generating cash while remaining a key earnings source.

The strategic transformation category covers the thermal media and enterprise printing businesses. While their circumstances differ, they will endeavor to maximize value through this transformation where market expansion is unlikely or where there is little compatibility with digital services.

The industrial products and cameras businesses are in the business revitalization category. They will explore ways to contribute to value.

Initiating Ricoh-Style Business Portfolio Management

Objectively evaluate each business in terms of digital services compatibility, profitability, and marketability

Four business labels (roles and direction)	Key relevant businesses and business units	Profitability (ROIC and earnings)	Marketability (Success scenario and market growth)		Digital services compatibility (Compatibility and contributions)
Growth acceleration Drive Ricoh's growth	Office Services (RDS) Commercial Printing (RGC)	Passed standard	Succeeding	Growth	High
Profit maximization Stably generate cash as fund source	Office Printing (RDP and RDS)	Passed standard	Succeeding	Low growth	Low
Strategic transformation Maximize value through this shift	Thermal Media (RIS) and Enterprise Printing (RGC)	Passed standard	Succeeding	Regardless of growth potential	Low
		Passed standard	Unlikely	Low growth	High
Business revitalization Explore ways to contribute to value	Industrial Products (RIS) and Cameras (Group headquarters)	Passed standard	Unlikely		Low
		Low	Unlikely		Low

(Note) New business will be nurtured, selected and focused separately at Ricoh Futures

Our business portfolio management goal is to boost corporate value by propelling digital services growth.

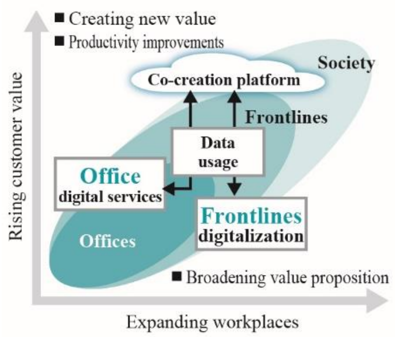
Our digital services will help customers be more productive by digitalizing processes to connect offices and frontlines and transform entire workflows. Our business units will leverage their digital technology and edge device* strengths and services aligned with customer work to help create new value that exceeds their expectations.

*Edge devices: Networked devices with data processing functions, such as multifunctional printers or cameras that serve as an entry and exit point for various data, such as text, photographs, audio, and video.

Our Digital Services

Each business unit tackles the growth of digital services that support our customers' "work" based on digital technology and devices

EMPOWERING DIGITAL WORKPLACES Leverage the power of people and digital technology to transform work for customers by connecting workers and workplaces

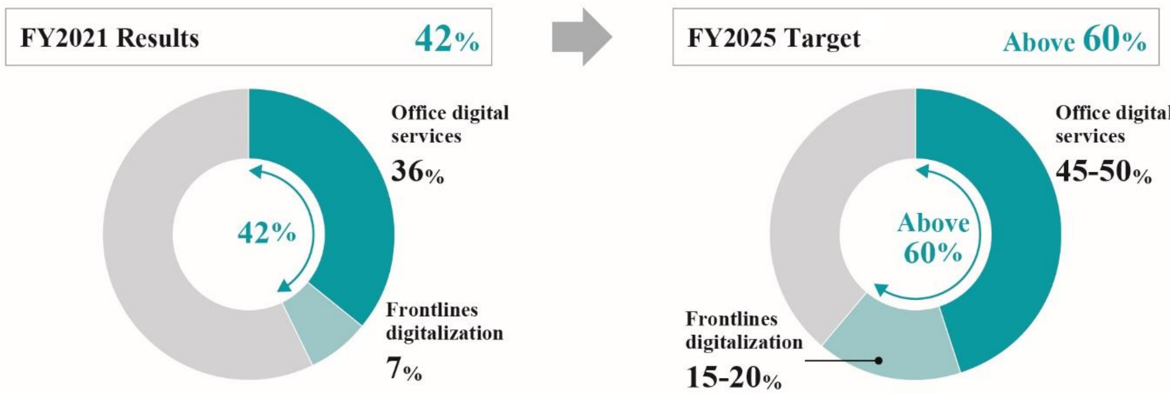


Business unit		Businesses contributing to digital services
Ricoh Digital Services	Resolve issues of workers and deliver digital services to connect office and frontline people	Office Services
Ricoh Digital Products	Manufacture products supporting digital services	Office Printing * Counted only for Ricoh Smart Integration (integrated platform) connections Edge devices
Ricoh Graphic Communications	Deliver digital solutions for frontline workers on printing sites	Commercial Printing * Excludes enterprise printing Industrial Printing
Ricoh Industrial Solutions	Provide digital solutions to challenges of frontline workers on logistics, manufacturing and industrial sites	Thermal Products * Shifting to digital services
Ricoh Futures	Create new businesses to resolve social issues through digital solutions	Smart Vision Social Infrastructure
Group headquarters	Strengthen business foundation to support digital services	

Digital Services accounted for 42% of consolidated sales in fiscal 2021. We intend to raise this level to over 60% by fiscal 2025.

Digital Services Sales Ratio Target

Targeting digital services sales ratio of over 60% by FY2025



(Note) Office digital services and frontlines digitalization include the following businesses and the figures factor in the effects of discontinuous growth.
Office digital services: Office services, office printing*1, edge device
Frontlines digitalization: Commercial printing*2, industrial printing, thermal, Smart Vision, social infrastructure

*1 Counted only for Ricoh Smart Integration (integrated platform) connections
*2 Excludes in-house printing

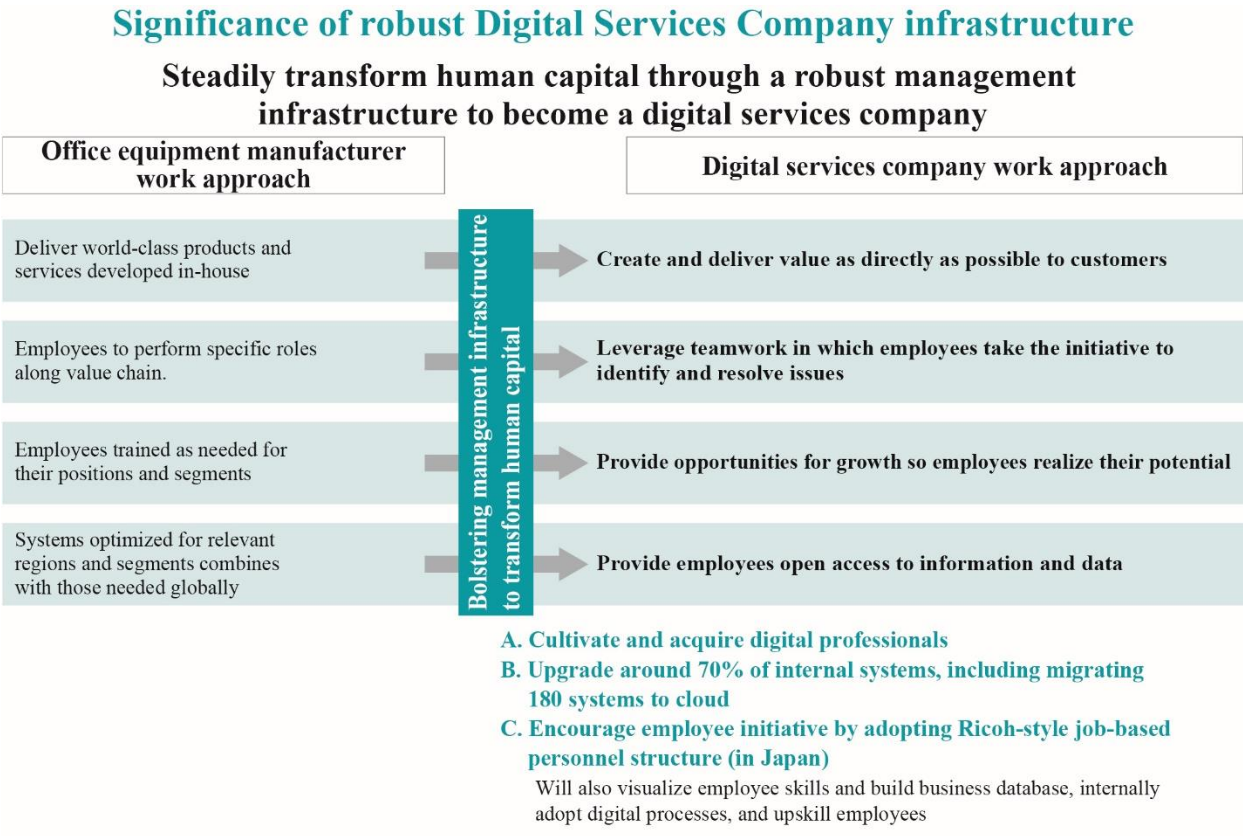
3. Strengthening Our Business Foundations

We are transforming into a digital services company. The era of mass production and consumption necessitated manufacturing efficiently while retaining consistently high quality.

In today's more information-oriented world, decisions are made through smaller units.

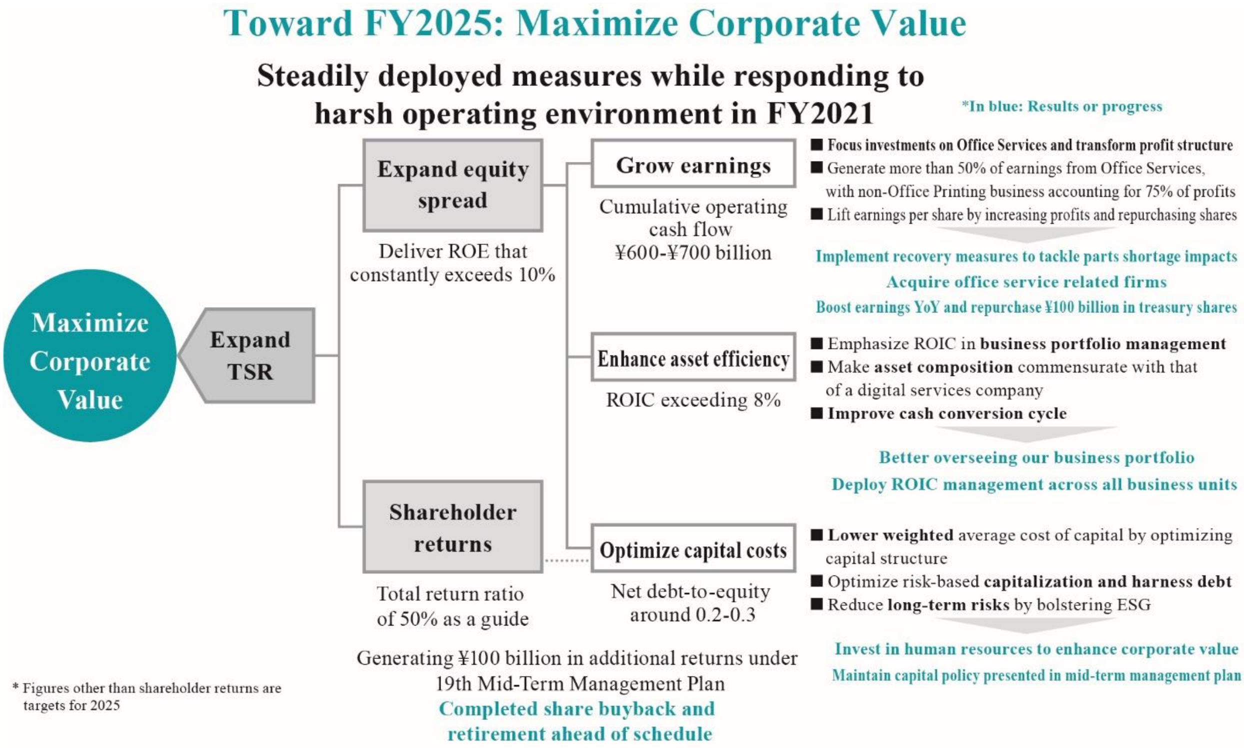
This situation makes it particularly important to steadily transform human capital. We must transform traditional work practices. For example, it used to be important for employees to perform specific roles along the value chain. In the years ahead, they would ideally take the initiative to identify and resolve issues.

We will give employees greater autonomy by training and hiring digital professionals. We will upgrade about 70% of enterprise systems, including to migrate 180 of them to the cloud, and adopt a Ricoh-style job-based personnel structure.



4. Reinforcing Our Capital Policies

We aim to maximize corporate and shareholder value while satisfying stakeholder expectations. We accordingly aim to deliver seek to realize returns that exceed capital costs.

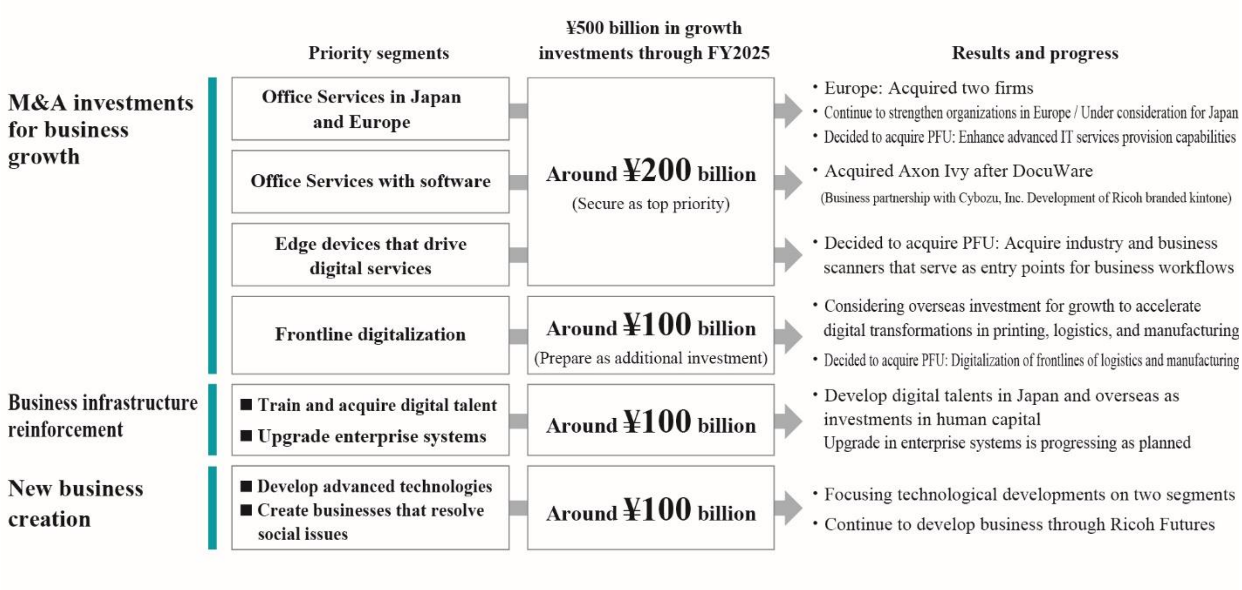


In the current fiscal year, we contributed to earnings growth by completing our acquisition of ¥100 billion in shares of treasury stock to help enhance capital returns. We retired those shares on February 28, 2022. We enhanced asset efficiency by deploying return on invested capital (ROIC) management across all business units. We have become more aware than ever of benchmarks for such returns, and are striving to more swiftly improve operations. We have endeavored to optimize capital costs by augmenting acquisitions, portfolio replacements, and other efforts, investing extensively in human resources that will be pivotal to enhancing corporate value.

From a balance sheet management perspective, the equity ratio increased owing to the April 2020 deconsolidation of Ricoh Leasing Co., Ltd. (hereinafter referred to as “Ricoh Leasing”). To become a digital services company, we will target an appropriate capital structure based on risk assessments and borrow to fund investments, carefully balancing debt and equity in our operations. We will use debt in such stable businesses as office printing while primarily allocating capital to growth businesses that pose relatively high risks.

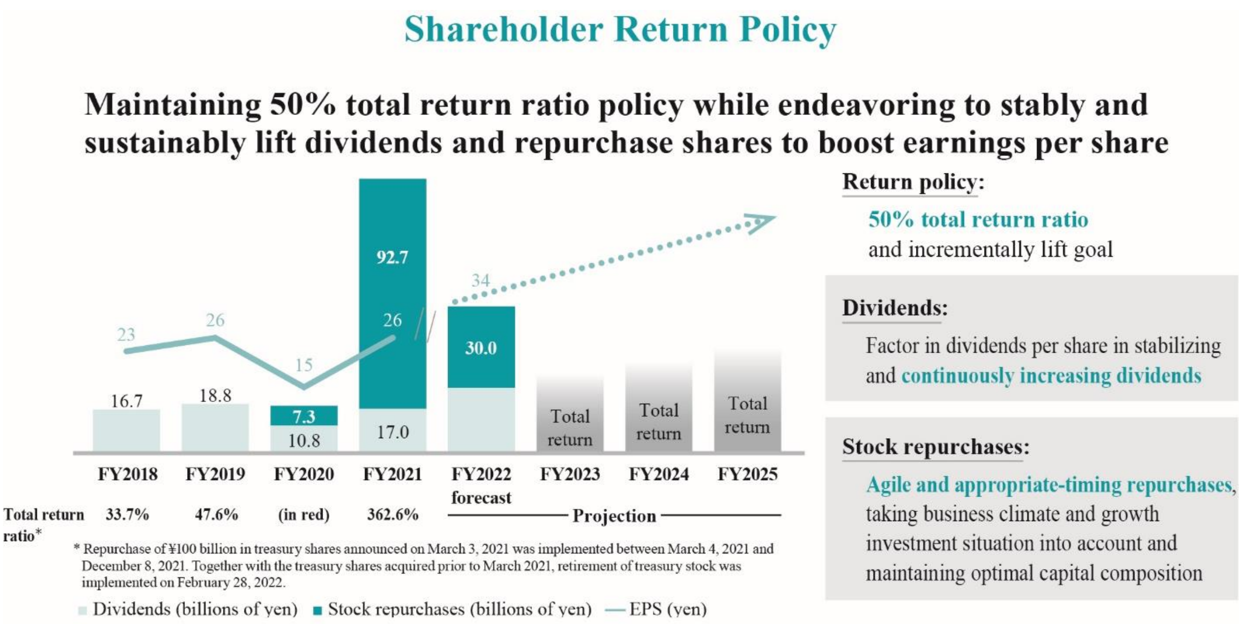
We will thus systematically use operating cash flows acquired from business investments to fund further growth and shareholder returns. We look to invest around ¥500 billion in growth areas by fiscal 2025 in the drive to become a digital services company. We have already made acquisitions in Europe and decided the acquisition of PFU in Japan on April 28, 2022, steadily proceeding with M&A investments for business growth. We will also draw strategically on interest-bearing debt to fund investments.

Breakdown of ¥500 billion growth investments



Our shareholder return policy is to pursue a total return ratio of 50% by continuing to increase dividends and flexibly repurchasing shares to offer attractive dividend yields. We look to steadily lift dividends per share in line with annual profit growth from the fiscal 2021 level. We will buy back shares within the total return ratio scope, factoring in the business environment and progress with growth investments to improve earnings per share.

Based on this policy and dividend yields, we look to lift cash dividends per share by ¥8.00, to ¥34.00, in fiscal 2022. On May 10, 2022, the Board of Directors approved a proposal to repurchase up to ¥30 billion in shares. The Company executes the repurchase during the first half of fiscal 2022 and retire the shares.



（3）Fiscal 2022 forecast

Our 20th Mid-Term Management Plan is a roadmap for realizing our vision through fiscal 2025. In fiscal 2022, the final year of the 20th Mid-Term Management Plan, we will pursue further business growth by targeting sales of ¥2.05 trillion, an operating profit of ¥90 billion, and a return on equity of 7%. Under the business unit structure that we adopted in April 2021, each unit will operate autonomously and accelerate efforts to reinforce its structure while swiftly tackling market changes. We will cultivate human resources to support our drive to become a digital services company and overhaul enterprise systems to unite our entire organization in transitioning to drive digital services growth.

(4) Ricoh's Approach to Seven Material Issues and ESG Targets

Resolving social issues through business					
Materiality (Material issues)	2030 targets	Resolution of social issues and business strategies	ESG targets: KPIs	ESG targets: FY2022 Targets	FY2021 Results
Creativity from Work	Contribute to "Creativity from Work" of all customers to whom we deliver value	Social issues For sustainable development, companies need to reform employees' work styles, boost productivity by using IT and increase employees' work satisfaction. Business strategies We will help customers achieve "Creativity from Work" by providing them with digital technologies and services.	Top score rate*1 in customer surveys	30% or more	Japan: 33% Europe: 28% APAC: 36% Americas: 82%
			Fulfilling value proposition for customers*2	15%*3	13%
			Digital specialist development	IPA ITSS L3*4 1.5 times	1.28 times
QOL Enhancement	Contribute to the enhancement of social infrastructure for 30 million people	Social issues It is necessary to eliminate disparities in medical, educational and regional services between developed and developing countries and between urban and rural areas. Business strategies We will help improve medical, educational and regional services by utilizing the digital technologies and know-how that we have accumulated for office solutions.	Number of people to whom we have contributed by improving social infrastructure	10 million people	10.82 million
Zero-carbon Society	- Reduce GHG emissions by 63% for scope 1 and 2, and 40% for scope 3 - Switch to 50% renewable electricity	Social issues As the impact of climate change is becoming more severe, it is necessary to enhance and speed up countermeasures. Business strategies Upholding the Science Based Target (SBT*5) of "1.5°C," we will work to reduce GHG emissions substantially and supply products and solutions that contribute to the decarbonization of society as a whole	GHG scope1, 2 reduction rate (vs. FY2015)	30%	42.6%
			GHG scope 3 reduction rate (vs. FY2015)	20%	28.5%
			Renewable energy utilization rate	30%	25.8%
Circular Economy	Ensure efficient use of resources throughout the entire value chain and achieve 60% or less of virgin material usage rate	Social issues For sustainable use of natural resources, it is necessary to foster the recycling of resources and reduce the use of new resources. Business strategies We will further enhance our 3Rs measures and reduce the use and foster the substitution of plastic materials and provide on-demand printing service, thereby helping customers make efficient use of resources.	Virgin material usage rate	85% or less	88.5%

Robust management infrastructure

Materiality (Material issues)	Demand from society and management strategies	ESG targets		FY2021 Results
		KPIs	FY2022 Targets	
Stakeholder Engagement	Requests from society For the sustainable development of society, companies are required to enhance the sustainability of their entire global value chains. Management strategies We will strengthen collaboration with our business partners and build Win-Win-Win relationships between our company, business partners and society.	Production sites with RBA*6 certified	6 sites	3 sites in total
		Suppliers signing on RICOH Group Supplier Code of Conduct	100% signed	86% signed
		International security standard	Bolstered security based on ISO/IEC*7 NIST*8	Undisclosed
		Evaluation scores given by each partner*9 (suppliers, distributors/dealers, development partners)	Undisclosed	Undisclosed
		Attain top levels for primary ESG external evaluations	DJSI, CDP*10 etc.	DJSI: World CDP: A-list
		Selected in Digital Transformation stock (by Ministry of Economy, Trade and Industry)	Selected	Not selected
Open Innovation	Requests from society For sustainable development, innovation needs to be promoted across a range of industrial sectors. Management strategies We will attribute importance to open innovation with universities, research institutes, other companies and business partners, and foster collaboration with these partners to solve social issues through efficient research and technological development as well as to create new value.	Increase rate of patent ETR*11 score (vs FY2020)	20%	7%
Diversity and Inclusion	Requests from society For sustainable development and innovation, it is necessary to promote decent work, which gives satisfaction and is humane, and respect diversity in society. Management strategies We will respect the diversity of employees, upholding the empowerment of self-motivated employees in our management policy and strive to create workplaces where employees can work with vigor.	RFG*12 engagement score	50 percentile or more in each region	Japan: 51 percentile Americas: 42 percentile Europe: 29 percentile APAC: 33 percentile
		Female-held managerial position rate	Global: 16.5% or more (Japan: 7.0% or more)	Global: 15.6% (Japan: 6.3%)

*1 Top score ratio: Highest score selecting ratio

*2 Scrum-package customers ratio in Japan
*3 Revised the target from 20% due to the shortage of ICT products.
4 IPA: Information-technology Promotion Agency. ITSS: IT Skill Standard set by IPA (level 0-6)
*5 STB: Science Based Targets
*6 RBA: Responsible Business Alliance
*7 ISO/IEC: International Organization for Standardization/International Electrotechnical Commission
*8 NIST: National Institute of Standards and Technology
*9 Evaluation score: Evaluation results from each partner for Ricoh.
*10 CDP: Evaluation by an international NGO working in climate change and other environmental issues.
*11 ETR (External Technology Relevance): Score indicating the number of patents cited by other companies.
*12 RFG: Ricoh Family Group

(5) Actions on Climate Change: Disclosure Based on the TCFD (Task Force on Climate-related Financial Disclosures) Framework

Please refer to the TCFD Report for more information.
https://www.ricoh.com/sustainability/environment/management/tcfd

Climate change poses one of the most pressing challenges to global society.

In order to support the Paris Agreement, the Ricoh Group has set long-term environmental goals to achieve practically zero GHG[*1] emissions across the entire value chain by 2050. We have also set a high level GHG emission reduction target of 63% reduction for scope 1 and 2 and 40% reduction for scope 3 (procurement, use and logistics categories) in 2030 (each compared to 2015 levels), which has been validated by SBTi[*2], an international climate change initiative, as a 1.5°C level. To achieve this target, Ricoh is promoting thorough energy-saving activities and active use of renewable energy sources. To do so, we became the first Japanese company to participate in RE100[*3] to promote the active use of renewable energy, and in March 2021, we raised our 2030 target for renewable energy use to 50%, setting a more ambitious goal. We have also formulated a GHG reduction roadmap to 2030, and are promoting thorough energy-saving activities by improving production processes, introducing high-efficiency equipment, and reviewing logistics processes. In addition, we have introduced our unique "Comprehensive Evaluation System for Renewable Energy" in fiscal year 2021 to increase the ratio of renewable energy and ensure the quality of electricity used at our domestic sites and 100% of the electricity used at the global headquarters has become high-quality renewable energy base on the evaluation by the system. Globally, we are implementing various measures, including the introduction of an on-site PPA model[*4] at four sites in Japan and overseas, with the goal of converting electricity at all major sites to renewable energy by 2030.

Since actions on climate change is one of the important management issues, from 2020, we have positioned GHG emission reduction targets as one of the ESG Targets based on our management strategy, and we are promoting an effective climate change initiative by linking it to the remuneration of officers and senior management. At the Board of Directors, we discussed on the theme of ESG challenges including climate change and under the supervision of the ESG Committee, chaired by our CEO, we have identified the risks and opportunities related to climate change and are working to mitigate and adapt to climate change. In particular, we will strive to reduce risk by formulating and implementing a risk management plan and a business continuity plan (BCP) in response to natural disasters, which are becoming more and more severe. In addition, we will contribute to the creation of a decarbonized society throughout the entire value chain by improving the energy efficiency of our products and collaborating with our business partners and customers.

*1 GHG: Greenhouse Gas

*2 SBTi: Science Based Targets initiatives
International initiatives to certify that GHG reduction targets of a company are consistent with scientific evidence

*3 RE100: An international initiative aiming for 100% conversion to renewable energy

*4: Power Purchase Agreement model

Measures for addressing four TCFD recommendations and progress made in FY2021

Governance	Approach	- The Board of Directors and CEO-chaired ESG Committee established to ensure management-level supervision for climate change-related activities - The ESG Committee discusses proposals for decarbonization roadmaps, confirms progress toward environmental goals, and decides on investments in decarbonization-related projects - The Group's climate change action plans approved by the ESG Committee and implemented under the leadership of the ESG Management Division - Introduction of an ESG-linked executive remuneration system for executives and management that varies depending on the degree of achievement of the "GHG reduction target"

	Status of FY2021 initiatives	- Deliberation and decision on climate change-related matters by the ESG Committee (held four times) [see page 105]
		  - Climate change risks and opportunities in line with TCFD
		  - Progress on decarbonization activities
		  - Conformance between decarbonization activities and GHG reduction scenarios

Strategies	Approach	- Contribution to SDGs given priority in formulating a Mid-Term Management Plan - "Zero-carbon Society" included in material issues. Manage specific numeric targets as ESG targets - Risks and opportunities identified through scenario analysis and at ESG Committee meetings
	Status of FY2021 initiatives	- Implement measures aligned with decarbonization roadmap (renewable energy comprehensive evaluation system, achieve RE100 at main sites, etc.) - Progress in activities for decarbonization and customer appeal - Concluded "Mizuho Eco Finance" agreement with Mizuho Bank, Ltd., with the aim of promoting decarbonization activities
Risk management	Approach	- The Risk Management Committee established to manage major focus managerial risks, which are risks that can significantly affect business performance categorized into two groups: strategic risks and operational risks - Categorize risk levels based on financial impact, urgency, and risk management level, and prioritize the order of measures to address them
	Status of FY2021 initiatives	- Documentation of initial response, reporting procedure, establishment and roles of each response division in the event of an emergency - Preparation of BCP (business continuity plan) for each region and business, such as implementation of regular facilities inspections and disaster prevention training - Flooding risk investigation for key domestic sites
Indicators and goals		See page 37

Climate change risk recognition and countermeasures

<Implementation and results of scenario analysis>

The financial impact and urgency of individual risks were reevaluated this fiscal year by performing a scenario analysis. With regard to carbon taxes and emissions trading systems applied to suppliers, we have changed our evaluation of the urgency of this risk based on the global systematization of emissions trading systems and Japan’s moves to introduce carbon pricing. Regarding the rising number of natural disasters, we have reevaluated the risks to our supply chain, including our sites. We have decided to invest in concrete measures to address, in particular, flooding risks in Japan, prioritizing major manufacturing sites with high levels of flooding risk.

Natural disaster risks are highly urgent risks which, if countermeasures are deferred until later, could have a major business impact. Although the urgency for the risks of infectious diseases caused by climate change is low, if these risks manifest themselves, they could have a major financial impact. We will therefore strive to continuously enhance our BCP to manage them. We have reconfirmed that actively working to mitigate and adapt to climate change has tremendous potential to produce future financial benefits.

Climate change risks and Ricoh’s countermeasures
Transition risks: Analyzed based on 2°C /1.5°C scenario*1
Physical risks: Analyzed based on 4°C scenario*2

Impact on Ricoh’s business			Impact*3	Urgency*3	Ricoh’s action
Transition risks	Carbon taxes and emissions trading systems applied to suppliers	- Carbon pricing (carbon tax/emissions trading) will be applied mainly to material suppliers with high GHG emissions, and the price will be passed on to raw materials, resulting in higher procurement costs.	2	3	- Reducing new resource inputs by selling refurbished devices and using recycled materials - Actively supporting suppliers' decarbonization activities and addressing the risk of rising procurement costs
	Response to accelerated transition to decarbonized society by consumers and investors	- Due to demand for achieving ahead of schedule the target of 1.5°C and achieving RE100, additional costs for implementing measures such as energy saving/renewable energy facility investment and switching to renewable energy are incurred.	1	3	- Actively promoting energy-savings and renewable energy initiatives that contribute to SBT 1.5°C targets (strategic use of renewable energy certifications, deployment of PPA model, etc.) - Financing using sustainability-linked loans
Physical risks	Rapid increase of natural disasters	- Due to climate change, extreme weather has become more severe, causing production stops and sales opportunity losses due to disruption of the supply chain, etc.	3	5	- Addressing supply chain risks - Enhancing risk countermeasures for domestic sites

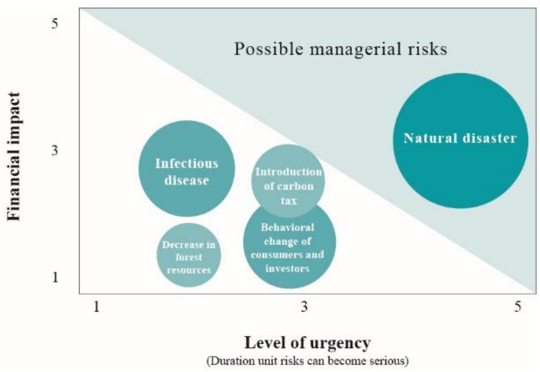
Physical risks	Regional epidemics of infectious diseases	- Impact on production plans due to parts supply disruption - Insufficient inventory due to lower operating rates at production sites - Decrease in sales opportunities due to difficulty of face-to-face business	2	2	- Reinforcing infectious disease BCP Digitization of operation and negotiation, - Decentralization of production bases/automation of processes, additional stocking of parts and products
	Declining forest resources	- Forest damage such as forest fires and increase of pests due to global warming results in deterioration of stable supply of paper raw materials and leads to a rise in paper procurement costs.	1	2	- Reducing base paper usage by using environmentally-friendly linerless labels - Promoting forest conservation activities

*1 2°C /1.5°C scenario: a scenario where the global average temperature increase is below 2°C by 2100
*2 4°C scenario: a scenario where the global average temperature increase is 4°C by 2100
*3 For impact and urgency, please refer to “risk levels” on page 42.

Climate change risk monitoring

Every year, the ESG Committee evaluates climate change risks at the management level and decides on investments in monitoring and necessary countermeasures.

The risk evaluation prioritizes investment in countermeasures along the twin axes of financial impact and urgency. Natural disaster risks have a high level of urgency and has medium financial impact, and therefore they are managed as company-wide key managerial risks. This fiscal year, we invested in flood countermeasures for key domestic production and development sites.



Financial opportunities presented by climate change

The Ricoh Group recognizes that climate change leads not only to business risks, but also to opportunities to increase corporate value as well as the product and service values we provide. Addressing climate change brings opportunities to provide products and solutions that support the decarbonization efforts of customers by leveraging our energy-saving technologies and services, expand sales of solutions that are linked to infectious disease countermeasures, expand our business in the environmental and energy fields, and create new businesses. Our environmental-friendly office equipment, infectious disease countermeasure solutions, and environmental energy business currently contribute to sales worth ¥1 trillion.

Opportunities associated with climate change

Areas of contribution	Overview of FY2021 results		
Contributions to climate change mitigation	Approx. ¥1,000 billion	- Sales of products that contribute to decarbonization (environmental label certification) - Sales from negotiations involving ESG response - Sales in products and parts reuse and recycling businesses - Sales in energy saving and energy creation businesses - Contributions of new businesses (sales of environmentally-friendly linerless labels, sales of PLAiR)	Approx. ¥930 billion Approx. ¥20 billion Approx. ¥30 billion Approx. ¥20 billion -
Contributions to climate change adaptation	Approx. ¥90 billion	- Sales of solutions that support new workstyles (Scrum package solutions and Scrum assets[*1]/WTA[*2]) - Contributions of new businesses (sales of energy harvesting[*3] products, etc.)	Approx. ¥90 billion -

(Note) For the latest details on opportunities for climate change, please refer to the TCFD Report 2022 to be disclosed at a later date.
https://www.ricoh.com/sustainability/environment/management/tcfd

*1 Scrum assets: An issue adaptation-type solution model for SMEs sold in Japan
*2 WTA (Work Together, Anywhere): A packaged solution sold in Europe
*3 Energy harvesting: Environmental power generation that generates electricity from light, heat, and vibration present in the surrounding environment

Products that contribute to decarbonization
The Ricoh Group has actively acquired worldwide environmental certifications in order to provide environmentally friendly products to its customers. In the international ENERGY STAR program that promotes energy saving of office equipment, 95% of imaging devices launched and are on the market as of fiscal 2021 have acquired ENERGY STAR certification, contributing to decarbonization. We also implemented the Ricoh Sustainable Products Program, which evaluates the energy savings, resource savings, pollution prevention, comfort, and ease of use of products based on strict criteria developed by Ricoh, to promote manufacturing that contributes to the environment.

Increase in negotiations involving ESG response
In recent years, ESG demands from customers have been increasing. In particular, public institutions and global companies in Europe are increasingly including the status of ESG initiatives in the selection criteria of their suppliers. For example, in Spain, there have been cases of public procurement negotiations in which, in addition to prices and services, environmental label certification acquisition status, energy-savings performance, and other CSR elements account for over 10% of the overall evaluation criteria. In Japan, the number of customer inquiries regarding ESG efforts is rising annually, and ESG is contributing to enhance customer relationships and providing a boost to the business.

Products and parts recycling businesses
The Ricoh Group has been leveraging its reduce, reuse, and recycle (3R)-related activities and its global reclamation system, which it has been implementing since 1994, to actively conduct products and parts recycling business. Based on our unique "Comet Circle™" concept for developing a circular economy, we have promoted the 3Rs and maintained a high reuse rate of components from recycled products at between 80% and 90%. By expanding our product lineup in line with the recent circular economy trends, we will meet the needs of our customers while contributing to the realization of a decarbonized society and circular economies.
[Reference] "Circular Economy Report 2022" (published March 2022)
https://jp.ricoh.com/info/2022/0303_1

Energy saving and energy creation businesses
The tide of decarbonization is accelerating, and energy saving and energy creation businesses are growing in Japan. We will engage in energy saving and energy creation businesses, such as operation and maintenance (O&M) business for customers' photovoltaic power generation equipment leveraging the monitoring services we have cultivated in the IT and networking device field, electric vehicle charging equipment maintenance, lighting and air conditioning control systems.

Selling solutions that support new workstyles
The Scrum packages offered by the Ricoh Group combine the edge devices, software and cloud services of Ricoh and its partners to support customers' new workstyles and digitalization of operations. By providing services befitting the era of the new normal, we are also contributing to the reduction of CO_2 emissions through improving customer productivity.

Indicators and goals

The Ricoh Group’s environmental goals (decarbonization)

2030 goals

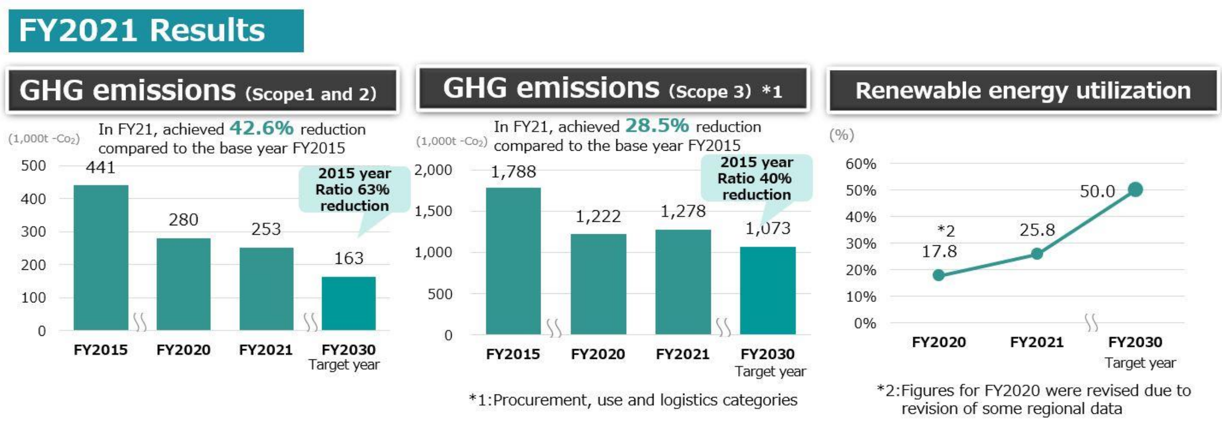
- GHG scope 1 and 2*: 63% reduction vs FY2015
- GHG scope 3*: 40% reduction vs FY2015 (procurement, usage and logistics category)
- Switch 50% of electricity used in business operations to renewable energy

2050 goals

- Achieve zero GHG emissions across the entire value chain
- Switch 100% of electricity used in business operations to renewable energy

* GHG scope 1, 2, 3

- GHG scope 1: GHG directly emitted by Ricoh Group factories, offices, vehicles, etc.
- GHG scope 2: GHG produced by heat/power purchased by the Ricoh Group
- GHG scope 3: Supply chain emissions from corporate activities (excluding GHG scope 1 and 2)



Recent climate change-related measures

We have led the way in key initiatives in Japan and overseas.

We frequently offer recommendations to the government to drive climate change measures and expand the use of renewable energy in Japan.

April 2017	Becomes the first Japanese company to join RE100
August 2018	Commits to recommendations of Task Force on Climate-Related Financial Disclosures
October 2018	Signs Japan Climate Action Summit declaration
January 2020	Becomes the only Asian company on RE100 Advisory Committee
March 2020	Obtains Science-Based Targets approval for setting emissions reduction goals that help limit global temperature rise to 1.5°C above pre-industrial levels
June 2020	Signs Uniting Business and Governments to Recover Better statement, with CEO Yamashita attending a meeting with Japan's Minister of the Environment to exchange views about climate change issues
September 2020	Shortlisted for RE100 Leadership Awards
October 2020	Commits to Business Ambition for 1.5°C
November 2020	On behalf of Ricoh as a Japan Climate Initiative member, CEO Yamashita proposes renewable energy deregulation to Japan's Minister for Regulatory Reform
September 2021	Issues the TCFD Report
October 2021	Participates in We Mean Business Coalition "All in for 2030" campaign
December 2021	Selected back-to-back by the CDP for its highest level of evaluation, the climate change A List
March 2022	Issues the circular economy report
April 2022	As a co-president of JCLP*, CEO Yamashita hands proposals to Prime Minister of Japan Kishida on overcoming the climate crisis through a new form of capitalism

*JCLP (Japan Climate Leaders' Partnership): A coalition of Japanese companies that aims to create a carbon neutral society.

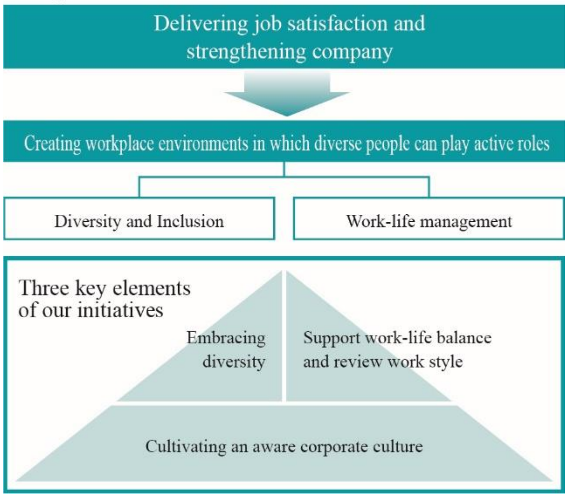
(6) Diversity & Inclusion, and Work-life Management

Innovation, which is essential to our transformation into a digital service company, is produced when diverse people work together, leveraging their individual strengths. This requires an environment in which diverse people can thrive and each and every employee can maximize his or her performance. To achieve this, we have positioned "diversity and inclusion (D&I)" and "work-life management" as part of our business strategies, and have worked on them accordingly.

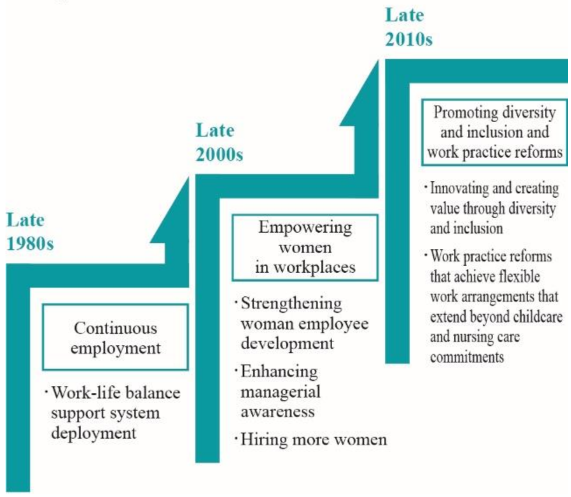
Global Diversity & Inclusion Statement

At Ricoh, we embrace and respect the collective and unique talents, experiences, and perspectives of all people.
Together, we inspire remarkable innovation. That's how we live the Ricoh Way.

Goals of diversity and inclusion and work-life management and axis of efforts



Initiative steps of diversity and inclusion and work-life management



The promotion of the engagement of women has been one of our key initiatives, and we have set corresponding ESG targets. By the end of fiscal 2022, we aim to raise the percentage of managerial positions held by women to 7% or more in Japan and 16.5% or more globally including Japan.

(New initiatives in fiscal 2021 and external evaluations)

- Talent management for women and young employees
- Issued global D&I policy
- Awarded "Minister of State for Regional Revitalization's Telework Award" sponsored by Cabinet Office

FY2021 Results

	Female ratio in full-time employees	Female ratio in management level	Female ratio in executive management level *1
Global *2	29.3%	15.6%	9.9%
Japan *3	18.2%	6.3%	3.4%
Ricoh Company, Ltd.	16.3%	6.0%	3.6%

Note: Women as a percentage of full-time employees: As of March 31, 2022.
Women manager ratio: As of April 1, 2022

*1: Executive management level: Department Managers or higher (Maximum two levels away from the CEO or comparable positions.)
*2: Global: Worldwide Ricoh Group companies
*3: Japan: Ricoh Group companies in Japan, including Ricoh Company, Ltd.

We are working to foster an organizational culture in which diverse personnel can autonomously develop their careers and play active roles in the workplace. As an example, our collaborative creation program, TRIBUS, aims to create new businesses. This program, which is currently limited to Japan, enables all employees to turn their aspirations, and the value they want to offer to society, into business and startup companies outside the Group are also taking part in the program. Many employees are using the second job program to support in-house entrepreneurs and outside startup companies, leveraging their own knowledge and experience in a way that matches the amount of time and frequency of engagement available given their main business duties. The leaders of in-house entrepreneurial teams that have been adopted as commercialization ideas include those with limited and extensive work experience, as well as those who have taken on challenges in fields different from their own expertise, creating a wide range of opportunities for a variety of human resources.

2. RISK FACTORS

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

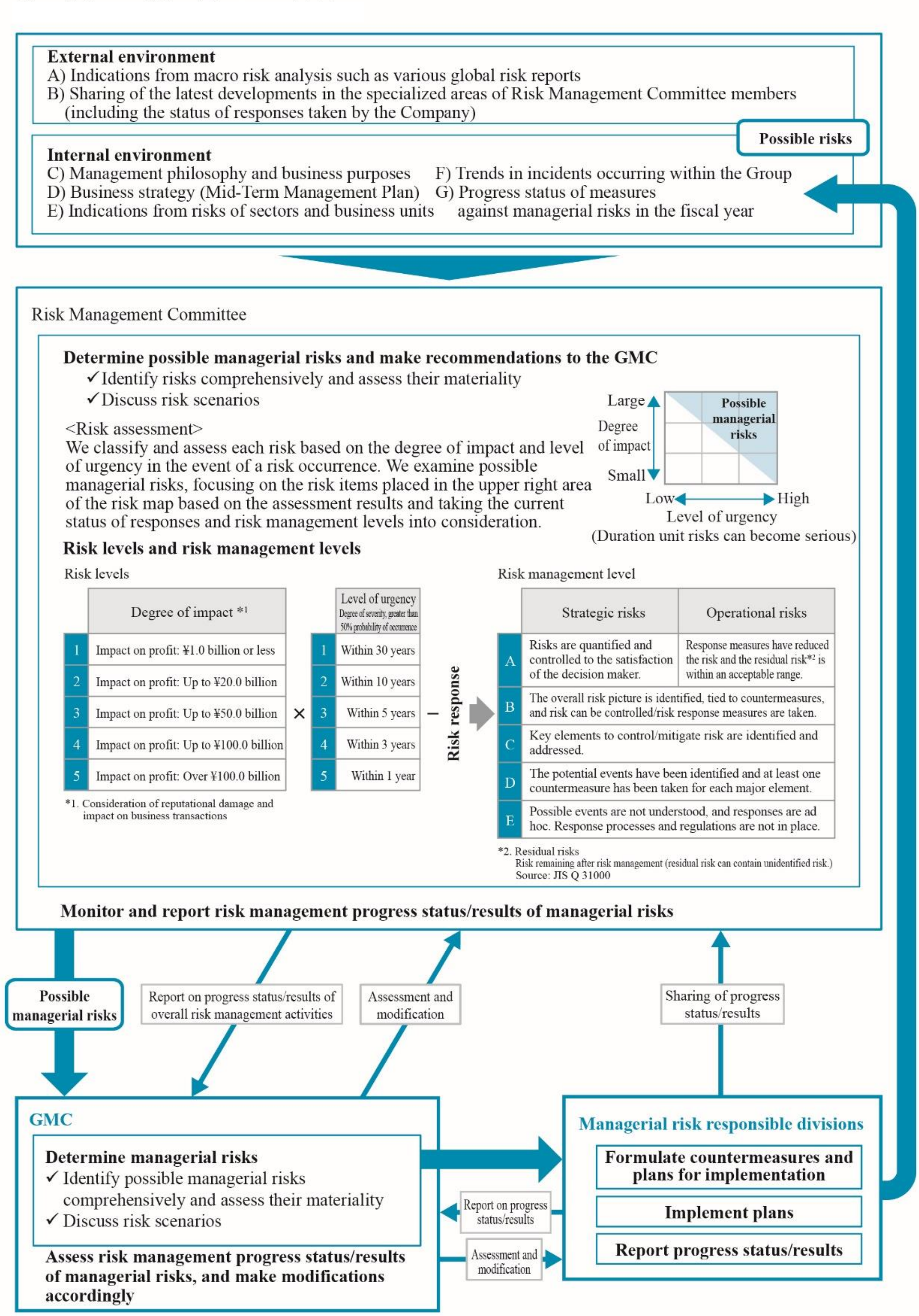
Process of determining managerial risks

The Group Management Committee (GMC) and Risk Management Committee determine managerial risks based on a comprehensive recognition of risks that exert a significant impact on management, including impact on interested parties, in light of the Company's management philosophy and business purpose, and are actively involved in countering these risks. (Figure 1: Process of determining managerial risks)

- Managerial risks are classified and managed as "strategic risks" and "operational risks" based on their characteristics. Strategic risks cover a wide range of risks that affect management, from risks related to the achievement of short-term business plans to medium- to long-term emerging risks.
- As an advisory body to the GMC, the Risk Management Committee utilizes the specialized knowledge and experience of each of its members, engaging in substantial discussions before recognizing and assessing each risk, in order to more accurately propose possible managerial risks.

Please refer to IV. Information on the Company 4. Corporate Governance, etc. (1) Corporate Governance 2) Reason for adopting current corporate governance structure (VIII)Risk Management System and Risk Management Committee for more information about Risk Management Systems and the Risk Management Committee.

Figure 1: Process of determining managerial risks



Business Risks

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
Business environment	**COVID-19**	Please see "3. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS (2) Business results" for details on the impact on Ricoh and Ricoh's response to COVID-19.	Regarding the impact of the COVID-19 pandemic on business performance, although there are signs of improvement such as the development and distribution of vaccines and oral drugs, the situation in each region is different, and it is still difficult to predict the overall impact accurately.	3	5	C
	Economic situation in major markets	We run a global business, and so the change of economic situation in major markets such as Japan, the U.S. and Europe would have a significant impact on our business. In addition to the impact of the aforementioned COVID-19 on each market, we consider the economic impact resulting from the rise in protectionism as our major risk, including the ongoing U.S.-China trade friction and Russia/Ukraine situation. We also recognize that there is a potential risk of rapid deterioration in economic conditions in major countries due to other unexpected events.	We will monitor very carefully the changing economic situation and take counteractions as necessary. In particular, as it relates to the U.S.-China trade friction, we have reduced the risk of tariffs by manufacturing the products China and Thailand in parallel, based on our BCP action. In the Russia/Ukraine situation, a crisis management support team has been set up to ensure a safe and secure environment for employees and their families. We will continue to take appropriate measures according to the situation. We pass on the increased cost of our products due to the influence of US-China tariffs and supply chains to the price of our products after obtaining consent from customers.	3	5	D
	More competitive markets	We may encounter a negative business impact as a result of increased competition in the market: ・New competitive products launched by competitors ・Tougher price competition ・Demand shift to lower price products. ・Changes in the modality of competition and situation of competition due to COVID-19, etc.	We plan to keep developing and launching new products and services that enhance our customers' value in each business domain. ・We will always aim to achieve competitive advantage through our high quality, high value-added products and services that improve customers' workflows. ・We will keep managing our selling price appropriately. We will always aim to maximize customers' satisfaction without solely reducing price. ・We take this rapid situation change due to COVID-19 as an opportunity and will strengthen our products and services in order to support our customers in changing their working style and behavior.	3	4	C

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
			・Each business unit, under the leadership of leaders with delegated authority, will strive to strengthen business competitiveness by making rapid decisions closer to customers and workplaces. In addition, the Group Headquarters will constantly monitor the competitive environment, market environment and trends to ensure optimal allocation of management resources to each business.			
	Fluctuations in price of parts, materials and/or foreign currency exchange rates	We are affected by fluctuations in price of parts, materials and foreign currency exchange rates because most of our manufacturing and sales activities are conducted outside of Japan such as in the U.S., Europe and China etc.: ・Impact of movements in materials market ・Impact of movements in exchange rates on the business results of foreign subsidiaries recorded in local currency ・Impact of movements in exchange rates on the value of assets and liabilities recorded in local currency, etc.	・In response to the movement in material market, we consider substitute materials during the phase of R&D and after mass-production, also we try to procure raw materials from multiple sources. Regarding the huge movement of market that can not be addressed through our actions, we will modify our pricing as appropriate, while watching our competitors' movements carefully. ・The foreign exchange risk is hedged by derivative transactions in order to minimize the impact of short-term fluctuations in major currencies such as the USD, EUR and JPY. In addition, only a limited number of companies and organizations can manage financial transactions such as currency hedging, and these are strictly enforced by our financial rules. ・Foreign currency risk is minimized through maximization of offsetting receivables and payables through the netting process where possible. ・We conduct currency matching of assets and liabilities of our overseas subsidiaries.	3	4	C
	Alliances with other entities, strategic investment	We conduct business with other entities through alliances, joint venture and strategic investment as needed in order to provide our products and services that meet the changing needs of our customers. We think that these are effective ways to develop new	We believe that alliance with other companies and strategic investments will become more important in the future to respond flexibly and reliably to the diversifying needs of our customers. We have positioned this as a "managerial strategic risk" and will work to	2	3	B

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
		products and services in a timely manner by utilizing the sources with each other. For various reasons, there are possible risks as described below: ・Cancellation of alliances due to a discrepancy in interests ・Lack of information from the investigation and examination stage to be able to identify strategic investments ・Difficulty in integrating businesses, technologies, products, human resources, etc.	strengthen our business portfolio management process and decision-making process. The Investment Committee has been established as an advisory team for GMC (Group Management Committee, which is our highest decision making executive team), in order to review each investment plan from a financial viewpoint with respect to capital cost and review it also from a business strategy viewpoint with respect to profitability and business risk. In this committee the expert members check and discuss diversifying investment and loan plans, create better alignment between the investment plan and business management strategy, make the investments more effective, and improve the speed and accuracy of investment decisions. The Investment Committee shares the result of its discussion, which supports GMC's final decision. In addition, the Investment Committee keeps reviewing and monitoring the progress of investments and loans after GMC's decision so that the entire process is improving continuously. In addition, we have held the human resource development program for PMI term by term since FY2019, and have been continuously accumulating know-how and developing human resources.			

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
	Responding to technological changes	Appropriate responses to the rapid technological evolution and innovation in recent years are the source of competitiveness of our products and services. We may face some adverse impact on our business growth if we do not have enough actions against the following things: ・Collecting appropriate information about technology and accurate forecasting of trends/changes. ・Prioritizing our technologies to be strengthened and appropriate allocation of resources. ・Strengthening technological capabilities in new business area. ・The introduction of a business unit structure will result in individual optimization, which will affect the appropriate allocation of engineers and information sharing, etc.	As global competition has been getting tougher, it is now more important for us to enhance our technology that solves the problem of our customers and society quickly. We have positioned this as a "Managerial strategic risk" and will work to strengthen our decision-making process under the new business unit structure. We have established R&D bases worldwide, and these bases conduct R&D by driving their local advantages as well as by connecting with each other globally. In addition, we promote open innovation to accelerate our R&D activities by collaborating with universities, research institutes and companies rather than focusing only on our own R&D, in order to respond to the rapidly changing market environment. Furthermore, we have appointed a Chief Technology Officer (CTO) and a Chief Digital Innovation Officer (CDIO). They (CTO, CDIO) are responsible for selecting priority areas for R&D and technology development throughout the Company, and promoting activities to strengthen technological capabilities by allocating resources appropriately in line with management strategies through Group-wide collaboration meetings hosted by them. In addition, the group headquarters functions, the Advanced Technology Research Institute under the CTO and the Digital Strategy Department under the CDIO, will specialize in R&D areas necessary for a digital services company. We are also working on the allocation of human resources in consideration of overall optimization.	2	2	C
	Securing personnel	The Ricoh group's business transformation into a digital services company and continued growth over the medium to long term will depend largely on its human resources. There are some risks that our performance and growth will	We have positioned the securing and developing excellent personnel as a "Managerial strategic risk" and is the implementing the following measures.	3	3	C

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
		be adversely affected if we do not continuously acquire and nurture the following: ・Management human resources to lead business transformation ・Human resources with DX skills and know-how required for digital services ・Human resources who autonomously acquire the skills required to change and continuously improve their abilities during business reforms.	・We have clarified the top talent, who will be a key role in promoting business reforms and growth on a global scale, and have formulated and implemented a development plan. ・We are strengthening our training system for digital human resources and systematically improving the digital skills and know-how of all employees. We are also working to clarify the value we provide to our customers and provide them specifically by putting these skills and know-how into practice within the company. ・We have introduced a Ricoh job-type personnel system to create an environment in which capable human resources can work with the right people in the right jobs amid changes in our business, to enhance the ability to execute our business strategies, and to encourage all employees to improve their skills autonomously, to develop their careers, and to take on the challenge of assigned duties.			
	Finance business	Ricoh provides financing to some of its customers in connection with its equipment sales and leases. We recognize that there are possible risks as described below: ・Despite monitoring the creditworthiness and the amount of credit, no assurances can be made that Ricoh will be able to fully collect on such extensions of credit due to unforeseeable defaults by its customers. ・These financing arrangements that Ricoh enters into with its customers result in long-term receivables bearing a fixed rate of interest. Ricoh finances a part of these financing arrangements with short-term borrowings. As a result, there is a risk that operating profit may be	・Ricoh evaluates the creditworthiness and the amount of credit extended to a customer prior to entering in into the financing arrangement and during the financing term on a regular basis. Depending on such evaluations, Ricoh makes adjustments to such extensions of credit as it deems necessary to minimize credit risk concentration and potential risks of nonpayment. ・In the event that any material increase in credit risks for financing arrangements is observed due to the drastic and inevitable changes in external environment, Ricoh reviews expected credit losses byre evaluating the profile of such financing arrangements.	2	5	B

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
		affected by interest rate fluctuations.	・Ricoh finances these financing arrangements with short-term borrowings subject to variable interest rates along with borrowings subject to fixed interest rates whose terms are matched with the term of the financing arrangements for the purpose of hedging the interest rate risk.			
Business operation	**Information security**	With the aim of transforming our group into a digital service company, we will utilize and provide a variety of digital services and implement digitization of our own operations. In addition, we are focusing on systems and operations to ensure information security. If the following events occur, we may face some adverse impact on our business performance, such as damage to our corporate brand value due to loss of credibility or loss of business opportunities. ・Due to increasingly sophisticated and complicated cyber attacks, business activities may be suspended due to the shutdown or malfunction of the business systems of our group companies, and data may be falsified, leaked, or destroyed. ・In the past, the risk of external connections at production plants was limited. However, as DX has advanced in recent years, the boundary between the business systems of the Group companies and the production plants of the Group companies has weakened. This has led to the intrusion of production plant systems, the suspension of business activities due to the shutdown or malfunction of the business systems of the Group companies, and the occurrence of falsification, leakage, or destruction of data ・An incident such as unintentional misuse for an attack on another person may occur due to inadequate	Ricoh Group considers it one of the most important management issues to keep abreast of the ever-changing information security situation and to consider and promote appropriate measures for the Ricoh Group, which has operating bases around the world, in order to meet the increasing demand for countermeasures at the national level in each country. ・In accordance with international information security standards (ISO/IEC*2, NIST*3, etc.), we have established and strengthened a system that is aware of information security for the entire Ricoh Group's supply chain. At the same time, we are continuously reviewing and implementing countermeasures to address security risks associated with business systems in the planning, design, purchasing, production, sales, and support phases in a timely manner. ・Based on international information security standards (such as ISO/IEC, NIST, etc.), we assume the security risks associated with the production plant system and continuously investigate and implement countermeasures at the production plants of our group companies. ・We will continue to strengthen information security-related quality management in the construction of Internet sites and product development, and we will also continue to check the vulnerability of sites that have already been	2	5	C

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
		security measures for the internet public site or a serious security problem inherent in the products manufactured by Ricoh Group delivered to the customer. ・With the enforcement of personal information protection laws (such as the revised Personal Information Protection Law and GDPR*1) in each country, and the application of these laws to events outside of the home country (extraterritorial application), there may be fines imposed for violating the regulations of each country when sharing information globally. Note: *1 GDPR: General Data Protection Regulation	published and products that have already been sold, and take appropriate action when risks are discovered. To this end, we are continuously implementing activities such as setting up a dedicated counter for security issues, providing information on how to use our products safely, and developing guidelines for dealing with vulnerabilities in our products. ・Ricoh Group has been examining the revision of personal information handling standards, investigating and correcting the handling of personal information in Ricoh Group, and formulating policies and measures in accordance with the laws of each country that are being developed regarding the protection of personal information. Note: *2 ISO/IEC: International Organization of Standardization/International Electrotechnical Commission *3 NIST: National Institute of Standards and Technology			
	Product liability	Ricoh may be held responsible for any defects that occur with respect to its products and services. Depending on the defect described below, Ricoh may be liable for significant damages which may adversely affect its financial results and condition. ・Significant product liability (Burnout, Human damage) ・Violation for safety/environmental regulations ・Prolongation for quality problem in market etc. In addition, negative publicity concerning these defects could make it more difficult for Ricoh to attract and maintain customers to purchase Ricoh products and services. As a result, Ricoh's financial results and condition may be adversely affected.	Ricoh Group has strengthened its prevention and response processes to the product liability. ・For enhancing safety/reliability of products, Ricoh analyzes mechanism of each breakdown/incident carefully, and reflect it in products development process. ・If any problems happen in the market, Ricoh has systems to respond it promptly. ・In order to provide products aligned with each country's safety/environmental regulations, Ricoh regularly reviews its own operational standard/guide by sharing the information with each local member.	2	2	B

Class	Item	Description	Countermeasure		Impact	Urgency	Risk Management Level
	Long-term delay/ suspension in supply of products	Due to unforeseen circumstances such as large-scale earthquakes/tsunamis, political changes/disturbances, floods, spread of infectious diseases, and suspension of supplier supply, which may cause the following risks. ・Delay or disruption of parts supply ・Disruption in manufacturing products ・Disruption of transportation ・Suspension of supply to sales companies These risks could result in lost business opportunities.	Ricoh Group has positioned "long-term supply delays/suspension in supply of products" as a "Focus managerial operational risk" and has strengthened its prevention and response processes, secured BCP inventories, and selected multiple suppliers for each important component. In addition, we make sure that our suppliers do not stop providing products to our customers due to factory operation suspension until supply resumes after the disaster. We have assumed that the risk range is local and the recovery period is short, but based on the experience of the rapid global spread of the COVID-19 and geopolitics, in addition to the activities so far, the risk range will be expanded from the local area to wide area, and the recovery period will be extended. We will improve the environment in preparation for emergencies from short-term to long-term. In addition, we implement action plans and desktop drills based on assumed risks and perform certain practices in a stately	Continued pandemic	3	5	D
				Geopolitics	3	5	D
				Earthquakes, volcanic eruptions, typhoons, floods	3	1	B

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
			manner, and continue to check and improve the effectiveness of our countermeasures.			
	Protection of intellectual property rights	Ricoh Group regards intellectual property rights as an important management resource and acquires patents, design rights, trademarks, and other intellectual property rights to protect, differentiate, and expand its current and future businesses and the technologies that support them. But there are possible risks that competitors will develop equivalent technologies and their uniqueness will decline, or that the patent offices of each country will not be able to obtain the rights they intended and will not be able to obtain sufficient protection. In addition, there are risks that the Group may receive a warning from a third party requesting an injunction against sales or payment of compensation for damages, or a proceeding may be filed for infringing the intellectual property rights of a third party. Furthermore, with the launch of new businesses of the Group, collaborations with other companies, joint research and joint development have been activated, and the number of contracts related to intellectual property rights has increased, the risk of adversely affecting the Company's business increases.	Ricoh Group conducts thorough prior art searches before applying for patents, etc., and strives to improve the accuracy of obtaining intellectual property rights by understanding the laws, examination standards and processes related to intellectual property in each country. In addition, before offering our products and services to the market, we thoroughly investigate the intellectual property rights of third parties and examine the comparison between our products and services and the intellectual property rights of third parties. If there is a risk of infringement of a third party's intellectual property rights, we reduce the risk of disputes with the third party by appraising the product by an outside lawyer or patent attorney, making design changes if necessary, and negotiating and obtaining licenses. Ricoh Group attaches great importance to "protection of intellectual property rights" as a risk that affects business performance, and has developed an assessment method by formalizing cases of contract troubles related to intellectual property rights that have occurred in the past, and take measures against the extracted risks.	1	2	B
	Government regulations (import/export management)	If a violation of import/export related laws occurs, there is a risk of significant damage to Ricoh as described below: ・Impact of administrative sanctions such as export suspension on production and sales ・Loss of trading opportunity due to loss of social credibility ・Fines and criminal penalties ・Violation of export control laws of countries due to external factors such as international emergencies	・Understanding of ever-changing international situation and implementation of active risk avoidance measures (Promptly organize a project in the event of an international emergency) ・Education for officers and employees and dissemination of important export control information within the Group ・Implementation of internal audits on regular management and process	3	5	B

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
			related to import and export, etc.			
	Government regulations (legal)	If a violation of antitrust and competition laws, there is a risk of significant damage to Ricoh as described below: ・Burden of administrative charges and criminal penalties ・Stop trading with government agencies ・ Negative impact on business due to deterioration of social credit	In order to ensure compliance with antitrust laws and competition laws in each country, the legal departments in each region take the initiative to strengthen educational activities and respond to emergencies.	2	5	B
	Government regulations (HR)	When various personnel-related and compliance violations (harassment, employment-related, human rights, etc.) occur in business activities of the Ricoh Group, there is a risk that social credit will be damaged and the business will be adversely affected.	Ricoh Group has positioned " Government regulations (HR)" as a "Focus managerial operational risk" and in order to practice the "Ricoh Way" and fulfill our social responsibility, each of our executives and employees of the Group must understand and comply with relevant laws and regulations in worldwide, international rules, and act with high ethical standards. Ricoh has established the “Ricoh Group Corporate Code of Conduct” and is working to ensure thorough awareness. With regard to the establishment and revision of various personnel-related laws and regulations, Ricoh responds promptly. Ricoh is working to prevent problems by establishing new internal rules, reviewing them, and conducting employee education. Ricoh is also establishing a system for dealing with any occurrence of a compliance violation and creating rules to address them. In addition, we joined the Responsible Business Alliance (RBA), a corporate alliance promoting corporate social responsibility in the supply chain, in October 2019. In light of widespread human rights issues in the international community, we reviewed the content of conventional human rights policies and established the "Ricoh Group’s Human Rights Policy" in April 2021. In order to implement business activities based on this policy, in addition to thorough in-house education, we ask	1	5	C

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
			companies in our supply chain to comply with the Ricoh Group Supplier Code of Conduct including the elimination of child labor and forced labor.in accordance with the RBA Code of Conduct. The status of compliance is monitored through regular CSR self-assessments to encourage necessary improvements. Ricoh has also issued a statement under the UK Modern Slavery Act 2015.			
	Government regulations (environment)	In the event of violations of various environment-related and occupational health & safety laws, there is a risk of serious damage to the company, including the impact on production due to administrative penalties, the burden of surcharges, criminal penalties, and the adverse impact on business due to the loss of social credibility and the damage to brand value.	We have established an environmental management system to ensure compliance with environment-related laws through regular assessments, as well as to monitor and respond to regulatory changes in a timely manner. In addition, as described in the risk "Government regulations (HR)", we joined the RBA corporate alliance, which promotes corporate social responsibility in the global supply chain. The Ricoh Group is working to further raise the level of risk management by standardizing internal standards to meet RBA standards and developing human resources using RBA tools. Furthermore, we are promoting improvement activities to identify ESG risks through third-party audits based on the RBA standard and minimize the risks.	3	5	B
Accounting system	**Impairment of goodwill and fixed assets**	Ricoh recognizes goodwill in relation to acquisitions and various tangible assets or intangible assets for business operation. There might be harmful effects on business results or financial positions of Ricoh when expected cashflows fail to meet targets.	As mentioned in risk "Alliances with other entities, strategic investment", we deliberate on the appropriateness of the acquisition amount at the Investment Committee. We monitor progress after investment and have established a system to execute and manage business.	2	2	B
	Defined benefit plan obligations	With respect to its employee benefit obligations and plan assets, Ricoh accrues the cost of such benefits based on applicable accounting policies and funds such benefits in accordance with governmental regulations.	Ricoh has reviewed and implemented systems as appropriate based on government regulations, human resource strategies and personnel systems.	2	2	B

Class	Item	Description	Countermeasure	Impact	Urgency	Risk Management Level
		Currently, there is no immediate and significant funding requirement. However, if returns from investment assets continue to decrease and/or turn negative due to market conditions, such as with fluctuations in the stock or bond markets, additional funding and accruals may be required. Such additional funding and accruals may adversely affect Ricoh's financial position and results of operations.				
Environment, disasters	**Climate change-related effects**	Recognizing that climate change is an important issue for our group operating globally, we are conducting and implementing countermeasures in accordance with the TCFD*4 framework. The main risks are "the risk of a late response to the transition to a Zero-carbon society" and "the physical risk of climate change". (Risk of a Late Response to the Transition to a Zero-carbon Society) We recognize that there are possible risks as described below: ・Increase in procurement costs due to application of carbon tax and emissions trading system to suppliers ・Increase in response costs due to rapid transition to a Zero-carbon society (purchase of renewable energy certificates, etc.) (Physical Risks Due to Rapid Climate Change) We recognize that there are possible risks as described below: ・Delays in dealing with disasters caused by abnormal weather conditions and interruptions in the supply of products and services due to plant shutdown and supply chain disruptions. ・Adverse impact on business caused by rising prices of paper and other raw materials due to extreme weather conditions.	Business impacts related to climate change are managed as one of the key management strategy risks within the framework of company-wide risk management. (Risk of a Late Response to the Transition to a Zero-carbon society) ・To cope with the transition to a Zero-carbon society, we have established the ESG Committee which chaired by the President and CEO and the committee regularly checks changes in international demands, reviews environmental targets, and works to prevent and promptly deal with risks. ・The ESG Committee deliberated on how to deal with transition risks and reviewed the "Ricoh Group Environmental Goals." ・Revised the GHG (Greenhouse Gas) reduction target for in-house emissions in 2030 from 30% reduction to 63% reduction compared to 2015. In addition, the renewable energy utilization rate has been increased from 30% to 50%. (Physical Risks Due to Rapid Climate Change) ・As described in the risk items "Fluctuation in price of parts, materials and/or foreign currency exchange rates," "Long-term delay/suspension in supply of products" and "Effects of disasters and other unpredictable events," for	3	5	B

Class	Item	Description	Countermeasure		Impact	Urgency	Risk Management Level
		・Infectious diseases caused by abnormal weather cause suspension of operation at major sites and supply chain disruption of product service supply. *4 TCFD: Task Force on Climate-related Financial Disclosures. It was established by the Financial Stability Board (FSB) to promote the disclosure of climate-related risks and opportunities to companies and to stabilize financial markets through a smooth transition to a low-carbon society.	details, we are strengthening risk management throughout the supply chain, including duplication of procurement lines and accumulation of materials and parts inventories. In addition, we held the meeting with our suppliers about ESG in FY2021 in order to improve our supplier's business continuity capacity. We will continue to strengthen our suppliers' response to ESG, including climate change risk, and build strong supply chain through communication with our suppliers.				
	Effects of disasters and other unpredictable events	Ricoh Group has established countermeasures based on the assumption that the following a large-scale natural disaster, incidents, and accidents could cause human (including family members) and physical damage to Group companies. ・Natural disasters: (earthquakes, tsunamis, floods, storms, tornadoes, heavy snow, eruptions, etc.) ・Accidents: (fires, explosions, leaks of hazardous materials, major accidents in transportation such as trains, /airplanes and ships, etc.) ・Incidents: terrorism, kidnapping, intimidation, changes in circumstances (civil war, war, dangerous social movements, etc.), infectious diseases, etc.	Ricoh Group positions "Effects of disasters and other unpredictable events" as "Managerial operational risk", and Ricoh Group Standards specify the initial response to an emergency, reporting methods, and the establishment and role of each task force, and we have established a system to ensure an appropriate response in the event of a disaster. In order to prevent the occurrence of disasters and to minimize damage in the event that a disaster does occur, we conduct regular facility inspections and disaster drills at each business site by the domestic group companies. We have prepared business continuity plans (BCPs) for each	In Japan: earthquakes	3	1	C
				In Japan: storms, floods or heavy snow damage	1	5	C
				Outside Japan: major natural disasters, emergencies, and accidents	2	3	D

Class	Item	Description	Countermeasure		Impact	Urgency	Risk Management Level
			region and business so that we can continue our operations even in the event of a disaster and restore it as soon as possible. Especially in recent years, the risk of flood damage in Japan has been increasing due to climate change. In fiscal 2020, we conducted a detailed survey on flood risk at 19 major bases in Japan, and reported damage estimates and countermeasures based on the results of the survey to the management meeting. As a result, we have decided to prioritize the measures at the three bases, which are expected to be particularly high risky, and have started the necessary construction work in fiscal 2021 and implement measures in cooperation with related local governments. In addition, we have formulated a recovery action plan, and are conducting on-site training based on the plans in the case of a large-scale floods and earthquakes.				

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

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

(1) Significant Accounting Policies

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

(2) Business results

Economic Climate

The recovery of the global economy has been slower than expected due to the COVID-19 pandemic and its re-expansion by the new variants, although economic activities are resuming in some countries and regions due to vaccination. In addition, the economic activity has been back and forth, due to shortage of semiconductors and other supplies, stagnation of shipping and other distribution networks, and widespread rise in prices. Against this backdrop, office attendance rate remained at a low level due to various regulations and requests for economic activities in various countries due to the spread of the new variants of COVID-19, and the recovery of printing demand remained limited. Supply constraints due to material shortages and logistics problems have caused price indices to rise in major countries, increasing uncertainty over the future along with the emergence of geopolitical risks.

The average exchange rate for the yen in fiscal 2021 was ¥112.36 to the U.S. dollar, up ¥6.31 from the previous fiscal year, and ¥130.55 to the euro, up ¥6.85.

Results for the Year

The Ricoh’s goal under the two years of its 20th Mid-Term Management Plan is to become a digital services company that is a work productivity innovator. Although the office printing and commercial printing businesses continued to be affected by the COVID-19 pandemic that has been ongoing since the year before last, there was a recovery trend, mainly in non-hardware, by the resumption of economic activity in Europe and the U.S. We reinforced our structure by optimizing our development, production, services, and other structures while taking major steps toward growth and reaching our 20th Mid-Term Management Plan goals. We endeavored to enhance corporate value by growing in the office services business and other digital services areas and improving capital returns.

Consolidated sales for the term increased by 4.5% from the previous fiscal year, to ¥1,758.5 billion. This was despite various external factors hampering business activities. Among them were lost sales opportunities and production stoppages stemming from a global resurgence in COVID-19 infections, as well as container ship shortages, and limited supplies owing to a lack of components. In the office printing business, non-hardware sales rose everywhere except Japan. This was despite a delay in recovery of sales of hardware owing to product supply shortages. The office services business suffered from shortages of MFPs and IT products, which are components of services. Sales were up, however, on solid demand for mainly software-based packages. The commercial printing business sales increased primarily from non-hardware sales owing to a business activities turnaround in the printing industry, a key source of demand. Sales were up in all business segment, Digital Services, Digital Products, Graphic Communications, and Industrial Solutions, all of which are new business segments adopted in the current fiscal year in line with the introduction of a business unit structure.

We experienced domestic sales recovery delays. This reflected intermittent restrictions on activities because of state of emergency declarations in large cities, ongoing measures to stem COVID-19 infections, and supply constraints from parts and materials shortages. These factors and the absence of the previous fiscal year's GIGA school deals caused sales in Japan to drop by 6.3% from the previous fiscal year. Sales in the Americas increased by 14.8% (an increase of 8.3% excluding foreign currency exchange fluctuations) from the previous fiscal year as economic activities resumed in line with vaccination uptakes, offsetting the impacts of product shortages and supply chain disruptions from port issues. In Europe, Middle East, and Africa, sales increased by 14.4% (an increase of 8.4% excluding foreign currency exchange fluctuations) from the previous fiscal year. As in the Americas, key factors were the resumption of economic activity from progress with vaccinations and ongoing product supply delays. Contributors included growth in the office services business from acquisitions and package sales deployments. Sales in other regions increased by 7.1% (an increase of 0.2% excluding foreign currency exchange fluctuations), owing largely to the office printing business sales. Overseas sales accordingly climbed by 13.4%. They were up by 7.1% after factoring out exchange rate fluctuations.

Gross profit increased by 8.8%, to ¥622.6 billion. Profitability was significantly better than the previous fiscal year owing to earnings recoveries from higher sales, recoveries in high-margin non-hardware offerings, and more efficient development and production processes. Another contributor was structural reinforcement measures, including to cut product costs and reform services.

Selling, general and administrative expenses decreased by 3.1%, to ¥600.2 billion. In the previous term, we incurred a ¥24.8 billion impairment losses on property, plant, and equipment, intangible assets, and other assets in the commercial printing business and other businesses. We also posted the expenses for structural reinforcement and other expenses. In the current fiscal year, we constrained expenses through structural reinforcements and flexible cost controls even though expenses rose owing to sales recoveries and growth investments.
Other income was up significantly on gains from sales of land and other idle assets at the U.S. subsidiaries during the term.
Goodwill impairment loss was significantly lower than the ¥3.7 billion booked in the previous fiscal year in the commercial printing and other businesses.
We adopted a business unit structure from April 1, 2021. As mentioned above, supplies shortages, higher logistics costs, the spread of new COVID-19 variant infections, and other external factors mentioned earlier dampened profitability by a combined around ¥57.0 billion. Our new business unit structure enabled us to respond to these challenges. That is because delegating decision-making to those units encouraged them to reinforce their structures and better control expenses as part of recovery measures that added around ¥43.0 billion to earnings.

Operating profit (loss) increased by ¥85.4 billion compared to the previous fiscal year, to ¥40.0 billion. (Operating loss in the previous fiscal year was ¥45.4 billion)

Net financial expenses were greater than in the previous fiscal year, reflecting lower foreign exchange gains. The share of profit of investments accounted for using the equity method was higher, reflecting better performances among equity-method affiliates.

Profit (loss) before income tax expenses increased by ¥85.4 billion compared to the previous corresponding period, to ¥44.3 billion. (Loss before income tax expenses in the previous fiscal year was ¥41.0 billion)

Income tax expenses increased by ¥22.1 billion, owing largely to profit before income tax expenses turnaround.

As a result, profit (loss) attributable to owners of the parent increased by ¥63.1 billion compared to the previous corresponding period, to ¥30.3 billion. (Loss attributable to owners of the parent in the previous fiscal year was ¥32.7 billion)

Comprehensive income rocketed by 312.4%, to ¥90.9 billion, owing largely to an increase in profit (loss) attributable to owners of the parent and translation adjustments for foreign operations.

Operating results by segment are as follows:

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022	Change	%
Digital Services:				
Sales:	1,376,613	1,428,192	51,579	3.7
Unaffiliated customers	1,376,613	1,428,192	51,579	3.7
Operating profit (loss)	(2,631)	16,209	18,840	–
Operating profit (loss) on sales in Digital Service (%)	*(0.2)*	*1.1*		
Digital Products:				
Sales:	357,166	364,968	7,802	2.2
Unaffiliated customers	12,111	13,172	1,061	8.8
Operating profit (loss)	16,451	41,731	25,280	153.7
Operating profit (loss) on sales in Digital Products (%)	*4.6*	*11.4*		
Graphic Communications:				
Sales:	159,909	187,082	27,173	17.0
Unaffiliated customers	159,909	187,082	27,173	17.0
Operating profit (loss)	(47,451)	(466)	46,985	–
Operating profit (loss) on sales in Graphic Communications (%)	*(29.7)*	*(0.2)*		
Industrial Solutions:				
Sales:	115,274	119,259	3,985	3.5
Unaffiliated customers	108,878	110,791	1,913	1.8
Operating profit (loss)	(1,634)	1,307	2,941	–
Operating profit (loss) on sales in Industrial Solutions (%)	*(1.4)*	*1.1*		
Other:				
Sales:	40,098	35,554	(4,544)	(11.3)
Unaffiliated customers	24,558	19,350	(5,208)	(21.2)
Operating profit (loss)	(13,867)	(15,521)	(1,654)	–
Operating profit (loss) on sales in Other (%)	*(34.6)*	*(43.7)*		

a. Digital Services

We expanded domestic sales of Scrum packages in the current fiscal year. These offerings combine edge devices*, software, and cloud services for small- and medium-sized enterprises to digitalize processes unique to their businesses and resolve their issues. For mid-sized companies, we increased sales of Scrum assets. We model these assets on development and implementation projects that our system engineers have undertaken for customers to bring together advanced technologies. In Europe, we acquired three information and communication technology companies to strengthen and expand our IT services business infrastructure in key countries and reinforce our digital services platform. We increased sales by boosting revenues from teleworking and other packaged solutions. We also promoted the training of systems engineers to further strengthen the office services business. We rolled out software globally from DocuWare, which we acquired in 2019, building sales and support structures at sales companies in 45 countries. Digital Services sales increased by 3.7% from the previous year, to ¥1,428.1 billion. In the office services business, package deployments remained robust in Japan and Europe despite global shortages of such IT products as PCs, servers, and network equipment, which reduced sales opportunities. In the office printing business, materials shortages hampered a recovery in sales of MFPs, printers, and other edge devices. Non-hardware sales nonetheless recovered on returns to offices in line with progress with COVID-19 vaccination uptakes. Operating profit increased to ¥16.2 billion, from an operating loss of ¥2.6 billion the previous year. This turnaround reflected improved profitability and margins in the office services business. Other key contributions were from the office printing business for which we reinforced our maintenance services setup and undertook other structural reforms and reduced costs.
* Edge devices: Networked devices with data processing functions, such as multifunctional printers or cameras that serve as an entry and exit point for various data, such as text, photographs, audio, and video.

b. Digital Products

We are striving to cut costs by lowering variable costs and reinforcing our manufacturing structure. In fiscal 2021, while materials price hikes hampered efforts to reduce variable costs in fiscal 2021, we progressed steadily with efforts to standardize parts and leverage artificial intelligence to automate production. We reinforced our manufacturing structure during the term by extensively digitalizing design tasks. Key production initiatives were to cultivate digital manufacturing and consolidate and reorganize plants. We collaborated extensively with other companies to cut development costs. One such effort was to jointly develop A3 monochrome printer engines with Oki Electric Industry Co., Ltd. In digital communication edge devices, we launched the RICOH Interactive Whiteboard A6500-Edu for educational use in March 2022. The standard configuration employs wireless projection from the PCs and tablets of individual students, many of whom have their own devices these days, to enable comparisons of responses through split projection and remote instructions from this whiteboard. Digital Products sales for the year rose by 2.2%, to ¥364.9 billion. They increased by 8.8%, to ¥13.1 billion, after eliminating intersegment sales. While production suffered greatly from parts and materials shortages and the pandemic’s impact near overseas production sites, operating profit increased by ¥25.2 billion, to ¥41.7 billion, owing to several factors including structural reinforcement such as reduction of product costs, improvement of development and production efficiency and a gain on the sale of the U.S. subsidiaries’ land.

c. Graphic Communications

We aim to expand the commercial printing business by helping printing industry customers grow, meeting their need for high image quality, productivity, and broad paper support and enabling them to produce high-value-added printed materials that open doors to new opportunities. In the industrial printing business, we aim to capture new markets and customers based on inkjet printheads that are compatible with an array of inks. In fiscal 2021, the commercial printing business launched RICOH

BUSINESS BOOSTER, a value co-creation platform that aims to expand customer businesses by sharing knowledge with them and business partners. Through RICOH BUSINESS BOOSTER, we seek to become a comprehensive partner for printing business customers by sharing on-demand* book, customized catalog, and other new print applications while providing solutions to automate and labor-saving print processes. Customers can thereby expand and operate more effectively. In the industrial printing business, following North America, we rolled out the RICOH Ri 2000 high-speed direct-to-garment printer in Japan as well in September 2021. We look to expand our business in markets for printing directly to T-shirts and other apparel by helping customers in garment and regular printing to become more efficient and grow. In November 2021, we began taking orders globally for the RICOH TH6310F, our flagship industrial inkjet printhead. In March 2022, we broadened our inkjet printhead lineup and business potential by bringing out the RICOH MH5422 series of industrial inkjet printheads. Graphic Communications sales increased by 17.0% in fiscal 2021, to ¥187.0 billion. Our commercial printing business recovered on resumptions of economic activity in the key the U.S. and European markets. Non-hardware sales enjoyed a particularly solid improvement. Growth was significant in the industrial printing business, especially in inkjet heads, that is competitive. We progressed steadily in cutting costs by deploying digital development and production processes while streamlining services activities. We posted an operating loss ¥0.4 billion, which significantly increased by ¥46.9 billion from the previous year. The loss in the previous term reflected ¥26.5 billion in impairment losses on goodwill and tangible and intangible assets relating to the commercial printing business.

* On-demand: A system that prints a variety of variable information as needed.

d. Industrial Solutions

In the thermal business, demand has risen solidly on growth in e-commerce, which has driven demand expansion worldwide for shipping labels. It is against this backdrop that we have drawn on the materials technologies that we amassed over the years to steadily expand our business. This is notably by supplying thermal paper, thermal transfer ribbons, and other products that ensure outstanding resistance to heat and abrasion resistance, deliver superior print definition and storage capabilities, and are environmentally friendly. In the industrial products business, we are expanding our customer base by providing stereo cameras and other optical devices to the automotive sector, in which driving safety support systems are increasingly ubiquitous. In the thermal business, we launched the RICOH FC-LDA Printer 500 in June 2021, a high-speed printing solution for production processes. This system can laser print variable information on films, labels, and other packaging materials at up to 300 meters per minute as they travel along mass production lines. This helps lower environmental impact by streamlining printing in production processes and conserving resources. In the industrial products business, we jointly developed a stereo camera for forklifts with Toyota Industries Corporation. The camera contributes to forklift safety by accurately identifying people and objects three dimensionally from surrounding obstacles at the forklift work site where people and objects are mixed. Industrial Solutions sales increased by 3.5%, to ¥119.2 billion. In the thermal business, demand for release paper-free labels and in the logistics sector remained solid. The industrial products business was significantly affected by Automotive customer production adjustments. Operating profit increased to ¥1.3 billion from an operating loss of ¥1.6 billion the previous year.

e. Other

In keeping with our commitment to helping resolve social issues, we are capitalizing on new opportunities by creating business models that leverage digital technology and our expertise in patents and other aspects of intellectual property. We leverage open innovation to create new value that we could not generate by ourselves. In the smart vision business, Ricoh's strengths in capturing and image processing technologies are utilized to provide 360° cameras and virtual property guidance applications to the real estate industry, which have been well received. We have offered the THETA 360.biz virtual tour service in Japan since 2014. In July 2021, we began domestically offering RICOH 360 Tours, which we previously deployed in overseas markets. Demand for virtual tours is expanding around the world. Thus far, 60,000 customers globally have used our THETA 360.biz and RICOH360 Tours. In January 2022, we began test sales of PLAiR. This foamed flexible and strong sheet is made of polylactic acid, made from starch derived from corn and sugarcane, and is created using our proprietary carbon dioxide fine foam technology. We will use these test sales to verify PLAiR's potential in various applications and help resolve social problems. These include climate change from global warming and pollution from waste. Other sales in fiscal 2021 decreased by 11.3%, to ¥35.5 billion, mainly due to the transition of Ricoh Leasing to an equity-method affiliate. Excluding this impact, sales of new products in the camera business were strong and increased. We posted a ¥15.5 billion operating loss in this segment from an operating loss of ¥13.8 billion the previous year, which stemmed partly from forward investments in new businesses. After excluding the impact of deconsolidation Ricoh Leasing, operating loss was ¥14.4 billion.

* Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh changed Operating Segment Information from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation. 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.

Operating Segment Information

Segments	Business Domains
Digital Services	Sale of MFPs (multifunctional printers), laser printers, digital duplicators, wide format printers, facsimile machine, scanners, personal computers, servers, network equipment, related parts & supplies, services, support 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
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, electronic components and precision mechanical component
Other	Digital cameras, 360°cameras, environment, healthcare

*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.

1) Production

Production in each segment for the years ended March 31, 2021 and 2022 are as follows:

	Millions of Yen		
	For the year ended March 31, 2021	For the year ended March 31, 2022	Change
Digital Services	—	—	—
Digital Products	305,674	308,036	0.8%
Graphic Communications	104,203	143,192	37.4%
Industrial Solutions	109,286	114,715	5.0%
Other	16,791	19,021	13.3%
Total	535,954	584,964	9.1%

(Note) 1. The amounts are based on sales prices, including intersegment transactions.

2. Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh changed Operating Segment Information from this fiscal year. In addition, production related to services has been excluded from the production from this fiscal year. Due to changes in the business structure, the services provided by Ricoh is becoming more diverse, ranging from hardware installation and maintenance services to software services such as cloud type services, license type services, and other maintenance services. Therefore, Ricoh believes that the production related to only manufacturing are more appropriate to represent the production. With respect to these changes, prior year comparative figures have also been reclassified to conform to the current year's presentation.

2) Orders Received

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

3) Sales

Sales in each segment for the years ended March 31, 2021 and 2022 are as follows:

	Millions of Yen		
	For the year ended March 31, 2021	For the year ended March 31, 2022	Change
Digital Services	1,376,613	1,428,192	3.7%
Digital Products	12,111	13,172	8.8%
Graphic Communications	159,909	187,082	17.0%
Industrial Solutions	108,878	110,791	1.8%
Other	24,558	19,350	(21.2%)
Total	1,682,069	1,758,587	4.5%

(Note) 1. All intersegment transactions are eliminated.
2. Information on sales by customer is omitted because no single customer accounted for 10% or more of the total revenues for the years ended March 31, 2021 and 2022.
3. Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh changed Operating Segment Information from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

(3) Financial positions

Total assets decreased by ¥34.6 billion from the end of fiscal 2020, to ¥1,853.2 billion. The yen depreciated significantly from the end of the previous term, producing translation differences for foreign assets. After excluding the foreign exchange impact, total assets declined by ¥113.7 billion. The year-end rates for major currencies for the yen at end of fiscal 2021 were ¥122.39 against the U.S. dollar (up ¥11.68 from the previous fiscal year) and ¥136.70 against the euro (up ¥6.90).

Inventories rose by ¥40.5 billion on additions to these assets, which had experienced depletions from sales at the end of the previous term. Other key factors were increases in work in process from parts and materials shortages and the impact of ocean transportation and other logistics network slowdowns. Goodwill and intangible assets increased by ¥33.9 billion on services business-related acquisitions in Europe and a rise in development assets. In addition, cash and cash equivalents decreased by ¥94.5 billion due to the repurchase of treasury stock as a shareholder return policy.

Total liabilities were down by ¥16.5 billion, to ¥947.4 billion. After excluding the impact of foreign exchange rate fluctuations, these liabilities were down by ¥49.4 billion. Trade and other payables decreased by ¥18.6 billion owing to shorter payment terms based on a review of these conditions with suppliers. Accrued pension and retirement benefits were down by ¥24.7 billion. This was due largely to higher discount rates from interest rate rises.

Total equity decreased by ¥18.0 billion, to ¥905.8 billion. Equity declined by ¥92.7 billion in line with treasury stock repurchases that the Board of Directors approved on March 3, 2021. We retired ¥137.2 billion in treasury stock on February 28, 2022, comprising these and treasury stock repurchase before March 2021. As a result of the yen’s depreciation, exchange differences on translation of foreign operations rose by ¥46.8 billion.

Equity attributable to owners of the parent was down by ¥18.2 billion, to ¥902.0 billion. The equity ratio stayed stable, at 48.7%.

(4) Cash flows

Net cash provided by operating activities was ¥82.4 billion, down by ¥44.5 billion from the previous fiscal year. Although profit increased significantly compared to the previous fiscal year, cash inflow decreased. It was because the impairment of property, plant and equipment, intangible assets and goodwill were

booked in the previous fiscal year that did not involve expenditure of cash and cash equivalents. In addition, inventories increased, and trade and other payables decreased in the current fiscal year.
Net cash used in investing activities decreased by ¥4.2 billion, to ¥59.3 billion. This reflected increases in intangible assets for development investments to expand businesses and in expenditure for ongoing acquisitions in IT services and software services firms offset higher cash inflows from sales of property, plant, and equipment, including for the land of the U.S. subsidiaries.
We accordingly posted a free cash flow (net cash provided by operating activities plus net cash used in investing activities) of ¥23.1 billion, down by ¥40.2 billion from the previous fiscal year.
Net cash used in financing activities was ¥131.6 billion, increased by ¥127.6 billion from the previous fiscal year. In the previous fiscal year, cash inflows increased because of procurements to prepare for risks of a deteriorating business environment as a result of the COVID-19 pandemic, cash outflows rose in the current fiscal year owing to share repurchases and other measures to enhance shareholder returns.
Cash and cash equivalents at the end of fiscal 2021 thus totaled ¥234.0 billion, down by ¥96.3 billion from the previous fiscal year.

We will systematically employ operating cash flows from business investments to invest in further growth and bolster shareholder returns. We look to invest around ¥500 billion in growth areas in the drive to become a digital services company. We will also draw strategically on interest-bearing debt to fund investments.

(Reference) Cash Flow Indices

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Equity attributable to owners of the parent / Total assets	34.4%	34.2%	32.1%	48.7%	48.7%
Market capitalization / Total assets	28.8%	30.8%	20.1%	42.8%	36.5%
Interest bearing debt / Operating cash flow	8.0	11.4	9.1	1.8	2.9
Operating cash flow / Interest expense	18.8	17.3	25.5	47.1	26.9

i. All indices are calculated based on consolidated data.
ii. Operating cash flow is shown in consolidated statement of cash flow. Interest bearing debt are bonds and borrowings.

Cash and Asset-Liability Management

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

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

Sources of Funding

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

As of March 31, 2022, Ricoh had ¥234.0 billion in cash and cash equivalents and ¥369.3 billion in credit facilities. Of the ¥369.3 billion in credit facilities, ¥369.0 billion was available for borrowing by Ricoh as of March 31, 2022. The Company has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥150.0 billion. These committed credit line amounts of the Company are included in the ¥369.3 billion figure for credit facilities. Ricoh may also borrow up to its borrowing limit from financial institutions under the interest rates of each respective market.

The Company and certain subsidiaries raise capital by bank borrowings and issuing long-term debt securities in various currencies. Furthermore, Ricoh utilizes a cash management system globally elsewhere to efficiently manage the Ricoh Group funding and to effectively reduce its balance of interest-bearing debt.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services ("S&P") and Rating and Investment Information, Inc. ("R&I"). As of March 31, 2022, S&P assigned long-term and short-term credit ratings for the Company of BBB+ and A-2, respectively, and R&I assigned long-term and short-term credit ratings for the Company of A+ and a-1, respectively.

Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents, funds expected to be generated from its operations and procurement funds such as bonds and borrowings are sufficient to meet its cash requirements at least through fiscal year ending March 31, 2023. Even if there were a decrease in cash flows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing credit facilities would be sufficient to finance its operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of businesses and the development of new projects through its access to financial and capital markets. While interest rates of such instruments may fluctuate due to economic trends and other factors in various countries, Ricoh believes that the effect of such fluctuations would not significantly affect Ricoh's liquidity, due mainly to the adequate amount of Ricoh's cash and cash equivalents on hand, stable cash flow generated from its operating activities and group-wide cash management system.

4. **MATERIAL AGREEMENTS, ETC.**

(1) The important patent and licensing agreements

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

Counterparty	Country and Region	Summary of the Contract	Contract Term
International Business Machines Corporation	USA	Comprehensive cross license patent agreement related to information processing technology (reciprocal agreement)	March 28, 2007 to expiration date of the patent subject to the agreement
Adobe Inc.	USA	Patent licensing agreements related to development of printer software and sales (counterparty as licensee)	January 1, 1999 to March 31, 2023
Lemelson Medical, Education & Research Foundation Limited Partnership	USA	Patent licensing agreement related to computer image analysis and other products (counterparty as licensee)	March 31, 1993 to expiration date of the patent subject to the agreement
HP Inc.	USA	Comprehensive cross license patent agreement related to document processing systems (reciprocal agreement)	October 31, 2011 to expiration date of the patent subject to the agreement
BROTHER INDUSTRIES, LTD.	Japan	Patent licensing agreement related to office equipment (Company as licensor)	October 1, 2019 to September 30, 2024

(2) Share transfer agreement

At a meeting on April 28, 2022, the Board of Directors of Ricoh Company Ltd. agreed that the Company concluded the partial acquisition of common shares of PFU Limited (“PFU”), a consolidated subsidiary of Fujitsu Limited (“Fujitsu”). Ricoh will acquire 80% of the shares of PFU.
For the details, refer to “V. Financial Information – Notes to Consolidated Financial Statements – 39. Subsequent Events”.

5. RESEARCH AND DEVELOPMENT

At Ricoh (the Company and consolidated subsidiaries), we are committed to our basic management philosophy of providing excellence to improve the quality of living and to drive sustainability.
In FY2021, COVID-19 infections continued to spread around the world. On top of that, developments that could not have been anticipated at the beginning of the year, including the semiconductor shortage, shortages of various materials and sharply rising transportation prices made FY2021 a year in which we were forced to reform our business structure at a fundamental level. Even under those conditions, in the area of research and development, Ricoh accelerated reforms in an anticipation of the post-COVID-19 era, and focused on its “transformation from being an OA manufacturer” and “shift to being a digital services company.”
To achieve its vision for 2036 of “Fulfillment through Work,” the Ricoh Group will provide products and services that transform the workplace as a digital services company.

In terms of its organizational structure, Ricoh has sought to make advances in both its technological and managerial aspects under the Chief Technology Officer (CTO). Since FY2020 we appointed a Chief Digital Innovation Officer (CDIO) and have strengthened our foundations and value creation functions utilizing digital technologies and data both internally and externally. The service we offer helps customers succeed, which is defined as the Ricoh Group’s value proposition, and we are working to dig deeper into our existing businesses and advance new customer value to reinforce the core functions for utilizing data both internally and externally that sustain these activities. Leveraging our customer base of 1.4 million companies around the world, Ricoh aims to further expand its business as a digital services company.

To date, Ricoh has engaged in medium-to long-term R&D and the development of elemental technologies as head office research institute functions on a consolidated basis, adopting an R&D structure that applies the fruits of those activities to product design in business operation areas. Under the business unit structure introduced from the fiscal year ended March 31, 2022, based on the idea of consolidating resources for each customer and product handled by the respective business units in each business domain, the R&D structure was also changed, consolidating the integrated process from future-oriented medium-to long-term research to recent product development, design and production under each business field.

Due to the structural changes mentioned above, there have also been changes to the role and contents of R&D underway at our headquarters.

We identified two areas of research to be carried out at Ricoh’s headquarters as technological strategies to support growth over the medium to long terms, “a digital twin that fosters evolutions in workplace practices,” and “digital printing for a mass customization era.” We have established the Advanced Technology R&D Division to concentrate on and specialize in research and development aimed at achieving these strategies, and on the development of technologies that will support the common foundations of the Ricoh Group.
We also established the Digital Strategy Division to conduct R&D into the digital infrastructure technologies that support RICOH Smart Integration (RSI), our co-creation platform. These division will handle the development of AI and ICT, develop technologies to digitize work processes, and cultivate digital professionals to support Ricoh’s expansion as a digital services company.

In addition, to foster business incubation based on the technologies developed at these headquarters-based research institutions, a new organization was established in FY2021 to enhance the development system.

With regard to its approach to research and development, Ricoh has R&D sites all over the world. Each site explores market needs and conducts research and technology development attuned to regional characteristics while deepening cooperative connections among global sites. We also have opened technology centers and customer experience centers around the world. We launched value–creating activities involving our customers, using a framework for gathering feedback on market needs ascertained directly through customer support activities to enhance future product development.
In the field of open innovation, Ricoh is streamlining the development of advanced technologies by proactively leveraging the capabilities of its development partners, including universities, research institutions and other enterprises.
Since FY2019, Ricoh has also been implementing TRIBUS, an accelerator program that seeks to achieve business co-creation by supporting the growth of startups and entrepreneurs both within and outside the

company. In FY2021, the third year of the program, we held a contest in which a total of 195 entries were made. Participants with the best themes were given access to various resources, including around 250 registered supporters within the Ricoh Group, to develop and support people who possess a spirit of challenge, and further foster a culture of encouraging the creation of new businesses.

With the adoption of IFRSs, part of the development costs incurred by Ricoh have been capitalized and reported as intangible assets. Ricoh's consolidated R&D expenditures were approximately ¥96.7 billion, including the development costs which were capitalized as intangible assets.

(1) Digital Services
The Ricoh Group defines its value proposition to customers as EMPOWERING DIGITAL WORKPLACES, and contributes to improving work efficiency and productivity for customers by supporting digital transformation in the workplace.
In recent years, there has been an increase in demand for diverse workstyles that are unrestricted by time or location, and driven by measures to prevent the spread of COVID-19, those demands have risen dramatically. In addition to introducing paperless solutions to office work, the Ricoh Group is working to develop services that can help customers resolve issues through digital transformation across a range of workflows, from trade ecosystems that support intercompany transactions, and support for on-site work through remote equipment.
The Ricoh Group connects various devices including MFPs that are highly compatible with cloud services, and provides the RICOH Smart Integration, an integrated platform that ensures customers access to the latest services at any time. With the RICOH Digital Processing Service based on this platform, we automate inter-app data transfers that used to rely on manual work by integrating a "scrum package" with customers' enterprise systems or business operating systems, thereby improving customer business efficiency and productivity. By providing total support for customers' work environments, we aim to provide value that enhances productivity and contributes to diverse work styles of our customers.
In FY2021, Ricoh acquired all shares of Axon Ivy AG (headquartered in Switzerland), a company that develops and sells platforms and applications that support the automation of corporate business processes. This follows the FY2019 acquisition of DocuWare GmbH, provider of the DocuWare content management software that digitizes customer workflows. By combining the Ricoh Group's strength in customer contact capabilities with the products, technologies and expertise we have cultivated to date, we will strive further to create customer value and accelerate our transformation into a digital services company.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Launch of AI for Work, a service that analyzes data with a natural language processing AI to contribute to work efficiency and the creation of new value
Expanding the lineup for each industry and business to support digital transformation (DX)

- We take high value-added tasks that have traditionally been performed by people intimately familiar with business operations, such as identifying issues, formulating solutions and creating new value, and tap the power of digital technologies to help customers to control variations in human judgment in a smooth way
- As the first offering under the service, Ricoh launched Ricoh Food Sector Quality Analysis Service for major and middle sized companies. Vast volumes of inquiry information that call center and help desk amass are analyzed with a natural language processing AI and displayed in order of importance, thereby allows them to handle customers more swiftly and reduce risks through quality improvements

Launch of solutions using the world's thinnest and lightest 42-inch electronic paper
Supporting the digitization of field sites that need to work with large-sized paper for drawings and other items

- Ricoh launched products and solutions that incorporate software and cloud services with the RICOH eWhiteboard 4200, a 42-inch electronic paper device that is the thinnest and lightest in the world*, and is the world's first dustproof and waterproof as well (with a rating of IP65) *
- Employing a built-in battery enables long-time operation at construction sites, factories and other places where it is difficult to secure a power supply

- Features include the handwritten text conversion and the instant conversion of specialized terms registered to a custom dictionary.
- Support for cloud technologies enables writing between multiple RICOH eWhiteboard 4200 units and sharing information remotely

*Among 42-inch electronic paper products as battery-equipped input and display devices. (Based on Ricoh research, as of July 2021)

Launch of RICOH Live Streaming API, providing real-time streaming function for video and audio
Developing a business model through the provision of API-driven functions

- Connecting API enables embedding into applications and web services with a short lead time.
- High quality and low latency have been balanced using media bandwidth control technologies for video and audio that Ricoh has developed through teleconferencing and video conferencing systems, enabling stable connections even through mobile network environments such as 4G.
- When combined with the RICOH THETA 360° camera or similar products, immersive live streaming to viewers can be achieved.

Launch of RICOH Electronic Voucher Storage Service to comply with the revised Act on Electronic Preservation System for Books and Documents took effect in January 2022
Manage various types of vouchers in one place: An electronic books storage service that can be easily introduced without hassle

- The version management systems (systems based on deletion and revision history) for various types of vouchers can be preserved for extended periods on the cloud based on the number of years required by law
- Searches can be made in compliance with the scanned preservation and electronic transaction requirements prescribed by the Electronic Books Preservation Act
- An Input service is also available to enter the new items required by the revised Electronic Books Preservation Act, namely “Name of Trading Partner,” “Amount of Transaction” and “Date of Transaction.”

Launch of DocuWare Version 7.4/7.5
Ongoing improvements to manage data, processes and documents safely at high speeds

- Addition of live collaboration feature and increased document and data search speed provided (Version 7.4)
- Additional languages, external linkage through Webhook functionality and provision of an automatic document processing feature (Version 7.5)

Launch of demonstration project for renewable energy tracking
Aiming to build a system to ensure and enable the trading of the environmental value of renewable energy charged into and discharged from storage batteries

- Together with NGK Insulators, Ltd., in FY2022 Ricoh will commence a demonstration project to track all processes from renewable energy generation to consumption, including charging into and discharging from NAS® batteries for the storage of power from surplus generation.
- In order to fully utilize generated renewable energy in a form that visualizes its environmental value, verification will be implemented in the field regarding the tracking of renewable energy generation, storage and consumption by Ena Electric Power Co., Ltd., using the blockchain (distributed ledger) technology-based renewable energy distribution and recording platform developed by Ricoh.

The R&D expenditures in the Digital Services segment were approximately ¥11.8 billion.

(2) Digital Products
Amid the prolonged effects of the COVID-19 pandemic and significant changes to work styles around the world, there is a growing need to further streamline workflows in office and provide timely devices and features that can be securely used in work-from-home environments. Ricoh is focused on developing technologies to quickly realize printing and scanning environments that respond to these needs, and on building production processes that ensure stable product delivery that is less susceptible to changes in the external environment.

We are also responding to the need for cloud services that create environments for people to work without limitations of time or location. For instance, we are developing office equipment that emphasizes compatibility with the EMPOWERING DIGITAL WORKPLACES Platform, a distinctive cloud-based integrated platform for delivering Ricoh's digital services.
In the area of MFPs and printers, we are continuing with the develop of designs and technologies in each field, from electrophotographic technology, supply technology and optical design technology to image processing technology, next-generation image producing engines, and new versions of RICOH Always Current Technology that makes available the latest software features at all times. In addition, we will continue to focus on developing products for smart communication devices to achieve work style reforms, including interactive whiteboards (electronic whiteboards), projectors and so on.
In the fiscal year ended March 31, 2022, we faced a number of challenges, including sharply rising raw material prices, shortages of semiconductor and halting production due to the COVID-19 lockdowns. We built a manufacturing system that is not influenced by these changes in the external environment and implemented various measures in both design and production for stable product deliveries to customers. For instance, for components that would take time to switch out during an emergency, we made changes to our processes so that we only proceed with design after selecting substitute candidates in advance from the product development stages.
Further, by promoting the use of recycled materials and through other efforts, we are also pursuing the development of technologies that will contribute to a zero-carbon society and circular economy, reflecting the growing importance of these concepts in recent years.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Release of RICOH IM 6000/5000/4000/3500/2500 digital monochrome MFPs
Helping users improve work efficiency with extensive basic performance and support for the latest cloud services

- Supports RICOH Intelligent WorkCore to promote office work automation and labor saving
- Achieves high productivity through post-processing options that support various workflows and high-speed output
- Offers enhanced paper document scanning features that are essential for integration with digital services, and has improved OCR (optical character recognition) processing speed
- Supports RICOH Always Current Technology, ensuring for the basic functions update to the latest version after installation

Launch of RICOH Always Current Technology Version 2.0, updating the basic functions of cloud-enabled MFPs
Supports the latest features with smartphone-like extensibility and offers improved usability and security

- In addition to supporting the latest security features, in-demand features related to faxing and scanning can be added and improved
- The lineup of subscription-type products has been expanded, offering convenient additional features enabling customers to flexibly follow changes in the business environment

Release of RICOH P C200L/C200SFL A4 color laser printer and MFP
Ideal for small offices and Work from home thanks to its compact size and light weight

- While achieving a light weight enough for a single person to carry, the printer achieves high-speed printing at 24 pages per minute (ppm)
- Complies with various environmental standards including the International ENERGY STAR Program, Act on Promoting Green Purchasing and the Eco Mark program

Release of RICOH P C6000L A3 color printer
Packing a wide range of features into the world's smallest class of compact body*

- Can be installed in various locations, from beside office desk to a store service window
- Wireless LAN is equipped as standard, and a wide range of paper sizes are supported

* Among installation footprints of A3 color LED/laser printers (when using A3 paper). * Based on Ricoh research, as of December 2021

Release of RICOH Interactive Whiteboard A6500-Edu
A simple and user-friendly electronic whiteboard enhanced features to improve the quality of learning
- Model designed for educational sites, promoting collaboration through displaying, writing, connecting and sharing
- With the 65-inch, 4K compatible (3840 x 2160 pixels) high-resolution display, content such as maps and videos can be shown in fine detail
- Equipped with a whiteboard application that can be used intuitively without any difficult operations
- Function to wireless project images from the PCs or tablets of children and students is equipped as standard

The R&D expenditures in the Digital Products segment were approximately ¥34.6 billion.

(3) Graphic Communications
The Ricoh Group aims to resolve the challenges of customers on frontline printing sites through digital transformation as a comprehensive partner supporting their business expansion. From consulting to printing and delivery, we offer solutions that help boost productivity throughout the value chain of customers.

In the field of commercial printing, we have been approaching printing company customers and making proposals that combine printers that will help them improve productivity, special color toners that enable high added-value printing such as gold and silver, and workflow solutions that integrally manage processes from upstream to downstream. In these ways, we are accelerating the shift from offset to digital and driving digitization of on-site process and work style reforms of customers.
To this end, we have continued to develop electrophotographic technology, supply technologies, optical design technology, image processing technology, inkjet technology, next-generation image producing engines and cutting-edge software technology.
Ricoh aims to provide total printing solutions through its long-running partnership with Heidelberger Druckmaschinen AG (Germany) which promotes DX in printing, its alliances with processing machine vendors who support the production of diverse printed materials for customers, and its effort to develop solutions in collaboration with customers.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

RICOH Pro VC70000 obtains Fogra certification
The first continuous-feed inkjet printer in the industry to obtain Fogra certification
- Fogra is the leading certification body for the printing industry
- Obtaining Fogra certification means that the RICOH Pro VC70000 is compliant with the industry's highest standards and can help expand customers' businesses by providing consistently outstanding printing quality.
- Fogra certifies that the RICOH Pro VC70000 conforms to ISO 12647-8 standard in two different printing conditions detailed below.
  - Fogra59 (updated Exchange Color Space for large color gamut printers)
  - Fogra51 (for ISO 12647-2:2013 printing on Premium Coated paper)

Domestic rollout of RICOH BUSINESS BOOSTER, helping commercial printers expand their business
Strengthening co-creation activities between commercial printers, business partners and the Ricoh Group
- RICOH BUSINESS BOOSTER is the generic term for co-creation activities with commercial printers and business partners that have been underway at the Ricoh Group since 2014, mainly in North America and Europe

- For each of the issues faced by commercial printers, which are our customers, we provide optimized solutions along three axes that combine the production printers, various software and services of Ricoh with the devices, software and services of each business partners
- For the issues that cannot be resolved by combining existing products and services, we launch value co-creation projects and work to develop new solutions together with commercial printers and business partners
- To date, Ricoh Japan has also worked on activities to resolve issues with commercial printers, business partners and the Ricoh Group, but this time we have newly established an expert organization to promote value co-creation projects and are accelerating RICOH BUSINESS BOOSTER activities

In the field of industrial printing, we have focused on the development and commercialization of industrial inkjet head technologies and strived to expand our product lineup. In addition to MH series printheads which have gained favor with customers for their high durability and wide-ranging ink compatibility, Ricoh has newly released a flagship model of the TH series printheads that support compact, high-definition printing with the use of a micro electro mechanical system (MEMS) technology, enhancing its capability to respond to a diverse range of applications.
For the garment printing market, the RICOH Ri 2000 garment printer, which has achieved class-leading productivity and is well-received in the North America and Europe regions, has now been released for the Japanese market. Together with the entry-level RICOH Ri 100, we offer a product lineup that caters to customer applications.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Release of RICOH TH6310F industrial inkjet printhead
Flagship model supporting high gap printing and equipped with an ink recirculation feature

- Through a unique highly-integrated design using MEMS technology has achieved a 2.6-inch printing width with an array of 1,600 nozzles by configuring two modules of 100 x 8 rows
- Employed an ink recirculation structure that significantly reduces the risk of poor nozzle discharge to ensure ejection reliability
- Caters to various applications including sign graphics and textiles through compatibility with UV, solvent and aqueous-based inks
- Jetting frequency up to 80 kHz in binary mode, and new function achieves superior jetting frequency of up to 40 kHz in multi-drop mode

Release of RICOH Ri 2000 high speed garment printer for the domestic market
Balancing the high productivity and usability demanded in the garment printing market

- Equipped with dual carriages. Achieves high-speed printing by printing the base layer with the white carriage, and then continuously printing the color layer with the color carriage
- Equipped with features that emphasize usability for customers, including simple maintenance through an automatic inkhead cleaning system, excellent operability through automatic table height adjustment, and reduced downtime thanks to periodic automatic cleaning

The R&D expenditures in the Graphic Communications segment were approximately ¥25.3 billion.

(4) Industrial Solutions
In the thermal business field, we aim to further build customer trust through our high-value-added thermal paper, in which we have a significant global market share, and other top-quality products and services.
We started marketing high-value-added thermal paper in response to rising environmental awareness in recent years, starting with the launch of products aimed at resolving social issues (reducing environmental impact by going phenol-free) in the European market, followed by a launch in the Japanese market in FY2021. In FY2022, we will commence sales in the North American market ahead of a phased global rollout.
In addition, utilizing the proprietary optical technologies we have cultivated over many years, we have rolled out rewriteable laser system and high-speed printing solution (FC-LDA Printer) that use semiconductor laser light, to contribute to the advancement of labor-saving in the logistics industry, which currently faces serious personnel shortages, and automation in the manufacturing industry.

The RICOH Rewritable Laser System L3000 / C3000 went on sale in April 2021 in Japan, and in July 2021 in North America and China. Since its release, it has been highly rated by our customers including convenience store chains, daily necessity wholesalers and others for reducing environmental impact and achieving automation and labor saving, leading to steady introduction. Manufacturing customers, particularly those in the food sector, have been working to introduce the system to achieve a hygienic environment with zero label waste and prevent contamination by foreign materials. We are also gradually rolling out solutions that combine this product with other companies' products and systems.

In the industrial products business field, we are combining optical technologies, electronic technologies, image recognition technologies and various other cutting-edge technologies cultivated to date and working with a variety of partners to develop stereo cameras that will automatically control and augment the safety of automobiles, logistics vehicles and construction vehicles.
In FY2021, we started mass production of a rear human detection operating support system that was jointly developed with Toyota Industries Corporation. The system works in the complex operating environment of a forklift to accurately detect people and objects three-dimensionally from surrounding obstacles.
In addition, by combining production technologies with cutting-edge technologies including IoT, AI and image recognition to visualize information through data recognition processing-based data conversion, our production and sales are contributing to labor saving and automation on the workplaces: integration of various production facilities, inspection lines focused on painted exteriors of car bodies and exterior parts, and inspection lines that improve safety and reliability in the production of automotive lithium-ion batteries, which has seen remarkable growth in recent years. In the future, we expect that utilizing the data gained from this inspection equipment and other devices will lead to new value propositions for customers.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Release of RICOH FC-LDA Printer 500 high speed printing solution for production processes
Helping to reduce environmental impact through increase efficiency in printing operation within mass production lines and resource savings

- 2000 W laser marker, the most powerful output in the world*
- Enables high-speed thermal printing by inducing a thermal reaction with a short irradiation time of around 1/100,000th of a second
- Independent modulation of 192 channels laser array at 80 kHz
- The Ricoh-developed laser driver modulates each channel up to 80,000 times per second, enabling fast, high-definition printing
- Highly transparent thermal media layer
- Ricoh has developed a thermal ink based on its dispersion technology and durable color development technology. Labels, flexible and rigid packaging, and many other items can be turned into a medium for laser printing by coating them with thermal ink

* Based on Ricoh research, as of August 19, 2020

Joint development of stereo camera for forklifts with Toyota Industries Corporation
Contributing to increase workplace safety by preventing vehicle-to-people/goods contact accidents in forklift workplaces

- Wide-angle technology enables a wide range of detection, with a horizontal angle of 130-degree
- 3D-based recognition technologies allow tagless detection for an unspecified number of people
- Providing a compact, single package form by incorporating both image processing and power supply functions in the camera
- High weather resistance allows it to operate even in the severe usage environments of forklift workplaces

The R&D expenditures in the Industrial Solutions segment were approximately ¥3.7 billion.

(5) Other Segments

The Ricoh Group leverages its technological strength to provide a wide range of products and services that run the gamut from industrial to consumer use. We are also striving to create new businesses that help resolve social issues in the areas of healthcare, the environment and social infrastructure.

■Digital cameras
Ricoh Imaging Co., Ltd., which handles the Ricoh Group's business activities in the area of digital cameras, announced its restructuring in the message "The transformation of Ricoh Imaging" (https://news.ricoh-imaging.co.jp/rim_info/2022/20220120_031454.html) released in January 2022. To further enhance the value of its two brands, PENTAX and GR, Ricoh Imaging Co., Ltd., will develop a new business structure to better sharpen and deepen the appeal of both brands by using "digital" methods to connect directly with customers, and through a "workshop-like" approach to manufacturing.

Based on optical design and optical component processing technologies cultivated over a century-plus history of camera development, Ricoh has developed digital camera products achieving outstanding graduation reproduction and texture rendering in all sensitivity ranges, driven by the combination of the PRIME V and GR ENGINE 6 image processing engines equipped with the latest digital image processing technologies, and advanced noise processing delivered by the Accelerator Unit I and II. In addition to these technologies, proprietary in-body shake reduction (SR) mechanisms to provide excellent image stabilization performance. This mechanism has also been applied to develop low pass selector and real resolution features. For users who are particular about their photography, we provide digital cameras equipped with these technologies in the following series.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Release of PENTAX K-3 Mark III flagship APS-C-format digital SLR camera

・ Developed as a product includes advanced basic performance and defines the PENTAX PRINCIPLES, it packs a range of advanced features into a compact, sturdy camera body, focusing on the fun and excitement of the entire photo-shooting process for photographers who are particular about the key values of SLR camera, and who cherish photography as a lifetime passion

Release of HD PENTAX-DA★16-50mm F2.8ED PLM AW, a large-aperture standard zoom lens for K-mount APS-C-format digital SLR cameras

・ One of the ★ (Star) series of lenses for use the PENTAX APS-C-format digital SLR cameras, featuring an open aperture of F2.8 over the entire zoom range to deliver exceptional optical performance

Release of RICOH GR IIIx high-end compact digital camera

・ A high-end compact digital camera features a newly developed GR lens with a 40mm angle of view in the 35mm format, while harmonizing professional-grade image quality with a compact, lightweight body perfect for street photography

■Healthcare
In the healthcare field, there is a need to cater to the requirements created by an aging population, reduce medical costs, and prevent the spread of viruses and other infectious diseases.
Ricoh therefore regards healthcare as one field in which it must work to resolve social issues, and has focuses on three areas: the healthcare solutions field including the integrated medical and nursing care system, the medical imaging field including magnetoencephalography (MEG) and magnetospinography (MSG), and the biomedical field utilizing bioprinting technologies based on Ricoh's proprietary inkjet system.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Magnetospinography adopted by national project (AMED)

- In the 6th Cyclic Innovation for Clinical Empowerment (CiCLE) Program in 2021 in which the Japan Agency for Medical Research and Development (AMED) called public invitation, the Establishment of a New Diagnostic Technique Utilizing Information on Nerve Function through a Magnetospinography was adopted.

■Environment
Ricoh has set the realization of a zero-carbon society as one of the material social issues to be addressed through its business activities, and has bolstered efforts towards thorough energy conservation and the proactive use of renewable energy, including being the first company in Japan to participate in RE100.
We strive to reduce environmental impact through technological development, such as increasing the energy efficiency of our products and developing materials the use recycled or plant-derived materials. We have also commercialized sensors equipped with energy harvesting environmental power generating devices known as die-sensitized solar cells (DSSC) which efficiently generate power under indoor light, and have begun test marketing to verify the potential for utilizing foamed PLA sheets PLAiR that has flexibility and strength in plant-derived foamed polylactic acid (PLA) by using proprietary CO2 fine form technology. We are also making efforts to contribute to the creation of a zero-carbon society in our entire value chain by encouraging cooperation among our business partners and customers.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Release of RICOH EH Environment SensorD201/202, new environmental sensing devices requiring no battery replacement or wiring
Achieving maintenance-free monitoring of refrigerated, high temperature and high humidity environments

- Release of an environmental sensor capable of obtaining environmental information including indoor temperature, humidity, illuminance and air pressure without replacing batteries or wired connection
- Equipped with solid-state dye-sensitized solar cells with improved performance, offering 20% higher power generating efficiency than its predecessor, catering for cold temperature environments of -30°C
- Can be used in refrigerated or high temperature and high humidity environments. Independent power sources enable operation without replacing batteries or wiring
- Adding D202 with waterproof and dust proof functions, significantly expanding usage scenarios

Start test marketing of PLAiR, plant-derived new material
Verifying the potential for utilizing foamed PLA sheets that can be processed and possess cushioning and heat insulation properties

- PLAiR was developed as a new material that is carbon-neutral, compostable and 99% plant-based, with the aim of achieving a zero-carbon society and circular economy
- By changing the foam expansion rate, the material can be widely used as a packing or cushioning material, or for various containers
- Sold in rolls of 80 meters with a foaming expansion rate of 15x
- Customer feedback will be obtained from the test marketing to verify the potential for utilization in various applications

■Smart Vision
In RICOH360, a portal site that utilizes 360-degree images, we aim to create cross-industrial platforms in addition to industries and businesses in real estate, construction, advertising, retailing and other areas.
With cameras gaining an established reputation for quality, spherical cameras and more, we create new image and video experiences using unique and attractive hardware and its data.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Bolstering the RICOH360 platform to expand digital services

- Making it easier to share information or collect and utilize data regardless of time or location will accelerate digital transformation (DX) in the field for those working in real estate, construction, architecture and various other industries, and also contribute to improved business efficiency and productivity

Enhancing RICOH360 Projects cloud service to streamline information sharing at construction sites

- Utilizing the advantages of RICOH THETA development, time lapse and live video features not available with competing services have been implemented. Activities of mockup creation and user value verification are also expanding towards the development of Wearable, a proprietary device for construction sites
- Features compatible with construction management workflow (URL sharing), UX improvements (walkthroughs) and features that help promote construction DX (BIM integration) have been expanded to enhance product value
- BIM integration has been adopted as an Innovation Promotion Project of the Ministry of Land, Infrastructure, Transport and Tourism

New release of the RICOH THETA X 360° camera, boosting the efficiency of work sites

- Advance release of the RICOH THETA X 360° camera overseas
- Equipped with a 2.25-inch large touch screen display, enabling images recorded on site to be checked immediately. In addition, supports an interchangeable battery and external memory card in a first for the RICOH THETA series, enabling efficient and reliable shooting even at business sites

■Social Infrastructure

With aging social infrastructure and intensifying natural disaster, the efficient maintenance and management of infrastructure has become a major social issue. Ricoh is committed to resolve issues with social infrastructure with the aim of realizing safe and secure community development.
We propose low-cost and efficient inspections of infrastructure that are automated systems using proprietary optical systems equipped in standard motor vehicles and AI digital technologies. In addition to the provision of conventional road surface and tunnel monitoring systems, Ricoh started a large-scale demonstration test of a roadside slope monitoring system in Miyazaki Prefecture in February 2022.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Commenced large-scale demonstration test of roadside slope monitoring system in partnership with Miyazaki Prefecture
Accelerating the practical implementation of new technologies promoting DX of infrastructure inspections with the aim of realizing safe and secure community development

- When a vehicle equipped with multiple line sensor cameras and LiDAR (3D measurement system) simply drives on a road, even high and wide roadside slope can be captured as high-resolution images and 3D shapes are measured, to identify cracking or other anomalies through artificial intelligence (AI)
- In addition to analyzing the captured data, the system digitizes business processes including the creation of inspection reports to achieve streamlining and labor saving in inspection work
- Accelerates the practical implementation of new technologies promoting DX in roadside slope inspection work through verification on accuracy and degree of efficiency concurrently, using the cross-checked result: the results acquired from this test and the vast amount of manually accumulated inspection results of Miyazaki Prefecture

The R&D expenditures in these segments were approximately ¥5.8 billion.

(6) Fundamental Research

To date Ricoh has been pursuing development in fundamental research fields that lead to product differentiation. These R&D activities include photonics technology, MEMS, advanced sensing and edge device technologies that combine image recognition and image processing technologies, general technologies and verification in analysis and simulation, materials with technical functionality for simulations and other applications, applied R&D into printing technologies, data collection and analysis technologies that streamline customer operations and facilitate new work styles independent of time or location, and system solutions that apply artificial intelligence.

At the Advanced Technology R&D Division, development efforts are focused on two areas of value proposition as the core of these technologies for the future.
- Human Digital Twin at Work (HDT): Digitization technologies for people in the workplace. Utilizing technologies such as behavioral sensing and vital sensing together with recognition and AI, help workers demonstrate their creativity.
- Industrial Digital Printing System (IDPS): Developing industrial inkjet technologies that can discharge functional materials instead of ink to digitize manufacturing and production processes, realize significant improvements, reduce waste and promote energy conservation.

We will continue to roll out common general technologies such as analysis and simulation at the Ricoh Group's development and production sites in an effort to achieve greater efficiency and quality improvements.
We also actively promote co-creation with collaborative partners and conducted value verification with more than a dozen of such partners in FY2021. We actively hold online seminars for remote customers and potential partners at the RICOH Collaboration Hub, a collaboration space designed for co-creation, and also conduct personalized online meetings as an extension of those seminars, in order to continuously create opportunities for collaboration even when parties are unable to visit directly.

The Digital Strategy Division works to develop the digital infrastructure technologies that underpin the RICOH Smart Integration (RSI) co-creation platform which provides optimal solutions to customers, as part of efforts to realize the creation of new value for customers. Those technologies include AI and ICT technologies using images, audio and other data that can be obtained through Ricoh's proprietary devices, and technologies to digitize "Work" by connecting people, systems, business operations and companies.
Through these digital infrastructure technologies, the technologies of Ricoh and its partners are maintained as components, microservices and containers, resulting in a platform in which they can be flexibly combined to create new data-driven services. In addition, by developing AI based on the knowledge gained from Legal Support Cloud and AI for Work, which are services developed from R&D into natural language processing AI technologies that represent one of Ricoh's strengths, we aim to create a platform that enables partners and customers to easily utilize AI. We will also innovate our sales systems to be suitable for customer success to ensure that customers will continue to use the services we have created.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2022 were as follows.

Manufacturing process technology for mass production of secondary batteries using inkjet technology
Aiming to provide different kinds and types of batteries for IoT and other devices

- The components of electrodes materials, ceramic materials that have been rendered safe and separators for lithium-ion secondary cells are incorporated into printable ink. By printing cell materials only onto the area required with the necessary amount of ink, shape and film thickness can be adjusted flexibly and to a high level of quality
- Together with development partners, we have developed inkjet printing equipment that can be applied to mass production processes and have proposed the solution for manufacturing processes to customers involved with battery manufacturing
- Solid electrolyte printing technologies for all-solid-state lithium-ion batteries, which hold promise as next-generation batteries are also under development
- The above development results were presented at the International Rechargeable Battery Expo in March 2022

Technology to laser mark text and designs directly onto plastic containers
Displaying completely label-less text and designs to help reduce plastic waste and promote resource recycling

- Achieves completely label-less printing by using a laser to write information directly onto a plastic bottle, including the product name, name of raw materials, or information stipulated by the Food Labeling Act or other requirements
- Only the near surface is affected with depths down to several dozen microns, enabling information to be drawn without affecting the quality of the plastic bottle
- High resolution allows small letters to be used for ingredient information. Logos and illustrated designs and patterns can also be expressed
- Scattering light can maximize the whiteness of any print and enable highly visible display
- As a first step, the 630 ml PET bottle of Asahi JUROKUCHA were used as direct marking bottles for test marketing

The R&D expenditures in this segment were approximately ¥15.2 billion.

III. PROPERTY, PLANT AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2022 was ¥37,359 million. A breakdown of capital investment by segment is as follows:

	Millions of yen		
	For the year ended March 31, 2021	For the year ended March 31, 2022	Main purpose of investment
Digital Services	16,610	15,934	Investment in infrastructure relating Digital Services
Digital Products	9,897	9,502	Expansion and renewal of production facilities and improvement of productivity
Graphic Communications	4,826	4,540	Expansion and renewal of production facilities and improvement of productivity
Industrial Solutions	3,056	2,407	Expansion and renewal of production facilities and improvement of productivity
Other	3,572	1,236	Capital investment related to new business development
Corporate	4,194	3,740	Improve information system, etc.
Total	42,155	37,359	

(Notes) These investments were financed mostly with Ricoh’s own capital or borrowings.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2022)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	Number of employees
Tohoku plant at Ricoh Industry Co., Ltd. (Miyagi)	Digital Products and Graphic Communications	Production facilities for digital service devices related supplies	800	1,985	— (—)	1	2,786	—
Head Office (Tokyo)	Corporate, Digital Services, Graphic Communications, Industrial Solutions and Other	Development facilities and Other equipment	6,136	361	119 (16)	40	6,656	917
Yokohama Nakamachidai Office (Kanagawa)	Corporate	Other equipment	1,320	204	3,200 (17)	328	5,052	155
Ricoh Technology Center (Kanagawa)	Digital Products, Graphic Communications and Other	Development facilities	18,403	3,637	4,944 (89)	949	27,933	4,433
Atsugi Plant (Kanagawa)	Digital Products and Graphic Communications	Production facilities for digital service devices	2,742	2,009	2,011 (98)	10	6,772	213
Numazu Plant (Shizuoka)	Digital Products, Graphic Communications and Industrial Solutions	Production facilities for digital service devices related supplies	7,962	4,290	1,194 (128)	3	13,449	687
Ricoh Eco Business Development Center (Shizuoka)	Other	Other equipment	2,642	130	2,205 (93)	3	4,980	33
Fukui Plant (Fukui)	Digital Products and Industrial Solutions	Production facilities for digital service devices related supplies	1,305	2,019	1,120 (93)	—	4,444	139
Ikeda Plant (Osaka)	Corporate	Other equipment	1,721	220	98 (19)	13	2,052	89

(2) Domestic subsidiaries

(As of March 31, 2022)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	Number of employees
Ricoh Industry Co., Ltd. (Kanagawa)	Digital Products and Graphic Communications	Production facilities for digital service devices	6,070	3,711	234 (151)	241	10,256	1,195
Ricoh Elemex Corporation (Aichi)	Digital Products, Graphic Communications and Industrial Solutions	Production facilities for digital service devices	1,567	2,389	3,244 (546)	76	7,276	471
Ricoh Japan Corporation (Tokyo)	Digital Services and Graphic Communications	Other equipment	4,900	9,186	2,450 (53)	10,736	27,272	16,388
Ricoh Creative Service Company, Ltd. (Tokyo)	Other	Other equipment	42	9	— (—)	1,733	1,784	627
Ricoh Industrial Solutions Co., Ltd. (Tokyo)	Industrial Solutions	Manufacturing facilities for optical equipment and electronic components	2,194	1,864	331 (40)	88	4,477	958

(3) Overseas subsidiaries

(As of March 31, 2022)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m²)	Right-of-use assets	Total	Number of employees
Ricoh Electronics, Inc. (U.S.A.)	Digital Products, Graphic Communications and Industrial Solutions	Production facilities for digital service devices related supplies and thermal media	1,168	2,726	306 (51)	475	4,675	618
Ricoh UK Products Ltd. (U.K.)	Digital Products and Graphic Communications	Production facilities for digital service devices related supplies	411	741	351 (210)	54	1,557	508
Ricoh Industrie France S.A.S. (France)	Digital Products and Industrial Solutions	Production facilities for thermal media	744	3,451	54 (209)	—	4,249	575
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Industrial Solutions	Production facilities for thermal media	1,794	2,776	— [64]	16	4,586	271
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Digital Products	Production facilities for digital service devices	1,090	1,257	— [59]	6	2,353	1,082
Ricoh Manufacturing (China) Ltd. (China)	Digital Products	Production facilities for digital service devices	7,746	4,431	— [93]	131	12,308	3,449
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Digital Products and Industrial Solutions	Production facilities for digital service devices related supplies	3,614	862	521 (121)	15	5,012	2,430
Ricoh USA Inc. and other 35 sales subsidiaries in Americas	Digital Services and Graphic Communications	Other equipment	1,403	10,543	296 (148)	13,873	26,115	17,747
Ricoh Europe Holdings PLC and other 90 sales subsidiaries in Europe	Digital Services and Graphic Communications	Other equipment	863	9,469	— (—)	14,671	25,003	14,520

Ricoh Asia Pacific Pte, Ltd. and other 14 sales subsidiaries in Other area	Digital Services and Graphic Communications	Other equipment	27	4,903	― (―)	5,886	10,816	5,199

(Notes) 1. The tables above do not include construction in progress.

2. Currently there is no material idle equipment.

3. The facilities of the Tohoku plant at Ricoh Industry Co., Ltd. are owned by the Company, but the manufacturing is performed under a consignment agreement with Ricoh Industry Co., Ltd.

4. The disclosures for Ricoh Electronics, Inc. are based on consolidated figures.

5. The land used by Ricoh Thermal Media (Wuxi) Co., Ltd., Shanghai Ricoh Digital Equipment Co., Ltd. and Ricoh Manufacturing (China) Ltd. are leased from third parties and disclosed within brackets [ ].

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

The amount of capital investment for the fiscal year ending March 31, 2023 will be ¥41,000 million. A breakdown by segment is as follows:

	Millions of Yen For the year ending March 31, 2023	Main purpose of investment
Digital Services	17,700	Investment in infrastructure relating Digital Services
Digital Products	10,400	Expansion and renewal of production facilities and improvement of productivity
Graphic Communications	5,000	Expansion and renewal of production facilities and improvement of productivity
Industrial Solutions	2,600	Expansion and renewal of production facilities and improvement of productivity
Other	1,400	Capital investment related to new business development
Corporate	3,900	Improve information system, etc.
Total	41,000	

(Notes) These investments will be mostly financed with Ricoh’s own capital or borrowings.

IV. INFORMATION ON THE COMPANY

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

Class	Number of shares issued as of the filing date (shares) March 31, 2022	Number of shares issued as of the filing date (shares) June 27, 2022	Stock exchanges on which the Company is listed	Description
Common stock	637,468,178	637,468,178	Tokyo	The number of shares per one unit of shares is 100 shares
Total	637,468,178	637,468,178	–	–

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

Not applicable

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

Not applicable

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

Date	Change in total number of issued shares (hundreds of shares)	Balance of total number of issued shares (hundreds of shares)	Change in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Change in capital reserve (Millions of Yen)	Balance of capital reserve (Millions of Yen)
February 28, 2022	(1,074,439)	6,374,681	–	135,364	–	180,804

(Note) The decrease is due to the retirement of treasury shares on February 28, 2022, based on the resolution of the Board of Directors meeting held on February 4, 2022.

(5) Shareholder composition

(As of March 31, 2022)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institutions	Foreign corporations, etc.		Individuals and others	Total	
					Non individuals	Individuals			
Number of shareholders	―	65	34	494	637	51	38,976	40,257	―
Share ownership (units)	―	2,556,083	223,829	276,992	2,736,128	194	574,403	6,367,629	705,278
Ownership percentage of shares (%)	―	40.14	3.52	4.35	42.97	0.00	9.02	100.00	―

(Note)1. As for 70,100 shares of treasury stock, 701 units are included in the “Individual and others” column. In addition, Treasury stocks are not included in the “Shares less than one unit” column.
2. As for 398,600 shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers, 3,986 units are included in the “Financial institution” column.

(6) Major shareholders

(As of March 31, 2022)

Name	Address	Share Ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	1,185,483	18.60
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	PLUMTREE COURT,25 SHOE LANE, LONDON EC4A 4AU, U.K. (10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo)	304,201	4.77
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	294,415	4.62
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	267,538	4.20
Shinsei Trust & Banking Co., Ltd. ECM MF Trust Account 8299004	4-3, Nihonbashi-Muromachi 2-Chome, Chuo-ku, Tokyo	210,000	3.29
Ichimura Foundation for New Technology	26-10, Kitamagome 1-chome, Ohta-ku, Tokyo	158,395	2.49
CGML PB CLIENT ACCOUNT/COLLATERAL (Standing proxy: Citibank, N.A., Tokyo Branch)	CITIGROUP CENTRE, CANADA SQUARE, CANARY WHARF LONDON E14 5LB (27-30, Shinjuku 6-Chome, Shinjuku-ku, Tokyo)	158,332	2.48
ECM MF (Standing proxy: Tachibana Securities Co. Ltd.)	49 MARKET STREET PO BOX1586 CAMANA BAY GRAND CAYMAN KY1-1110 (13-14, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo)	145,999	2.29
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT (Standing proxy: Citibank, N.A., Tokyo Branch)	25 BANK STREET, CANARY WHARF LONDON E14 5JP UK (27-30, Shinjuku 6-Chome, Shinjuku-ku, Tokyo)	130,226	2.04
Barclays Securities Japan Limited	10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo	127,762	2.00
Total	–	2,982,353	46.79

(Notes) 1. The number of shares of treasury stock (701 hundred of shares) is not included in the chart above. This number does not include 3,986 hundred of shares of the Company held by Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

2. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on January 20, 2022, the Company has confirmed that Sumitomo Mitsui Trust Bank, Limited and its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., held shares as set forth below as of January 14, 2022. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	47,140	0.63
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shiba 1-chome, Minato-ku, Tokyo	203,340	2.73
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	132,993	1.79

3. Following confirmation of reports of possession of a large volume of shares reports of changes in possession of a large volume issued on July 9, 2021, the Company has confirmed that MUFG Bank, Ltd. and its joint holders, 3 other companies, held shares as set forth below as of March 22, 2021. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	107,867	1.45
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	232,211	3.12
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	56,330	0.76
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	23,214	0.31

4. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on June 28, 2021, the Company has confirmed that Effissimo Capital Management Pte Ltd held shares as set forth below as of June 25, 2021. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Effissimo Capital Management Pte Ltd	260 orchard Road #12-06 The Heeren Singapore 238855	1,119,892	15.03

5. Following confirmation of reports of possession of large volume of shares reports of changes issued on February 19, 2021, the Company has confirmed that BlackRock Japan Co., Ltd. and its joint holders, 10 other companies, held shares as set forth below as of February 15, 2021. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	77,898	1.05
BlackRock Financial Management, Inc.	55 East 52nd Street New York, NY, USA	13,827	0.19
BlackRock Investment Management LLC	1 Princeton University Square Drive, New Jersey, USA	8,970	0.12
BlackRock (Netherlands) BV	Amstelplein 1. 1096 HA, Amsterdam, Netherlands	24,991	0.34
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, UK	13,523	0.18
BlackRock Life Limited	12 Throgmorton Avenue, London, UK	7,285	0.10
BlackRock Asset Management Canada Limited	161 Bay Street Suite 2500, PO Box 614, Toronto, Ontario, Canada	11,355	0.15
BlackRock Asset Management Ireland Limited	2 Ballsbridge Park Ballsbridge Dublin, Ireland	37,238	0.50
BlackRock Fund Advisors	400 Howard Street San Francisco, California, USA	109,324	1.47
BlackRock Institutional Trust Company, N.A.	400 Howard Street San Francisco, California, USA	150,504	2.02
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	18,988	0.25

6. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on April 22, 2020, the Company has confirmed that Mizuho Bank, Ltd. and its joint holders, 3 other companies, held shares as set forth below as of April 15, 2020. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	1–5–5, Otemachi, Chiyoda–ku, Tokyo	10,000	0.13
Mizuho Securities Co., Ltd.	1–5–1, Otemachi, Chiyoda–ku, Tokyo	768	0.01
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	262,367	3.52
Asset Management One International Ltd.	Mizuho House,30 Old Bailey, London, EC4M 7AU, UK	10,081	0.14

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

Contents of Amendment Statement are as follows.

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

(7) Information on voting rights

1) Issued shares

(As of March 31, 2022)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury stock, etc.)	–	–	–
Shares with restricted voting rights (others)	–	–	–
Shares with full voting rights (treasury stock, etc.)	Common stock 70,100	–	The number of shares per one unit of shares is 100 shares
Shares with full voting right (others)	Common stock 636,692,800	6,366,928	Same as above
Shares less than one unit	Common stock 705,278	–	Shares less than one unit of 100 shares.
Number of issued shares	637,468,178	–	–
Total number of voting rights	–	6,366,928	–

(Notes) 1. As for the shares of the Company held by Board Incentive Plan trust in which beneficiaries include Directors and Executive Officer, 398,600 shares and 3,986 voting rights are included in the "Shares with full voting right (others)" column.
2. Treasury stocks, are not included in the "Shares less than one unit" column.

2) Treasury stock, etc.

(As of March 31, 2022)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Ricoh Company, Ltd.	3-6, Nakamagome 1-chome, Ohta-ku, Tokyo	70,100	–	70,100	0.01
Total	–	70,100	–	70,100	0.01

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

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

At the 119th Ordinary General Meeting of Shareholders held on June 21, 2019, the Company has agreed to introduce a share-based compensation plan with stock price conditions (hereinafter, “the plan”) for the Company’s board directors and executive officers (excluding outside board directors; hereafter, “directors and executive officers”). The operation of this system has been extended by a resolution of the Board of Directors held on March 2, 2022. The Company has adopted Board Incentive Plan trust in which beneficiaries include the directors and executive officers (hereinafter, “the Trust”) as the structure for the plan.

1) The summary of the trust is as follows.

(1) Name	Trust for granting shares to the Company’s Directors	Trust for granting shares to the Company’s Executive Officers
(2) Assignor	Ricoh Company, Ltd.	
(3) Trustee	Sumitomo Mitsui Trust Bank, Ltd. (Re-trustee: Custody Bank of Japan, Ltd.)	
(4) Beneficiaries	The Company’s Directors who meet the beneficiary requirements	The Company’s Executive Officers who have an employment contract with the Company and meet the beneficiary requirements
(5) Trust administrator	Akasaka International Accounting	
(6) Non-exercise of voting rights	Voting rights associated with the shares of the Company held in the Trust shall not be exercised at all throughout the Trust period	The trust administrator will issue instructions regarding voting rights associated with the shares held in the Trust
(7) Type of Trust	Trust of money other than money trust (third-party-benefit trust)	
(8) Trust agreement date	August 7, 2019	
(9) Date for entrustment of money	August 7, 2019	
(10) Scheduled Trust termination date	End of August, 2023	

2) The scheduled number of shares to be a acquired by the Trust is as follows.
Trust for granting shares to the Company’s Directors: 100,000 shares per year
Trust for granting shares to the Company’s Executive Officers: 334,400 shares

3) The scope of beneficiaries who are eligible for the Beneficiary right and other rights arising from the Trust for granting shares to the Company’s Directors: the Company’s Directors who meet the beneficiary requirements
Trust for granting shares to the Company’s Executive Officers: the Company’s Executive Officers who have an employment contract with the Company and meet the beneficiary requirements

2. INFORMATION ON ACQUISITION, ETC. OF TREASURY STOCK

Class of shares
Acquisition of common stock under Article 155, Item 3 and Item 7 of the Companies Act

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

(2) Acquisition of treasury stock resolved at the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (Yen)
Details on resolution at the Board of Directors meeting held on March 3, 2021 (Term of validity: March 4,2021 to March 3, 2022)	145,000,000	100,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2022	6,213,000	7,290,939,800
Treasury stock acquired for the fiscal year ended March 31, 2022	81,230,900	92,709,040,000
Treasury stock not acquired for the fiscal year ended March 31, 2022	–	–
Ratio of remaining treasury stock not acquired as of March 31, 2022	–	–
Treasury stock acquired during the current period	–	–
Ratio of remaining treasury stock not acquired as of filing date	–	–

(Note) Based on the resolution of the Board of Directors meeting held on March 3, 2021, the Company acquired its common stock from March 4,2021 to December 8, 2021. In addition, the Company's common stock were retired on February 28, 2022, based on the resolution of the Board of Directors meeting held on February 4, 2022.

Classification	Number of shares (shares)	Total amount (Yen)
Details on resolution at the Board of Directors meeting held on May 10, 2022 (Term of validity: May 11,2022 to September 30, 2022)	48,000,000	30,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2022	–	–
Treasury stock acquired for the fiscal year ended March 31, 2022	–	–
Treasury stock not acquired for the fiscal year ended March 31, 2022	48,000,000	30,000,000,000
Ratio of remaining treasury stock not acquired as of March 31, 2022	100.0%	100.0%
Treasury stock acquired during the current period	10,565,400	11,378,518,300
Ratio of remaining treasury stock not acquired as of filing date	78.0%	62.1%

(Note) The number of shares of treasury stock acquired on the filing date is not included.

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

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2022	6,913	7,936,479
Treasury stock acquired during the current period	869	866,789

(Note) 1. The number of shares of treasury stock acquired due to requests to purchase stock of less than one unit of shares from June 1, 2022 to the filing date is not included.

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

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

Classification	Fiscal year ended March 31, 2022		Current period (Note)	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock which was offered to subscribers	−	−	−	−
Acquired treasury stock which was canceled	107,443,900	137,103,251,325	−	−
Acquired treasury stock which was transferred due to merger, share exchange or company split	−	−	−	−
Others (acquired treasury stock which was sold due to requests from shareholders holding shares of less than one unit of shares to sell additional shares)	145	203,020	−	−
Total number of treasury stock held	70,100	−	5,019,669	−

(Note) 1. The number of shares of treasury stock acquired due to requests to purchase stock of less than one of unit of shares from June 1, 2022 to the filing date is not included.

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

3. DIVIDEND POLICY

The Company prioritizes expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company will make an effort to gradually raise the total return ratio to 50% as a guide. The Company's dividend policy is to remain committed to increasing dividends in a stable manner reflecting improved business performance, as well as to flexibly repurchase shares using surplus cash generated from improved return on capital taking into account the varied circumstances surrounding business.

The dividend per share distributed at interim was ¥13.0, and the dividend per share at year-end was ¥13.0, for a total of ¥26.0.

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

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

The appropriation of surplus for the fiscal year ended March 31, 2022 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (November 4, 2021)	8,677	13.0
Ordinary General Meeting of Shareholders (June 24, 2022)	8,286	13.0

4. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

1) Basic Policies for Corporate Governance

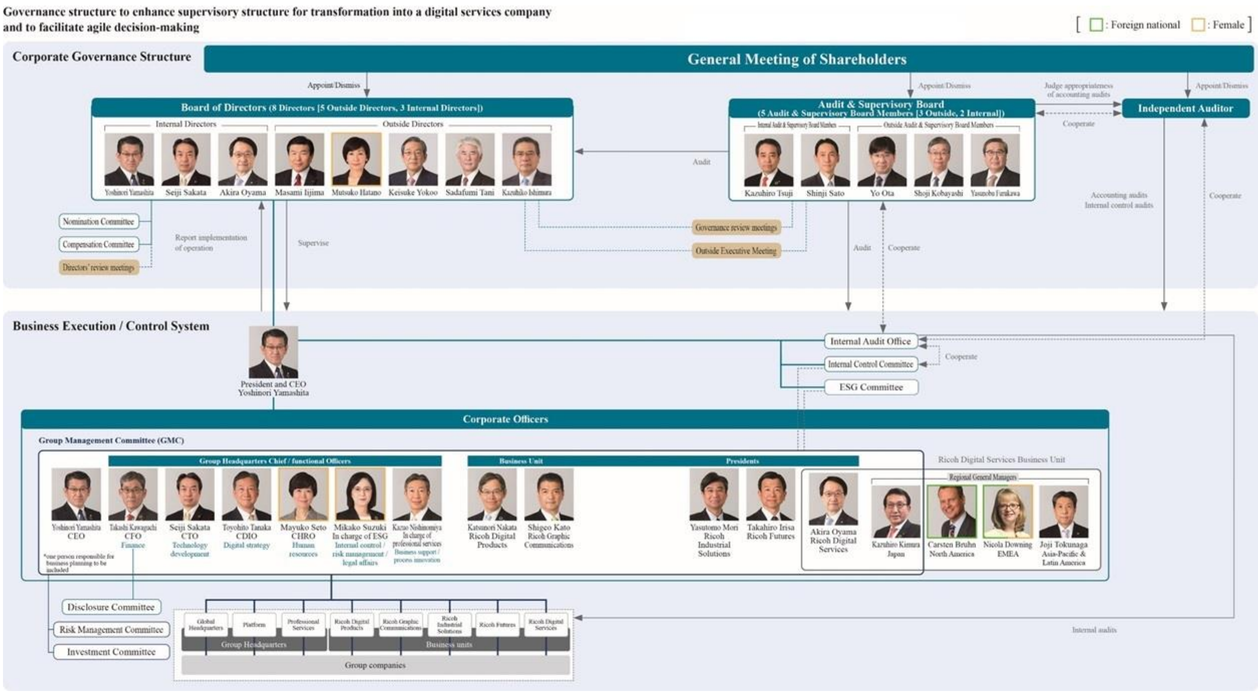
The Ricoh Group, through its corporate activity as a whole, including activities by management, is working to enhance its governance system to strengthen competitiveness in line with stakeholder expectations, while ensuring management transparency based on corporate ethics and legal compliance. In doing so, the Ricoh Group aims to achieve sustainable growth, and improve corporate value and shareholder value.

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

2) Reason for adopting current corporate governance structure

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

The nomination of Directors and Executive Officers, and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies that are comprised of a majority of Independent Outside Directors. The results of each committee are reported to the Board of Directors.



Corporate governance system under the business unit structure

On April 1, 2021, the Ricoh Group shifted to a business unit structure in order to transform its business structure into a digital services company and further improve returns on capital.

Each business unit operates its business autonomously and the Group headquarters focuses on medium- to long-term strategic planning, capital allocation to each business unit, and business management strictly based on the growth potential and return on capital of each business unit. Through this process, we will aim to raise the corporate value of the entire Group.

Based on this renewal of the organizational structure, we are proceeding with the following governance-related initiatives from the perspectives of oversight, execution, and audit:

1) Oversight
   a) The Board of Directors and the Nomination Committee have carried out performance evaluations of executive managers, including the head of each business unit, in addition to the existing evaluations of Directors including the CEO, since FY2021.
   b) The Board of Directors deliberates on the performance status of each business unit on a quarterly basis and monitors invested capital and return on capital.
   c) The Board of Directors is strengthening its monitoring to ensure that internal controls and risk management are functioning properly after transition to a business unit structure, including the delegation of authority to each business unit and the review of affiliate management.
2) Execution
   a) After clarifying the scope of responsibility of each business unit through the business unit structure, each business unit sets its own targets (return on capital, etc.), monitors results at monthly business unit management meetings, and discusses issues and countermeasures with the CEO and general managers of the Group headquarters.
   b) Profits earned by each business unit will be first consolidated on a Group basis. Resource reallocation policy will be decided at the portfolio management meeting, which is part of GMC.
   c) In addition to implementing autonomous internal control and risk management for their own business operations, each business unit has established a cooperative system with the risk management department of Group headquarters to share the status of control within each business unit and to address priority risks for the Group as a whole.
3) Auditing
   a) The Audit & Supervisory Board has recognized the effectiveness of internal control and subsidiary management systems in each business unit and the effectiveness of governance by the Group headquarters as the issues to be monitored in FY2021. In addition to reviewing each division and subsidiary, the Audit & Supervisory Board conducts audits on the status of initiatives from the perspective of 1) Oversight and 2) Execution through interviews with each business unit president and Group Headquarters functional officers as appropriate, and participation in various meetings, and others.
   b) The internal audit division, the Independent Auditor and Audit & Supervisory Board Members closely exchange opinions and share information on governance and internal control issues and concerns after the transition to the business unit structure, and reflect them in their respective audit points, thereby collaborating and strengthening the three-way audit.

(I) **The Board of Directors**

The Board of Directors is responsible for management oversight and important decision-making for Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and fair decision-making.

By leveraging the expertise and experience of each Non-executive Director, including Independent Outside Director, and Executive Director in holding serious discussion on important issues, the Company encourages initiatives in new areas of growth, creating a structure that allows for management oversight from the viewpoints of various stakeholders, including shareholders. As a rule, all Directors must attend at least 80% of meetings of the Board of Directors, and are required to provide an effective supervisory function for corporate management. In FY2021, five (5) of the Board’s ten (10) Directors, or 50%, were Independent Outside Directors – part of our continued effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management.

In addition, effective from FY2022, the Company has changed its policy to increase the ratio of Independent Outside Directors on the Board of Directors from at least one-third to a majority. In addition, we plan to appoint a Lead Independent Director after this General Meeting of Shareholders to enable Outside Directors to better fulfill their roles and functions on the Board of Directors. While the Board of

Directors has traditionally been chaired by a Non-executive Director according to the Company's rule, the Lead Independent Director will be responsible for improving and enhancing governance in collaboration with the Chairperson of the Board of Directors, and will play a role in leading the duties of independent Outside Directors at the Company.
The appointment of the Lead Independent Director will be made as necessary based on the judgment of the Board of Directors in light of the Company's management situation and the appointment of the Chairperson and the Directors. Appropriate collaboration and division of roles by the Chairperson and the Lead Independent Directors will ensure the smooth operation of the Board of Directors and the fulfillment of its functions.

Chairperson of the Board	Mutsuko Hatano
Director	Yoshinori Yamashita
Director	Seiji Sakata
Director	Akira Oyama
Independent Outside Director (Lead Independent Director)	Masami Iijima
Independent Outside Director	Keisuke Yokoo
Independent Outside Director	Sadafumi Tani
Independent Outside Director	Kazuhiko Ishimura

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

(II) **Audit & Supervisory Board**
The Audit & Supervisory Board discusses and decides on audit policies and assignment of duties, audits the execution of duties by Directors, plays a supervisory function on management through cooperating with the Company's Independent Auditor and the internal audit division, and auditing the Company's individual departments and subsidiaries. Audit & Supervisory Board Members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with Representative Directors.
The Company has five (5) Audit & Supervisory Board Members, comprising two (2) full-time members who are familiar with internal circumstances and three (3) outside members who meet the requirements for independent Audit & Supervisory Board Member set by the Company, and the majority of the members are independent Outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board is required to secure necessary knowledge, experience, and specialized abilities in a well-balanced manner in forming the Audit & Supervisory Board. We have built a system that enables deep discussions from an independent and objective perspective, capitalizing on a wealth of experience and wide-ranging insight in the specialized fields of each Audit & Supervisory Board Member.

Audit & Supervisory Board Member	Kazuhiro Tsuji
Audit & Supervisory Board Member	Shinji Sato
Independent Outside Audit & Supervisory Board Member	Yo Ota
Independent Outside Audit & Supervisory Board Member	Shoji Kobayashi
Independent Outside Audit & Supervisory Board Member	Yasunobu Furukawa

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

(III) **Nomination Committee / Compensation Committee**
Decisions on the nomination of the CEO and other senior managers, and their compensation, etc. are regarded as one of the most important matters for management oversight by the Board of Directors. The Company secures transparency and objectivity of appointment and dismissal, and compensation of

Directors and Executive Officers, etc. by establishing the "Nomination Committee," which is chaired by an Independent Outside Director, with Independent Outside Directors making up the majority; and the "Compensation Committee." In addition, one Outside Audit & Supervisory Board Member attends the deliberations of the Nomination Committee and Compensation Committee as an observer each time. The Nomination Committee was comprised of four Independent Outside Directors, and one Internal Executive Director; and the Compensation Committee was comprised of four Independent Outside Directors, and one Internal Executive Director.

Nomination Committee

Chairman (Lead Independent Director)	Masami Iijima
Member (Internal Executive Director)	Yoshinori Yamashita
Member (Independent Outside Director)	Keisuke Yokoo
Member (Independent Outside Director)	Mutsuko Hatano
Member (Independent Outside Director)	Kazuhiko Ishimura

Compensation Committee

Chairman (Independent Outside Director)	Keisuke Yokoo
Member (Internal Executive Director)	Yoshinori Yamashita
Member (Lead Independent Director)	Masami Iijima
Member (Independent Outside Director)	Mutsuko Hatano
Member (Independent Outside Director)	Sadafumi Tani

(IV) **Governance Review Meeting / Directors' Review Meeting / Outside Executive Meeting**

Governance review meetings are held to provide a forum for comprehensive discussions on the Ricoh Group's direction of governance and related issues by Directors, Audit & Supervisory Board Members and other relevant parties. The outline of the review meetings held is disclosed in the Corporate Governance Report and other documents.

Directors' review meetings are held to provide an opportunity and sufficient time for prior discussions by Directors and Audit & Supervisory Board Members to resolve on important company themes (such as the mid-term management plan) at Board of Directors meetings.

From the viewpoint of active contribution to discussions at meetings of the Board of Directors, the Outside Executive Meeting serves as a forum to share information and perspectives based on the independent and objective standpoints among Outside Directors and Outside Audit & Supervisory Board Members, as well as between Outside Directors and Outside Audit & Supervisory Board Members, and Full-time Audit & Supervisory Board Members and other executives.

(V) **Group Management Committee**

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

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

Matters to be discussed at the GMC are as follows.

1. Planning of management strategy
   - Medium and long-term management strategy
   - Approval of short-term (annual) management policies and business plans
   - Consolidated financial plans and borrowing facilities
2. Execution of management strategy
   - Review and determination of proposals by Board of Directors
   - Approval of financial decisions based on internal rules and regulations

- Determination of priority management risk items for the Ricoh Group
- Important personnel policy matters of the Company.

3. Decision-making and reporting on other important matters

Outside Directors also participate in the GMC as observers in order to deepen their understanding of business operations.

<Participation by Outside Directors as observer in FY2021>

Month/Year	Number of observer Outside Directors
Sept. 2021	2
Oct. 2021	1
Nov. 2021 #1	4
Nov. 2021 #2	3
Dec. 2021	1
Jan. 2022	3
Feb. 2022 #1	2
Feb. 2022 #2	1
Mar. 2022 #1	4
Mar. 2022 #2	3

(VI) **Disclosure Committee**

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

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

In FY2021, we newly conducted review of in-house processes for implementing appropriate disclosures. We conduct deliberation on active disclosure and monitoring of disclosing procedures regarding company information that contributes to investors' investment decisions, along with the judgment on the appropriateness and accuracy of annual report documents and timely disclosure documents, and judgment on the necessity of information disclosure in disclosure procedures. Furthermore, the internal control division regularly evaluates the timeliness of information disclosure, the accuracy and validity of disclosure statements, and the validity of disclosure decisions, etc., and reports its findings to the Internal Control Committee and the Board of Directors.

(VII) **Internal Control Committee**

The Internal Control Committee is an organization established under the President of the Company to deliberate and make decisions on internal control of the entire Ricoh Group. The committee is composed of executive officers who fulfill certain requirements. As a rule, it meets once every quarter, but extraordinary or emergency meetings may be held at other times.

The committee deliberates on the following matters.

1. Assessment of the design and operation of internal controls, and their rectification
    - Assessment of the design and operation of internal control as a whole
    - Assessment of the effectiveness of internal controls related to financial reporting
    - Assessment of the effectiveness of internal controls related to information disclosure
    - Rectification of internal controls
2. Determination of policies for internal control activities
    - Determination of basic policies for internal controls related to financial reporting
    - Determination of internal audit plans for each fiscal year

3. Response to defects in internal control
・ Decisions on response in the case of critical incidents
4. Presentation of proposals to the Board of Directors for the amendment of internal control principles
・ Presentation of proposals to the Board of Directors for the amendment of internal control principles, in consideration of environmental changes

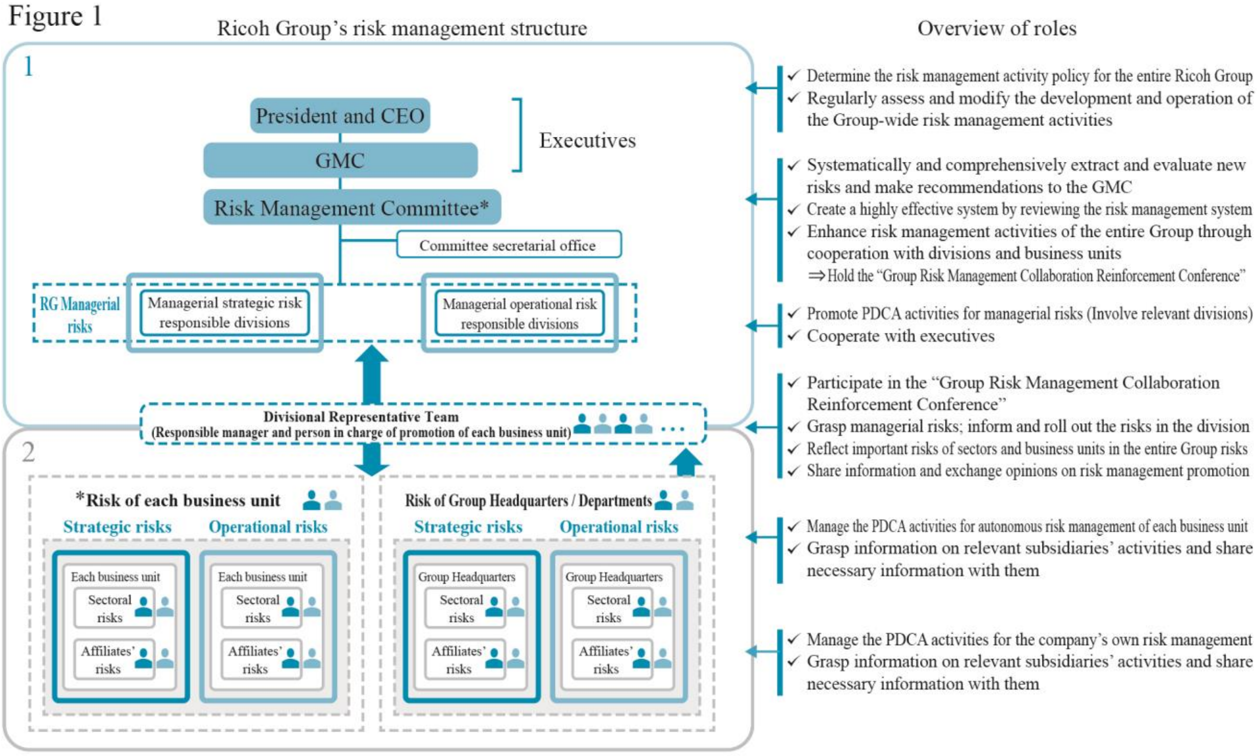
Specifically, in the case of critical incidents that may impact the entire Ricoh Group, the Internal Control Committee confirms details including the background, cause, and measures to prevent recurrence. Where doubts remain regarding the validity of measures to prevent recurrence, or doubts remain regarding the possibility of recurrence of that incident in the Group, the committee promptly determines the necessary countermeasures, and ensures that these are implemented from a top-down approach. In addition, taking into consideration internal control issues reported by internal audits and risk management and compliance activities, the GMC discusses and decides on measures to be taken to prevent incidents.

FY2021	Month	Agenda
First Meeting	April	1. Report of internal audit results for FY2020 2. Review of internal audit activity policy, issues, and approach 3. Internal audit plan for FY2021 4. FY2020 Q4 disclosure audit report 5. FY2020 critical incident report, FY2020 whistleblower report 6. Collaboration of ESG functions with business units
Second Meeting	June	1. FY2020 evaluation of the effectiveness of internal control over financial reporting
Third Meeting	August	1. FY2021 critical incident report and review of regulations 2. Risk management under the business unit structure 3. FY2021 Q1 internal audit report 4. FY2021 Q1 disclosure audit report
Fourth Meeting	November	1. FY2021 Q2 internal audit report 2. FY2021 Q2 disclosure audit report 3. FY2021 1H critical incident report 4. Results of the October Compliance Month 5. Global insurance
Fifth Meeting	February	1. FY2021 Q3 internal audit report 2. FY2021 Q3 disclosure audit report 3. FY2021 2H critical incident report 4. About the hotline 5. Incident reporting rules in the event of a major natural disaster 6. Progress of compliance survey activities

(VIII) Risk Management Systems and Risk Management Committee
The Ricoh Group's risk management systems can be divided into two main levels, as shown in Figure 1 below.
1. Managerial risks, which are selected and managed autonomously by the GMC for management items of particular importance, within the management of the Ricoh Group
2. Division risks and Business unit risks that each business organization is responsible for managing its own business

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

Figure 1



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

The Risk Management Committee was established as an advisory body to the GMC, for the purpose of strengthening risk management processes across the entire Ricoh Group. The committee is chaired by the corporate officer in charge of risk management and has experts from each organization as members to ensure comprehensive coverage of risks and substantial discussions, and to propose to GMC specific risks requiring response or focus in terms of the management of the Ricoh Group. Furthermore, the Company will review and restructure the risk management system in Figures 1 and 2 as necessary, in order to strengthen the effectiveness of risk management across the Ricoh Group.

In addition, in order to establish a more effective and integrated risk management system through coordination between management and each business execution organization, we have appointed risk management managers and promoters from each organization, and have established an autonomous risk management system for each organization.

Moreover, at the Group Risk Management Collaboration Reinforcement Conference for each risk management promoter, study sessions and information sharing related to risk management are held, and ongoing efforts are being made to make the organization more resistant to risk.

FY2021	Month	Agenda
First Meeting	July	• Transition to the business unit structure, and check and review of the status of key risk omissions and responses toward transformation into a digital services company (Information security, supply chain governance, etc.)
Second Meeting	December	• Confirmation of changes in the internal and external environment • Confirmation of the status of response to managerial risks for FY2021 • Review and decide on managerial risks for FY2022
Third Meeting	December	
Fourth Meeting	February	• Risks associated with rapid changes in the international situation (Such as the situation in Russia and Ukraine)
Fifth Meeting	March	

(IX) **Investment Committee**

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

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

< Monitoring of investments and loans>
After investments and loans are executed, we will periodically summarize the progress of the investments and loans and provide monitoring reports to the GMC on a semi-annual basis in accordance with the content and timing of the business plan and quantitative indicators (KPI) that have been approved by the GMC and other decision-making meetings after the Investment Committee's deliberation process.

<Initiatives to develop M&A experts>
Since FY2019, we have systematically developed human resources to lead M&A and PMI* to success. By raising the level of planning divisions, we are improving the quality of investment projects and enhancing discussions and deliberations at the Investment Committee.
The training program offers the Company's original program (20 courses with the duration of six months) based on our past cases. So far, 118 people have obtained completion certificates. In FY2022, we plan to hold the program with an increased number of participants.
In addition, even after the completion of this training program, we will hold courses for corporate value evaluation and financial analysis, as well as specialized courses for different functions, such as human resources, environment, and IT, to provide continuous support to program attendees and help them further improve their abilities.
These efforts have increased the speed and reliability of investment reviews in the planning department.

* PMI (Post Merger Integration): It refers to the integration process to maximize the integration effect that was initially expected after the M&A. The scope of integration covers all processes related to integration, such as management, business, and awareness.

(X) **ESG Committee**
The ESG Committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the entire Group.
The ESG Committee plays the following specific roles:
1. Formulate the Ricoh Group Sustainability Strategy to resolve social issues through business, such as initiatives toward achieving SDGs, into the foundation of the Company's management
2. Identify medium- to long-term sustainability risks and opportunities as well as material issues faced by the entire Group (including those regarding investment decisions on risks and opportunities related to climate change recommended by the TCFD*)
3. Supervise and advise on sustainability strategies, material issues, and progress in KPIs for each business division throughout the entire Group
4. Identify sustainability issues to be submitted for discussion at the Board of Directors and report them to the Board of Directors
The committee is chaired by the CEO and consists of GMC members, Audit & Supervisory Board Members and an Executive Officer in charge of ESG. The committee, which meets quarterly, invites representatives of the relevant business divisions according to the theme to be discussed, and has an established system to examine and discuss sustainability issues across the Company.

In FY2021, ESG Committee meetings were held four times to discuss the following.

FY2021	Month	Agenda
First Meeting	May	• Report on the results of company-wide ESG targets for FY2020 • Approval of the Human Rights Due Diligence Development Plan • Pollution prevention measures • Status of response to ESG evaluation / improvement • The FY2021 integrated report
Second Meeting	July	• Climate change risks and opportunities (comply with TCFD) • Harmonization of GHG (greenhouse gas) reduction scenarios for decarbonization activities • Report on the progress of Human Rights Due Diligence Development Plan
Third Meeting	December	• ESG external evaluation results report • Progress of decarbonization activities • Progress of human rights initiatives
Fourth Meeting	March	• Strengthen supply chain ESG initiatives • Report on the progress of Human Rights Due Diligence Development Plan • Issues and responses to ESG evaluation • Planning of the integrated report for FY2022

* TCFD (Task Force on Climate-related Financial Disclosures):
Established by the Financial Stability Board (FSB), the TCFD provides stability to financial markets by promoting information disclosure of climate-related risks and opportunities by companies, and facilitating a smooth transition to a low-carbon society.

3) Other matters for Corporate Governance

(I) **Policy for constructive engagement with shareholders**

- The Company engages dynamically and constructively with shareholders. We maintain a cycle in which we reflect feedback from shareholders in our activities to cultivate trust through mutual understanding. In operating based on that cycle, we endeavor to innovate and deliver value that is useful for everyone, everywhere, helping to enhance their lives and create social sustainability while increasing medium- and long-term corporate value.
- The President and CEO is the person responsible for engagement with shareholders, and an executive in charge may be appointed as required.
- The Investor Relations Department is responsible for promotion engagement with shareholders, and takes charge of liaising with related departments.
- In general, engagement with shareholders is conducted by the Investor Relations Department. The President and CEO, the executive in charge, Directors including Outside Directors, or Audit & Supervisory Board Members shall also conduct engagement activities where appropriate.
- In addition to engagement activities with shareholders, we hold presentations on mid-term management plans, financial results briefings, IR days, business briefings, etc., as well as appropriately consider holding small meetings and participating in externally sponsored IR events and conferences.
- Opinions obtained through engagement with shareholders are passed on to the management team on a quarterly basis.
- The Company strictly complies with its internal regulations concerning handling of insider information. No insider information is disclosed to shareholders during individual engagement. To prevent the leak of insider information and ensure fairness in information disclosure, the Company observes a quiet period from the day following the final day of each fiscal year to the day of the annual financial results announcement.

(II) **Approach to Election of Directors**

Election Criteria for Directors

<Management capabilities>

Superior insight and judgment necessary for management functions

1. Knowledge of a wide range of businesses and functions, and has the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues
3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including shareholders and customers based on a firm awareness of corporate governance

<Character and personality>
Positive trust relationships between Directors and management team for smooth performance of the oversight function

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

Election criteria for Outside Directors

In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include having excellence in areas such as expertise in different fields, problem identification and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership. Outside Directors must also have no issues concerning independence in light of the Company's standards for independence of Outside Directors and Outside Audit & Supervisory Board Members. As for the standards the Company established, please refer to "4. CORPORATE GOVERNANCE, ETC. (2) Directors and senior management 2) Outside Directors and Outside Audit & Supervisory Board Members".

Diversity Policy

We believe that the Board of Directors of the Company should be composed of directors with management ability and a rich sense of humanity in addition to various viewpoints and backgrounds, on top of multilateral sophisticated skills.
In addition, it is our policy to select candidates based on their character and knowledge with no distinction made on the basis of race, ethnicity, gender, or nationality or similar attributes, thus ensuring diversity in such attributes.

(III) **Election Process and Evaluation Process for Directors**

The Company is making ongoing efforts to strengthen and enhance corporate governance for the Company's sustainable growth and improvement of corporate value and shareholder value.

<Nomination Committee>
To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has established the Nomination Committee, which is an advisory body to the Board of Directors.
To increase objectivity and independence, the Nomination Committee is comprised of a majority of Independent Outside Directors, and is chaired by an Independent Outside Director. In addition, one Outside Audit & Supervisory Board Member attends meetings of the committee so as to ensure transparency in deliberation.
(At of the submission date of this report, the committee is chaired by an Outside Director with four Outside Directors, one internal executive Director, and a majority of Independent Outside Directors.)
The Nomination Committee deliberates on the following matters and reports on the deliberation and conclusions to the Board of Directors.
(Inquiry items from the Board of Directors)

1) Nomination of candidates for CEO and Directors
2) Whether or not the CEO and Directors shall be replaced
3) Evaluation of the performance of the CEO and Executive Directors
4) Confirmation of status of CEO succession plans and development of future CEO candidates
5) Confirmation of appointment/dismissal proposals and reasons thereof for Executive Officers, Advisors, and Fellows
6) Approval or disapproval on the formulation, revision or abolishment of appointment/dismissal systems for Directors and Executive Officers
7) Other matters individually consulted by the Board of Directors

* Fellow: The Company defines a "fellow" as a person who holds excellent technological prowess or knowledge recognized in the world, and who is able to further pursue his or her expertise, and lead research activities for utilizing and developing such expertise. Fellows are appointed by resolution by the Board of Directors.

(Other agenda items)
1) Confirmation of reasons for selecting candidates for Audit & Supervisory Board Member based on requests from the Audit & Supervisory Board
2) Confirmation of performance evaluation of Executive Officers
3) Other matters consulted by the CEO

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

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

<Key items for Director evaluation> *Excluding Non-executive Directors and Outside Directors

Evaluation perspective	Category	**Evaluation items** (typical items)	Item details/supplementation
Management oversight status	Qualities and abilities	Actions aimed at maximizing corporate and shareholder value, attitude toward executive oversight and mutual checks and balances among Directors, risk management, and insight necessary for corporate management	
Financial indicators	Performance	Business performance on a consolidated basis	Sales, operating profit, profit, ROE, ROIC, FCF
		Status of business plan for FY2021	By business unit, by region, key measures
		Performance under the 20th Mid-Term Management Plan	Finance, key measures
Capital market / shareholder indicators	Capital market	Stock price indicators	Stock price, market capitalization, PBR
		Rating	
	Shareholder	TSR/shareholder returns	

TSR, which is used as one of the criteria for "contribution to shareholders and capital market evaluation perspectives" to evaluate Directors, is calculated based on the average share price for the fiscal year (see table below) to avoid the impact of sudden share price fluctuations.

Holding period	1 year	2 years	3 years	4 years	5 years	6 years
RICOH (incl. dividends)	145.3%	112.2%	109.5%	118.5%	132.1%	106.0%
TOPIX (incl. dividends)	119.2%	128.3%	125.0%	127.3%	156.4%	146.6%

(IV) **Evaluation of CEO and CEO Succession Plan**

The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium to long-term and continuously fulfilling the social responsibilities of the Group as a member of society.
From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.

1) CEO Evaluation

The CEO is evaluated annually in two steps by the Nomination Committee, at the request of the Board of Directors. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to effectively oversee the CEO.
As with Executive Directors, the CEO is evaluated based on the "Management oversight status as a Director," "Financial aspects including key management indicators regarding business results, return on capital, etc." and "Contribution to shareholders and evaluation by capital markets" (Note), as well as "Future financial viewpoint" to evaluate his/her overall management supervision and business execution capabilities as a CEO.

Note: Please refer to "(III) Election Process and Evaluation Process for Directors <Evaluation process> <Key items for Director evaluation>".

<Key items for CEO evaluation>

Evaluation perspective	Category	Evaluation items (typical items)	Item details/ supplementary notes
Management oversight status	Same categories and evaluation items as those for Directors (note)		
Financial indicators	Same as above		
Capital market / shareholder indicators	Same as above		
Future financial indicators	ESG	Environment	Environmental management initiatives
		Society	SDGs initiatives
		Governance	System, disclosure, IR, compliance
	Employees	Development and use of human resources	Personnel systems and work environment
		Employee engagement	External survey
		Safety and health	Workplace safety and health management
	Customers	Serious incident	Product and information security
		Customer satisfaction	External survey

2) Selection, development and evaluation of CEO candidates
Once a year (in around September), the CEO prepares a list of potential future CEO candidates together with a development plan for them and elaborates on the proposals at the Nomination Committee in early November. The Nomination Committee deliberates on the validity of the CEO candidate list and development plans, provides advice to the CEO on candidate development, and reports the findings to the Board of Directors. The Board of Directors confirms the validity of the candidate selection and development plans upon reporting from the Nomination Committee and is actively involved in the selection and development of CEO candidates.

<Selection of candidates>
CEO candidates are selected by terms as follows according to the timing of the change. The backup candidate in case of accident in the table below is determined via resolution of the Board of Directors at the same time the CEO is selected.

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

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

<Evaluation of candidates>
CEO candidates are evaluated annually, and the CEO reports on the achievements and growth of each candidate during the development period (April to March next year) to the Nomination Committee in early November (the evaluation period is from April to October, which is the month before the Nomination Committee meets). The Nomination Committee deliberates on the continuation or replacement of CEO

candidates and, if necessary, evaluates CEO candidates, utilizing advice from outside experts, etc., and reports the results of its deliberations to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain or to be replaced, and is actively involved in the process.

(V) **Results Summary of the Evaluation of Effectiveness of the Board of Directors During FY2021**
On May 10, 2022, the Company evaluated the effectiveness of the Board of Directors during FY2021 (from April 2021 to March 2022), and the results are as outlined below.

I. Outline of Evaluation: Effectiveness of the Board of Directors during FY2021
The evaluation continued to include performance within the voluntary Nomination Committee and Compensation Committee as well as the response of the business executives to Board of Directors, along with the effectiveness of the Board of Directors. A third-party evaluation was also implemented as well in order to ensure objectivity.

[Evaluation process]
The evaluation was carried out at a discussion attended by all Directors and Audit & Supervisory Board Members, after sharing written evaluations by the Directors and the Audit & Supervisory Board Members, as well as the results of questionnaires' analysis by the third-party anonymous survey. Through discussions, participants reviewed and evaluated the performance of the Board of Directors during FY2021, in terms of the basic policies on the operation of the Board of Directors and the three action items outlined below, which were set forth by the Company's Board of Directors in the last evaluation of the effectiveness.

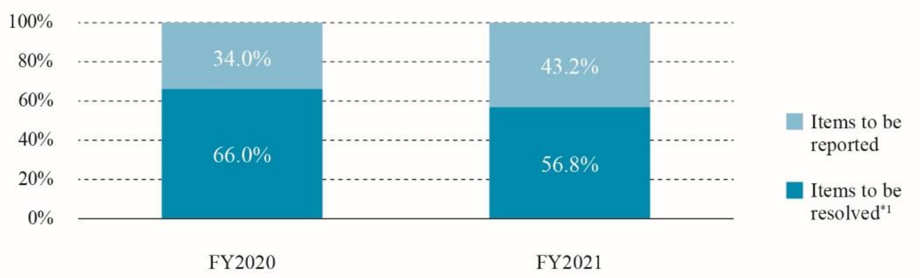
<Basic policies for FY2021>
1) Monitor and support steady implementation of the 20th Mid-term Management Plan and the accomplishment of the Business Plan for FY2021.
2) Enhance discussions on the management base and strategies to accelerate sustained growth after an emergency (the COVID-19 pandemic).

<Action items for FY2021>
i) In order to increase the certainty of accomplishing the Business Plan for FY2021, monitor business performance (including non-financial targets) and progress of measures' development, and encourage appropriate response
ii) Enhance supervision and deliberation to realize the medium- to long-term goals of transforming the business structure and improving return on capital, and optimize resource allocation, systems, and business operation
iii) Deepen discussions on the management base such as human capital, technological capital, intellectual capital, growth strategy and DX strategy, etc. in view of a new business environment (after the spread of COVID-19 is brought under control)

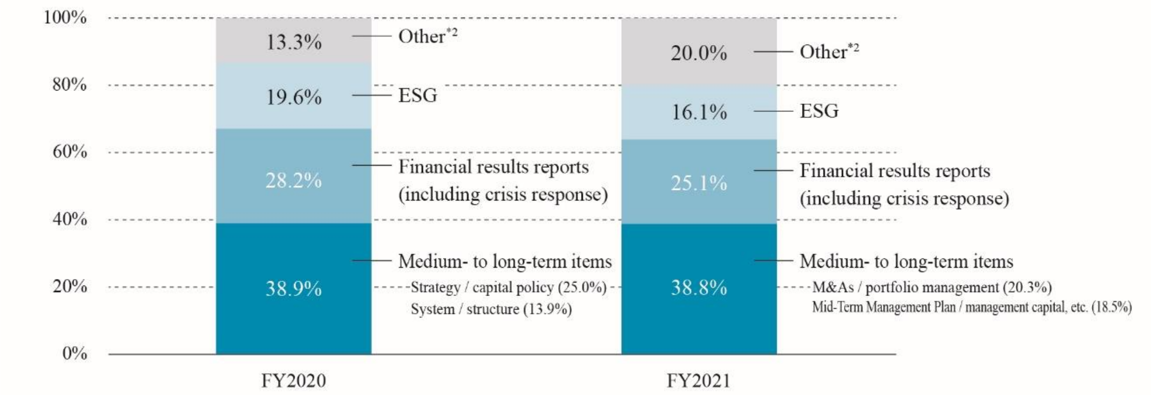
II. Results summary of the "Evaluation of Effectiveness of the Board of Directors" for FY2021
II-1. Results of operation of the Board of Directors
In FY2021, under the newly introduced business unit structure, we monitored and supported business performance as well as measures of each business unit. At the same time, we endeavored to manage the Board of Directors in order to appropriately hold discussions on the management base, such as human capital and digital strategies aimed at sustaining accelerated growth. Specifically, the Board of Directors took the initiative in determining priority issues to be discussed, and reported and deliberated on them based on the annual schedule. In addition, information sharing to Directors and Audit & Supervisory Board Members has been fulfilled by enhancing advance explanations about priority themes including M&As, in addition to establishing the Outside Executive Meeting and having Outside Directors attend management meetings as observers.
The allocation of time to agenda items at meetings of the Company's Board of Directors held in FY2021 is disclosed as follows, for the purpose of ensuring the transparency in the status of deliberations of the Board of Directors.

Board of Directors – Time Allocation by Agenda Item

<Time allocated for items to be resolved and reported>



<Time allocated by item category>



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

*2 Other: Resolutions in accordance with the provisions of the Companies Act, personnel matters, other individual proposals, etc.

II-2 Summary

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

- The Company's Board of Directors reached the unanimous conclusion that the composition of the Board of Directors is appropriate, and that the effectiveness of the Board of Directors is secured, as it fulfilled its functions through supervision and decision-making with respect to management issues, including responding to the business environment and strengthening the management structure and management base.
- In addition, the Board of Directors has continuously improved its supervisory function by ensuring that the executive side reports in a timely and appropriate manner on the state of the business and the Board of Directors deliberates and provides support based on an accurate understanding of the business environment in response to external factors such as the prolonged COVID-19 pandemic as well as the shortage of semiconductors and the rising cost of logistics.
- The Nomination Committee and Compensation Committee, which are chaired by an Outside Director and composed of a majority of Outside Directors, were evaluated as effectively functioning as advisory bodies to the Board of Directors by enhancing committee-led deliberations on major themes, including the implementation of a CEO succession plan that ensures objectivity and the design of incentives for compensation, etc. from a more shareholder-oriented perspective.
- On the other hand, to further improve the effectiveness of the Board of Directors, there were remarks pointing out the importance of "continuing to consider the optimal composition of the Board of Directors from the perspective of diversity, including expertise," "developing concrete growth strategies, including non-continuity factors, based on discussions of the business portfolio", and "continuing to consider the various capital that constitutes the management base," and of open debate to deepen these discussions utilizing the knowledge of Outside Directors and Outside Audit & Supervisory Board Members.
- In addition, there remarks pointing out from a supervisory perspective that it is necessary to take measures including "monitoring the business unit structure to enhance business administration and risk

management," and "conducting fixed-point assessments of risks that may have an impact on management.".

<Action items for FY2021 i) and ii)>
- Under the autonomous business operations of each business unit in the business unit structure, regular business status reports were provided by the head of each business unit, and through continuous monitoring, prompt responses to external factors were encouraged.
- In addition, the Board of Directors oversaw and supported measures for business growth and improvement of return on capital, as well as efforts to strengthen the Company's structure, through discussions on business portfolios. Also, the fact that enhanced discussions were held on ESG initiatives, and personnel system reforms, and other matters related to future finances and the management base was also highly evaluated.
- On the other hand, there were remarks pointing out the need for continuous improvement in the management of the progress of the business plan and accurate responses, as well as the need to further specify the digital services of each business unit in order to accelerate the transformation of the business structure, and the need for continuous deliberations on the establishment of business portfolio management and ROIC management.

<Action item for FY2021 iii)>
- The Board of Directors was evaluated to have had deliberated and provided timely and appropriate suggestions and support on the policies and measures for management capital (human resources, technology, intellectual property, liquid assets, etc.) outlined in the 20th Mid-Term Management Plan, , and to have presented to internal and external stakeholders its progress in strengthening its management base and its approach to human resource investment.
- In addition, in preparation for the introduction of a new personnel system, the Board of Directors held a series of discussions on the utilization of human resources and the development of digital human resources, resulting in the verification from multiple perspectives and a smooth transition to the new system.
- Meanwhile, the importance of clarifying the required human resource profile in the medium to long term and strengthening human capital, upgrading comprehensive risk management in preparation for changes in the business environment, and inspecting and continuously improving the governance structure and systems under the business unit structure was pointed out.

III. Efforts to improve the effectiveness of the Board of Directors in FY2022
In addition to the above evaluations, and taking into consideration that FY2022 is the year in which the next medium-term management plan will be formulated, the Company's Board of Directors will operate based on the following Basic Policy and work to improve the effectiveness of the Board of Directors with three specific action items as the core.

<Basic policies for FY2022>
1) Monitor and support important measures to achieve the goals as the final year of the 20th Mid-Term Management Plan
2) Discuss and support the formulation of the 21st Mid-Term Management Plan with the aim of maximizing corporate value as a digital services company

<Action items for FY2022>
i) In a highly uncertain business environment, monitor the progress of key management indicators and measures to achieve the business plan for FY2022, and encourage execution as necessary.
ii) In order to maximize corporate value as a digital services company, further enhance discussions on the transformation of the business structure, improvement of return on capital, and other matters concerning the management base, including the human capital to support it, and reflect them in the 21st Mid-Term Management Plan.
iii) Along with continuous improvement of corporate governance, inspect and supervise the business unit structure, risk management system, new personnel system, ESG (future finances), etc., to create an environment for sustainable growth.

In this effectiveness evaluation, the Board of Directors also deliberated on the concept, stance, and cornerstone culture that should serve as the foundation for the Board of Directors in its efforts to enhance the Company's corporate value. We will consider disclosing the results once the discussions are finalized.

(VI) **System to secure appropriateness of operations**

The systems to secure the appropriateness of the Company's operations are reviewed on a regular and ongoing basis in response to changes in the business environment, and resolutions are made at the Board of Directors.

Internal Control System Basic Policy

The RICOH Way, which comprises our founding principles ("Sanai spirit" - love your neighbor, love your country, love your work), Mission Statement, Vision Statement, and Values Statement, is the foundation of the Ricoh Group's management policy, strategy, and internal control system.

Inspired by the values incorporated in the Ricoh Way, we are working to establish and implement an internal control system aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance.

(1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties

Based on the principle of autonomous corporate governance, the Company promotes a corporate culture that values both a sense of duty to meet the various expectations of stakeholders and high ethics suited to good social conscience.

1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties

(i) Management transparency and fairness of decision-making are strengthened by the presence of Outside Directors. In addition, the Board of Directors is composed of a majority of Outside Directors to strengthen functions of overseeing from different perspectives.

(ii) The Board of Directors is positioned as the highest decision-making organization for business management and is chaired by a Non-executive director, who leads the Board from a neutral position, in order to facilitate in-depth discussions for important matters to reach robust decisions.

(iii) As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee" and the "Compensation Committee", which are chaired by Outside Directors have been established. In each committee, the majority of the members are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc. is secured.

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

2) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of employees' duties

(i) Regarding CSR (Corporate Social Responsibility) including compliance, in order to thoroughly implement the "Ricoh Group Code of Conduct" which articulates the general rules of conduct for Ricoh Group and its officers and employees, the Specialty Committee and a reporting line to report incidents and seek advice have been established. Also, various training programs are set up to enhance compliance domestically and overseas. The Company prohibits unfavorable treatments of anyone who made the report to the reporting line due to such reporting.

(ii) Efforts are being made to improve business processes and construct a framework for standardized internal control throughout the entire Group, with the goal of "complying with laws, norms and internal rules", "improvement of business effectiveness and efficiency", "maintaining high reliability of financial reporting", and "securing of assets", including compliance to the Financial Instruments and Exchange Law and other relevant laws and regulations.

(iii) The Company shall establish a department (Risk Management and Legal Center) specializing in enhancing and promoting the functions of the above on an integrated basis.

(iv) To ensure appropriate internal auditing, a division of internal management and control shall be

established. The division examines and evaluates business operations based on legal compliance and rational criteria, and perform audit for improvement.
(v) To establish and improve an internal control system of the Ricoh Group, the Company shall institute an "Internal Control Committee," which is expected to convene regularly to evaluate, deliberate and decide on development and improvement of internal control.

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

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

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

(5) Systems to ensure correct business standards at Ricoh and its subsidiaries
The Ricoh Group shall devise a system that ensures adherence to correct business standards to improve business performance and enhance the prosperity of the Ricoh Group, while respecting each other's independence, as follows:
(i) The Company's Board of Directors and the GMC make decisions and perform management oversight for the Ricoh Group as a whole.
(ii) The Company establishes its management regulations concerning each Ricoh Group company, and prescribes a system for reporting matters regarding the performance of duties of the Directors of each Ricoh Group company, and the Directors' authority for conducting such duties efficiently.
(iii) Each Ricoh Group company conducts risk management for losses relating to the company. Should any incident arise, the company should strive to minimize damage and recover quickly, and promptly report to the Company.
(iv) To ensure that the duties of Ricoh Group's Directors and employees are performed in compliance with laws and regulations and Articles of Incorporation, we formulate a set of common rules which shall be followed as the Ricoh Group's common standards, the "Ricoh Group Standard," and promote compliance across the Ricoh Group.

(6) Systems established to ensure the effective performance of duties by Audit & Supervisory Board Members
1) Matters regarding measures to secure independence of employees whom Audit & Supervisory Board Members request to assist them in the performance of their duties from Directors and efficacy of instructions given to such employees
(i) The Company shall establish an Audit & Supervisory Board office, where exclusively assigned employees assist Audit & Supervisory Board Members in performing their duties under their command.

(ii) Personnel evaluations regarding said employees shall be made by full-time Audit & Supervisory Board Members. Furthermore, personnel changes regarding said employees shall be made only after gaining agreement of full-time Audit & Supervisory Board Members.

2) Systems for Directors and employees of the Ricoh Group to report to Audit & Supervisory Board Members and other systems related to the reporting to Audit & Supervisory Board Members

(i) Directors and employees shall promptly report to Audit & Supervisory Board Members concerning risks that may affect the operation or the performance of the Ricoh Group or material violations of compliance concerning execution of duties.
(ii) Directors shall provide Audit & Supervisory Board Members with opportunities to attend important meetings, view minutes and materials of important meetings, as well as important resolution documents.
(iii) Directors shall report the status of business and assets regularly or occasionally at the request of Audit & Supervisory Board Members.
(iv) The Company prohibits unfavorable treatments of any Directors or employees of the Ricoh Group, who made the report to Audit & Supervisory Board Members due to such reporting.

3) Other systems established to ensure effective performance of duties by Audit & Supervisory Board Members

(i) Audit & Supervisory Board Members may regularly exchange opinions with Representative Directors.
(ii) Directors and employees of the Ricoh Group shall establish an environment for effective auditing of the Company and each Ricoh Group company by Audit & Supervisory Board Members at the time of audit.
(iii) The Company shall create an environment that enables Audit & Supervisory Board Members to conduct effective auditing through mutual cooperation with the Independent Auditor and the division of internal management and control.
(iv) The Company shall pay expenses incurred from the performance of duties of Audit & Supervisory Board Members and from receiving advice from outside experts as necessary.

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

Election Criteria for Audit & Supervisory Board Members

Candidates for Audit & Supervisory Board Member are selected for their appropriateness as personnel able to contribute, through the performance of duties as an Audit & Supervisory Board Member, to sound and sustained growth of the Company and the medium- to long-term enhancement of its corporate value, taking into consideration the balance of knowledge, experience and specialized abilities required of the Audit & Supervisory Board.
The following criteria (requirement definitions) have been established by the Audit & Supervisory Board in order to select candidates for Audit & Supervisory Board Member based on objective assessment of their suitability.
[Audit ability]
1. Appropriate experience, ability, and the necessary knowledge regarding finance, accounting and law
2. Professional skepticism and the ability to investigate facts properly, with an earnest attitude, and exercise objective judgement
3. Sense of duty and courage founded on personal beliefs, and the ability to make active and forthright suggestions and proposals to Directors and employees
4. The ability to see matters from a shareholders' perspective, act on this perspective, and engage in audits based on an attitude of learning from actual front lines, actual things and actual facts
[Knowledge background and temperament]
1. Healthy in mind and body, and able to serve for a full four-year tenure as Audit & Supervisory Board Member
2. Always aspires to improve him/herself, with a desire to learn new things
3. Able to communicate with local top management in English

Election Criteria for Outside Audit & Supervisory Board Members

In addition to the criteria above, Outside Audit & Supervisory Board Members are elected based on their high degree of specialist insight in the fields of corporate management, finance, accounting and law, and their extensive experience. The absence of any issues of independence regarding their relationships with the Company, its Representative Director, other Directors and important employees, with reference to the Company’s Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members that be shown in “IV. INFORMATION ON THE COMPANY, 4 CORPORATE GOVERNANCE, ETC., (2) Directors and senior management, 2) Outside Directors and Outside Audit & Supervisory Board Members”, is an additional criterion.

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

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

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

(X) **Number of Directors**
The number of directors is limited to 15 as set out in the Company's Articles of Incorporation.

(XI) **Conditions for Resolution on Appointments of Directors**
The Company's Articles of Incorporation stipulate that a resolution to appoint a director or corporate auditor must be made by the majority vote of attending shareholders holding at least one-third of the voting rights of shareholders who are eligible to exercise voting rights.

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

(XIII) **Requirements for Special Resolution by an Ordinary General Shareholders' Meeting**
Pursuant to Article 309, Paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that special resolutions by an ordinary general shareholders' meeting must be

passed by at least a two-thirds majority vote of attending shareholders holding at least one-third of the voting rights of shareholders eligible to exercise voting rights. The aim is to lower the required quorum for a special resolution of an ordinary general shareholders' meeting to facilitate the smooth operations of the meeting.

(XIV) **Determination of Interim Dividends**

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

(XV) **Outline of liability limitation contracts**

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

(XVI) **Outline of directors and officers liability insurance contracts**

The Company has entered into a directors and officers liability insurance contract pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company, with all insurance premiums at its expense. The insurance contract covers damages and litigation expenses arising from claims made to insured officers during the insurance period as a result of their actions in their capacity as an officer. However, certain damages are not covered by the insurance, including those arising from an action of the insured officer taken with the knowledge that it violates laws and regulations.
The Company intends to renew the insurance contract, during the term of office.

(2) Directors and senior management

1) Directors and senior management members

Directors and Audit & Supervisory Board Members of the Company as of June 27, 2022 are as follows:

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

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Yoshinori Yamashita (August 22, 1957)	Representative Director Nomination Committee Member Compensation Committee Member CEO	Mar. 1980	Joined the Company
		Feb.1995	Managing Director, Business Planning Division of Ricoh UK Products Ltd.
		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer (Corporate Vice President)
		Apr. 2011	Corporate Senior Vice President General Manager of Corporate Planning Division
		June. 2012	Director Corporate Executive Vice President
		Apr. 2014	General Manager of Business Solutions Group
		Apr. 2015	In charge of core business
		June. 2016	Deputy President
		Apr. 2017	Representative Director (Current) President (Current) CEO (Chief Executive Officer) (Current)
		Apr. 2020	CHRO (Chief Human Resource Officer)
Seiji Sakata (September 12, 1958)	Director CTO	Apr. 1981	Joined the Company
		Apr. 2006	General Manager of 1st Designing Center, MFP Business Group
		Apr. 2007	General Manager of Designing Center and General Manager of Peripheral Products Business Center, MFP Business Group
		Apr. 2008	Deputy General Manager of MFP Business Group
		Apr. 2009	General Manager of Controller Development Division and Deputy General Manager of MFP Business Group
		Apr. 2010	Corporate Vice President
		Apr. 2011	General Manager of Human Resources Division
		Apr. 2012	Corporate Senior Vice President
		Apr. 2014	General Manager of Japan Management Division

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Feb. 2015	General Manager of Japan Management Division and General Manager of Imaging Systems Development Division
		Apr. 2017	General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group
		Apr. 2018	Corporate Executive Vice President General Manager of Office Printing Business Group
		June. 2018	Director (Current)
		Apr. 2019	CTO (Chief Technology Officer) (Current)
		Apr. 2021	Executive Corporate Officer (Current) General Manager of Advanced Technology R&D Division
Akira Oyama (January 6, 1961)	Director President of Ricoh Digital Services Business Unit	July. 1986	Joined the Company
		Apr. 2011	President and COO of Ricoh Europe PLC
		Aug. 2012	Group Executive Officer General Manager of Europe Marketing Group CEO of Ricoh Europe PLC Chairperson of Ricoh Europe B.V.
		Apr. 2014	Corporate Senior Vice President General Manager of Corporate Division
		Apr. 2015	President of Ricoh Americas Holdings, Inc
		June. 2015	Director
		Sep. 2015	General Manager of New Business Development Division
		June. 2016	Corporate Executive Vice President
		Apr. 2017	CFO (Chief Financial Officer) General Manager of CEO office
		Apr. 2018	General Manager of Sales and Marketing Group
		Apr. 2019	CMO (Chief Marketing Officer)
		Apr. 2020	General Manager of Workplace Solutions Business Group
		Apr. 2021	Executive Corporate Officer (Current) President of Ricoh Digital Services Business Unit (Current)
		June. 2021	Director (Current)
		Apr. 2022	Director and Chairperson of Ricoh Japan Corporation (Current)
Masami Iijima	Outside Director	Apr. 1974	Joined MITSUI & CO., LTD.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
(September 23, 1950)	Chairperson of the Nomination Committee Compensation Committee Member	June. 2000	General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD.
		Apr. 2004	General Manager of Metals Administrative Division of MITSUI & CO., LTD.
		Apr. 2005	General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD.
		Apr. 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit of MITSUI & CO., LTD.
		Apr. 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD.
		Apr. 2008	Executive Managing Officer of MITSUI & CO., LTD.
		June. 2008	Representative Director, Executive Managing Officer of MITSUI & CO., LTD.
		Oct. 2008	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
		Apr. 2009	Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.
		Apr. 2015	Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD.
		June. 2016	Outside Director (Current)
		June. 2018	Outside Director of SoftBank Group Corp. (Current)
		June. 2019	Counsellor of the Bank of Japan (Current) Outside Director of Isetan Mitsukoshi Holdings Ltd. (Current)
		Apr. 2021	Director of MITSUI & CO.,LTD
		June. 2021	Advisor of MITSUI & CO.,LTD (Current) Outside Director, Audit and Supervisory Committee member of Takeda Pharmaceutical Co., Ltd. (Current)
		June. 2022	Lead Independent Director (Current)
Mutsuko Hatano (October 1, 1960)	Outside Director Nomination Committee Member Compensation Committee Member	Apr. 1983	Joined Hitachi, Ltd.
		Sep. 1997	Visiting Researcher at the University of California, Berkeley
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		July. 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, National University Corporation Tokyo Institute of Technology (Current)
		Oct. 2014	Council Member of Science Council of Japan
		June. 2016	Outside Director (Current)
		Oct. 2020	Member of Science Council of Japan (Current)
		Mar. 2022	Senior Aide to the President of National University Corporation Tokyo Institute of Technology (Current)
			Executive Member of Council for Science, Technology and Innovation (Current)
		June. 2022	Chairperson of the Board (Current)
Keisuke Yokoo (November 26, 1951)	Outside Director Nomination Committee Member Chairperson of Compensation Committee	Apr. 1974	Joined The Industrial Bank of Japan, Ltd. (Current Mizuho Bank, Ltd.)
		Apr. 2000	General Manager of Nagoya Branch of The Industrial Bank of Japan, Ltd.
		June. 2001	Managing Director, Head of Planning Group of Mizuho Securities Co., Ltd.
		Apr. 2007	President of Mizuho Securities Co., Ltd. (Shinko Securities Co., Ltd. and Mizuho Securities Co., Ltd. merged in May 2009 to form Mizuho Securities Co., Ltd.)
		June. 2011	Chairperson of Mizuho Securities Co., Ltd.
		June. 2012	Advisor of Mizuho Securities Co., Ltd.
		Apr. 2015	Vice Chairperson & President of Japan Association of Corporate Executives (KEIZAI DOYUKAI)
		Oct. 2016	Outside Director of The Dai-ichi Life Insurance Company, Limited (Current)
		June. 2017	Outside Director of Nippon Suisan Kaisha, Ltd.
		May. 2019	Chairperson of Sonar Advisers Inc. (Current)
		Dec. 2019	President, Member of the Board & Chief Executive Officer of Japan Investment Corporation (Current)
		May. 2020	Outside Director of Takashimaya Company, Limited (Current)
		June. 2020	Outside Director (Current)
Sadafumi Tani	Outside Director	Apr. 1977	Joined Jiji Press, Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
(September 15, 1954)	Compensation Committee Member	Apr. 1988	Staff Correspondent of Washington D.C. Bureau of Jiji Press, Ltd.
		Dec. 2001	Editor in Chief of Economic News of Jiji Press, Ltd.
		June. 2004	Director of Kobe Bureau of Jiji Press, Ltd.
		June. 2006	Managing Editor of Jiji Press, Ltd.
		June. 2009	Director of General Administration Division of Jiji Press, Ltd.
		Jan. 2010	General Manager of President's Office of Jiji Press, Ltd.
		June. 2010	Director of Jiji Press, Ltd.
		July. 2010	Director and Managing Editor of Jiji Press, Ltd.
		June. 2013	Executive Director of Jiji Press, Ltd.
		Mar. 2016	Director / Editor in Chief of Nippon.Com
		May. 2016	Audit & Supervisory Board Member of Quants Research Inc.
		June. 2016	Executive Director/Editor in Chief of Nippon.com (Current)
		June. 2021	Outside Director (Current)
		May. 2022	Advisor of Jiji research Institute, Ltd. (Current)
Kazuhiko Ishimura (September 18, 1954)	Outside Director Nomination Committee Member	Apr.1979	Joined Asahi Glass CO., Ltd. (Current AGC Inc.)
		Jan.2006	Executive Officer, General Manager of Kansai Plant, Asahi Glass Co., Ltd.
		Jan.2007	Senior Executive Officer, General Manager of Electronics & Energy General Division, Asahi Glass CO., Ltd.
		Mar.2008	Representative Director, President and COO of Asahi Glass Co., Ltd.
		Jan.2010	Representative Director, President and CEO of Asahi Glass Co., Ltd.
		Jan.2015	Representative Director, Chairperson of Asahi Glass Co., Ltd.
		June. 2015	Outside Director of TDK Corporation
		June. 2017	Outside Director of IHI Corporation
		Jan.2018	Director, Chairperson of Asahi Glass Co., Ltd.
		Apr.2018	Vice Chairperson of Japan Association of Corporate Executives (KEIZAI DOYUKAI) (Current)
		June. 2018	Outside Director of Nomura Holdings, Inc., (Current)
		Mar.2020	Director of AGC Inc.
		Apr.2020	President, National Institute of Advance Industrial Science and Technology.
		Apr.2021	President, CEO of National Institute of Advance Industrial Science and Technology. (Current)
		June. 2022	Outside Director (Current)
Kazuhiro Tsuji		Mar. 1984	Joined the Company

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
(January 25, 1961)	Audit & Supervisory Board Member	Mar. 2010	General Manager of Human Capital Development Department, Human Resources Division
		Apr. 2011	General Manager of Shared Services Center, Human Resources Division
		July. 2011	Deputy General Manager of General Administration Center
		Apr. 2013	General Manager of Secretarial Office
		Apr. 2018	General Manager of Human Resources Division
		Apr. 2019	Corporate Vice President
		June. 2020	Audit & Supervisory Board Member (Current)
Shinji Sato (May 2, 1960)	Audit & Supervisory Board Member	Apr. 1983	Joined MITSUI & CO., LTD.
		May. 2010	President and Representative Director of Mitsui & Co. Financial Management, Ltd.
		Apr. 2012	Chief Financial Officer of Asia Pacific Business Unit of MITSUI & CO., LTD.
			Senior Vice President of Mitsui & Co. (Asia Pacific) Pte. Ltd.
		Apr. 2015	Internal Auditor of Internal Auditing Division of MITSUI & CO., LTD.
		Dec. 2017	Joined the Company
			Adviser
		Apr. 2018	Corporate Vice President in charge of finance
			General Manager of Finance and Legal Division
			President of Ricoh Americas Holdings, Inc.
		June. 2019	Director of RICOH LEASING COMPANY, LTD.
		Apr. 2020	General Manager of Finance Division
		Apr. 2021	General Manager of Financial and Accounting Center
		June. 2021	Audit & Supervisory Board Member (Current)
Yo Ota (October 3, 1967)	Outside Audit & Supervisory Board Member	Apr. 2001	A member of staff of Civil Affairs Bureau of The Ministry of Justice (Japanese Commercial Code Group of Counsellor’s Office)
		Jan. 2003	Partner of Nishimura & Asahi (Current)
		June. 2005	Outside Auditor of Culture Convenience Club Co., Ltd.
		June. 2005	Outside Director of Denki Kogyo Co., Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		May. 2012	Director of the Japan Association of Corporate Directors (Current)
		Apr. 2013	Professor of Graduate Schools for Law and Politics of the University of Tokyo
		June. 2013	Councilor of LOTTE Foundation (Current)
		July. 2014	Vice Chairman of Corporate Governance Committee of the Japan Association of Corporate Directors (Current)
		June. 2016	Outside Director of Nippon Kayaku Co., Ltd. (Current)
		June. 2017	Outside Audit & Supervisory Board Member (Current)
Shoji Kobayashi (December 29, 1953)	Outside Audit & Supervisory Board Member	Apr. 1979	Joined Kao Soap Co., Ltd (Current Kao Corporation)
		Feb. 1998	Director of Chemical Research Laboratories of Kao Corporation
		Sep. 2002	General Manager of Industrial Materials Business Division of Kao Corporation
		June. 2006	Vice President & Executive Officer, Chemical Business Unit of Kao Corporation Business Division of Kao Corporation
		June. 2010	President & Executive Officer of Chemical Business Unit of Kao Corporation
		Mar. 2013	Full-time Audit & Supervisory Board Member of Kao Corporation (until March 2017)
		June. 2017	Member of Contract Monitoring Committee, National Institute of Technology and Evaluation (NITE)
		Jan. 2018	Advisor of SAIWAI TRADING CO., LTD.
		June. 2019	Director in charge of Control Group (Part-time) of SAIWAI TRADING CO., LTD. (Current)
		June. 2020	Outside Audit & Supervisory Board Member (Current)
		June. 2021	Chairman of Contract Monitoring Committee, National Institute of Technology and Evaluation (NITE)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2022	Member of Contract Monitoring Committee, National Institute of Technology and Evaluation (NITE) (Current)
Yasunobu Furukawa (October 11, 1953)	Outside Audit & Supervisory Board Member	Apr. 1976	Joined Tetsuzo Ota & Co. (Current Ernst & YoungShinNihon LLC)
		Sep. 1980	Registered as a certified public accountant (Current)
		May. 1999	Representative Partner of Ernst & Young ShinNihon LLC
		Aug. 2008	Executive Partner of Ernst & Young ShinNihon LLC
		Aug. 2010	Senior Executive Partner of Ernst & Young ShinNihon LLC
		Aug. 2012	Senior Advisor of Ernst & Young ShinNihon LLC
		June. 2014	Outside Director of Keisei Electric Railway Co., Ltd. (Current)
		June. 2015	Outside Audit & Supervisory Board Member of Saitama Resona Bank, Limited
		June. 2015	Outside Director of NSK Ltd.
		June. 2019	Outside Director (Audit & Supervisory Committee Member) of Saitama Resona Bank, Limited (Current)
		June. 2020	Outside Audit & Supervisory Board Member (Current)

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

The following table shows the number of shares of common stock owned by each Director and Audit & Supervisory Board Member of the Company as of March 31, 2022. None of the Company's Directors or Audit & Supervisory Board Members is a beneficial owner of more than 1% of the Company's common stock.

Name	Position	Number of Shares
Yoshinori Yamashita	Representative Director	54,300
Seiji Sakata	Director	20,000
Akira Oyama	Director	27,100
Masami Iijima	Outside Director	13,500
Mutsuko Hatano	Outside Director	6,700
Keisuke Yokoo	Outside Director	2,100
Sadafumi Tani	Outside Director	1,400
Kazuhiko Ishimura	Outside Director	–
Kazuhiro Tsuji	Audit & Supervisory Board Member	6,100
Shinji Sato	Audit & Supervisory Board Member	6,100
Yo Ota	Outside Audit & Supervisory Board Member	–
Shoji Kobayashi	Outside Audit & Supervisory Board Member	–
Yasunobu Furukawa	Outside Audit & Supervisory Board Member	–
Total		137,300

The Company maintains an executive officer system under which there are 16 officers each with one of the following roles:

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

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

Executive Officers of the Company as of June 27, 2022 are as follows:

Name	Current Position (Function)	Current Position (Business Area)
Yoshinori Yamashita	President	CEO (Chief Executive Officer) General Manager of Trade & Export/Import Control
Akira Oyama	Executive Corporate Officer	President of Ricoh Digital Services BU Chairperson of Ricoh Japan Corporation
Seiji Sakata	Executive Corporate Officer	CTO (Chief Technology Officer)
Katsunori Nakata	Senior Corporate Officer	President of Ricoh Digital Products BU
Shigeo Kato	Senior Corporate Officer	President of Ricoh Graphic Communications BU
Toyohito Tanaka	Senior Corporate Officer	CDIO(Chief Digital Innovation Officer) General Manager of Digital Strategy Division General Manager of Comprehensive China Strategy Division Chairperson of Ricoh Software Research Center (Beijing)Co., Ltd
Mayuko Seto	Senior Corporate Officer	CHRO(Chief Human Resource Officer) General Manager of Human Resources Division General Manager of Talent Development Department, Human Resources Division
Yasutomo Mori	Corporate Officer	President of Ricoh Industrial Solutions BU President of Ricoh Elemex Corporation
Takahiro Irisa	Corporate Officer	President of Ricoh Futures BU
Carsten Bruhn	Corporate Officer	General Manager of North America Management Division, Ricoh Digital Services BU President and CEO of Ricoh USA, Inc.
Nicola Downing	Corporate Officer	General Manager of EMEA Management Division, Ricoh Digital Services BU CEO of Ricoh Europe PLC
Joji Tokunaga	Corporate Officer	General Manager of Asia Pacific & Latin America Management Division, Ricoh Digital Services BU President of Ricoh Asia Pacific Pte, Ltd. Chairperson of Ricoh Australia Pty, Ltd. Chairperson of Ricoh Hong Kong Ltd. Chairperson of Ricoh (Thailand)Ltd.

Name	Current Position (Function)	Current Position (Business Area)
Kazuhiro Kimura	Corporate Officer	General Manager of Japan Management Division, Ricoh Digital Services BU President of Ricoh Japan Corporation
Takashi Kawaguchi	Corporate Officer	CFO (Chief Financial Officer) General Manager of Finance and Accounting Division President and Chairperson of Ricoh Americas Holdings, Inc.
Mikako Suzuki	Corporate Officer	General Manager of ESG Strategy Division
Kazuo Nishinomiya	Corporate Officer	General Manager of Professional service Division

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

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

Outside Directors

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Masami Iijima	Number of the Company's shares held is 13,500 as of March 31, 2022. Mr. Masami Iijima is a Counselor of MITSUI & CO., LTD. The Company has business relations with MITSUI & CO., LTD. such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and MITSUI & CO., LTD., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. In addition, Mr. Masami Iijima is an Outside Director of SoftBank Group Corp. and Isetan Mitsukoshi Holdings Ltd., and an Outside Director, Audit & Supervisory Committee member of Takeda Pharmaceutical Company Limited. The Company has business relations with each of these companies, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Masami Iijima to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Mutsuko Hatano	Number of the Company's shares held is 6,700 as of March 31, 2022. Ms. Mutsuko Hatano is a professor/Senior Aide to the President of National University Corporation Tokyo Institute of Technology. The Company had entered into a consignment contract with Ms. Mutsuko Hatano from April 1, 2016 to June 16, 2016 and had paid ¥1.5 million to her as commission. The purpose of this agreement was to have Ms. Mutsuko Hatano attend the Group Technology Management Meetings to provide advice and recommendations from an outsider's point of view on the management of technology at the Company. However, because this agreement was terminated before her appointment as the Company's Outside Director and the Company's Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members do not apply, it has been deemed that this agreement will have no impact on the independence of the Outside Director. The Company has business relations with National University Corporation Tokyo Institute of Technology, mainly regarding research and development consignment, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and the annual operating revenue of the university, which is considered extremely insignificant. The Company has executed a contract with Ms. Mutsuko Hatano to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Keisuke Yokoo	Number of the Company's shares held is 2,100 as of March 31, 2022. Mr. Keisuke Yokoo currently serves as Outside Director of The Dai-ichi Life Insurance Company, Limited and Takashimaya Company, Limited. The Company has business relations with each of these companies, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. In addition, the Company has business relations with Mizuho Securities Co., Ltd. and Nippon Suisan Kaisha, Ltd., where Mr. Keisuke Yokoo had belonged to in the past 10 years, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Keisuke Yokoo to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Sadafumi Tani	Number of the Company's shares held is 1,400 as of March 31, 2022. Mr. Sadafumi Tani is Executive Director/Editor in Chief of Nippon.com and an Advisor of Jiji Research Institute, Ltd. The Company has business relations with Jiji Press Ltd. and Quants Research Inc., where Mr. Sadafumi Tani had belonged to in the past 10 years, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Sadafumi Tani to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Kazuhiko Ishimura	Mr. Kazuhiko Ishimura is an Outside Director of Nomura Holdings, Inc. The Company has business relations with Nomura Holdings, Inc. such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Nomura Holdings, Inc., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. In addition, the Company has business relations with AGC Inc. and TDK Corporation, where Mr. Kazuhiko Ishimura had belonged to in the past 10 years, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Kazuhiko Ishimura to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Outside Audit & Supervisory Board Members

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Yo Ota	Mr. Yo Ota is an attorney-at-law and Partner at Nishimura & Asahi. Nishimura & Asahi is one of the law firms that the Company requests the handling of legal affairs on a case-by-case basis. Although the Company has transactions involving consignment of legal affairs, etc., with other attorneys-at-law at Nishimura & Asahi, the relevant transactional amount for the current fiscal year accounts for less than 1% of the consolidated net sales of the Company and the annual transaction amount of Nishimura & Asahi, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. Furthermore, Mr. Yo Ota has never been involved in legal consultation for the Ricoh Group. In addition, Mr. Yo Ota serves as an Outside Director of Nippon Kayaku Co., Ltd. The Company has business relations with each of these companies, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. The Company has executed a contract with Mr. Yo Ota to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Shoji Kobayashi	Mr. Shoji Kobayashi was a full-time Audit & Supervisory Board Member of Kao Corporation until March 2017. The Company has business relations with Kao Corporation, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Kao Corporation, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. In addition, Mr. Shoji Kobayashi serves as a Director (Part-time) of SAIWAI TRADING CO., LTD. The Company had business relations with SAIWAI TRADING CO., LTD., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SAIWAI TRADING CO., LTD., respectively, which is considered extremely insignificant and no business relation in FY2021. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. The Company has executed a contract with Mr. Shoji Kobayashi to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Yasunobu Furukawa	Mr. Yasunobu Furukawa was a Senior Advisor of Ernst & Young ShinNihon LLC until June 2014. The Company has business relations with Ernst & Young ShinNihon LLC, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Ernst & Young ShinNihon LLC, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. Mr. Yasunobu Furukawa currently serves as External Director of Keisei Electric Railway Co., Ltd. The Company has business relations with Keisei Electric Railway Co., Ltd. such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Keisei Electric Railway Co., Ltd., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. In addition, he is an Outside Director (Audit & Supervisory Board Member) of Saitama Resona Bank, Limited. The Company has business relations with Saitama Resona Bank, Limited such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Saitama Resona Bank, Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. The Company has executed a contract with Mr. Yasunobu Furukawa to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

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

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

Outside Directors

Name	The functions and roles in Corporate Governance
Masami Iijima	Provided proactive comments and advice in various areas including global governance and risk management based on his outstanding achievements and extensive experience as management executive at MITSUI & CO., LTD., a company witly developed business network. In addition, as the Lead Independent Director at the Company, he is responsible for improving and enhancing governance in collaboration with the Chairperson of the Board of Directors, and plays a role in leading the duties of independent Outside Directors at the Company. Concurrently, as the Chairperson of the Nomination Committee, he led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. As a member of the Compensation Committee, he has actively made proposals and engaged in discussions from a corporate top executive viewpoint.
Mutsuko Hatano	Provided proactive comments and advice from multifaceted perspectives in various areas including technology, education and policies based on her achievements and extensive experience as the professor of the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and as a committee member of many administrative bodies. In addition, as the Chairperson of the Board of Directors, she is responsible for setting the agenda and facilitating board meetings from a neutral standpoint and plays a role in leading engagement with shareholders and the handling of important supervisory matters in collaboration with the Lead Independent Director. Concurrently, as a member of the Nomination Committee and the Compensation Committee, she has made proposals and engaged in discussions from a viewpoint different from that of a corporate executive.
Keisuke Yokoo	Provided management decisions and supervise management from an independent standpoint with the perspective of investors and shareholders, based on his extensive experience in the financial and capital markets over many years and his broad knowledge and insight into finance, etc., since assuming office as an executive manager of Mizuho Securities Co., Ltd., then having served in various posts including office of President and Chairperson. Concurrently, as the Chairperson of the Compensation Committee, he led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. As a member of the Nomination Committee, he has made proposals and engaged in discussions based on his experience as a corporate top executive.
Sadafumi Tani	Provided proactive comments and advice from the perspective of investors and shareholders, based on his extensive experience over many years as an economic reporter together with his broad-ranging knowledge and insights regarding global economy and social issues, as well as excellent communication skills. In addition, he provided management decisions and oversight from an objective and societal perspective based on his advanced capabilities in information gathering and analysis. Concurrently, as a member of the Compensation Committee, he has made proposals and engaged in discussions from a corporate executive viewpoint.

Name	The functions and roles in Corporate Governance
Kazuhiko Ishimura	Since assuming office as an executive manager of Asahi Glass Co., Ltd. (currently AGC Inc.), then having served in various posts including office of Representative Director & President and Representative Director & Chairperson, he contributed to the development of the company by leading the global expansion of Japan's leading manufacturing company for many years. In addition, he contributes to the strengthening of Japan's industrial competitiveness as President of the National Institute of Advanced Industrial Science and Technology. He is expected to provide comments and advice in various areas including concerning organizations and governance, and environmental issues based on his outstanding management skills and extensive experience. Concurrently, as a member of the Nomination Committee, he is expected to make proposals and engage in discussions from a corporate top executive viewpoint.

Outside Audit & Supervisory Board Members

Name	Their function and role in Corporate Governance
Yo Ota	Mr. Yo Ota actively made comments at the Audit & Supervisory Board and the Board of Directors based on his extensive track records from his many years of experience as an attorney practicing all areas of corporate law, including M&As, corporate governance, and compliance, and his extensive experience as a specialist in corporate governance. In addition to the above activities, he also participated in audits of divisions and subsidiaries in fields of particular focus in relation to his areas of expertise or importance, and provided advice and recommendations.
Shoji Kobayashi	Mr. Shoji Kobayashi actively made comments at the Audit & Supervisory Board and the Board of Directors from an objective perspective based on his extensive experience gained through many years in development and business management while serving in important positions at Kao Corporation, such as General Manager of a business division and Executive Officer, as well as his deep insight into the management and governance of a global corporation, acquired as a full-time Audit & Supervisory Board Member of Kao Corporation, and his broad knowledge regarding all aspects of technology. In addition to the above activities, he also attended numerous audits of business units and Group headquarters organizations, subsidiaries, etc., and provided advice and recommendations from a wide range of perspectives, including technical and business operations, as well as ESG and engagement. In addition, he is expected to contribute to ensuring transparency in the nomination process by attending as an observer of the Nomination Committee meetings.
Yasunobu Furukawa	Mr. Yasunobu Furukawa actively made comments at the Audit & Supervisory Board and the Board of Directors based on his many years of experience as a certified public accountant and as an engagement partner for audits of global corporations with operations overseas at Ernst & Young ShinNihon LLC, and on his extensive insight and experience in corporate management as an outside director, audit committee member, and outside audit & supervisory board member for other companies. He also participated in audits of divisions and subsidiaries in fields of particular focus in relation to his areas of expertise or importance, and provided advice and recommendations. In addition, he was particularly active in asking questions and communicating with the independent auditor from his professional perspective. In addition, he is expected to contribute to ensuring transparency in the process of determining compensation by attending as an observer of the Compensation Committee meetings.

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

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

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

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

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

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

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

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

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

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

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

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

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

2. The Company may appoint a person as Outside Director or Outside Audit and Supervisory Board Member if it determines that the person is qualified for the post, even though he/she fails to satisfy any of

the above items (i) and (iv) through (ix) in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

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

(3) Audit

1) Operating Status of Audit & Supervisory Board

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

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

Position	Name	Career etc.
Audit & Supervisory Board Member (Full-time)	Kazuhiro Tsuji	He has abundant experience in our human resource, general affairs and secretarial offices, as well as a global human network, and an audit perspective through promoting risk management to our subsidiaries.
Audit & Supervisory Board Member (Full-time)	Shinji Sato	He has abundant experience in accounting and finance operations at domestic and overseas offices and affiliates, in addition to abundant experience serving as a president of affiliates and in internal audit operations at the Company and MITSUI & CO., LTD., where he had worked previously. He has considerable insight into finance and accounting.
Outside Audit & Supervisory Board Member	Yo Ota	He has a track record of handling numerous cases as an attorney-at-law specialized in M&A and corporate legal affairs. He has an extensive experience as attorney and expert on corporate governance.
Outside Audit & Supervisory Board Member	Shoji Kobayashi	He has served in various posts at Kao Corporation, such as General Manager of a business division, Executive Officer and Audit & Supervisory Board Member, and has extensive experience and deep insight into the business management and governance of a research & development and global corporation.
Outside Audit & Supervisory Board Member	Yasunobu Furukawa	As a certified public accountant and Ernst & Young ShinNihon LLC, he has audited global companies expanding overseas as an engagement partner, he has considerable insight into finance and accounting.

The Audit & Supervisory Board Office has been established, staffed by four full-time employees dedicated to this office with a certain degree of guaranteed independence from the Business Execution and assists the activities of the Audit & Supervisory Board Members, such as collection and analysis of information globally and support for investigation.

b. Operation of the Audit & Supervisory Board

The Audit & Supervisory Board meetings were held 14 times during FY2021 (average time per meeting: approximately 140 minutes). In FY2021 as well, to prevent the spread of COVID-19, remote meetings were also used in conjunction with face-to-face meetings for Audit & Supervisory Board meetings. Attendance rate of the Audit & Supervisory Board meetings and Board of Directors meetings for each Audit & Supervisory Board member are as follows.

Position	Name	Attendance rate for the Audit & Supervisory Board meetings held during the fiscal year	Attendance rate for the Board of Directors meetings held during the fiscal year
Audit & Supervisory Board Member (Full-time)	Hiroshi Osawa*1	100% (4 out of 4)	100% (2 out of 2)
Audit & Supervisory Board Member (Full-time)	Kazuhiro Tsuji	100% (14 out of 14)	100% (12 out of 12)
Audit & Supervisory Board Member (Full-time)	Shinji Sato *2	100% (10 out of 10)	100% (10 out of 10)
Independent outside Audit & Supervisory Board Member	Yo Ota	93% (13 out of 14)	92% (11 out of 12)
Independent outside Audit & Supervisory Board Member	Shoji Kobayashi	100% (14 out of 14)	100% (12 out of 12)
Independent outside Audit & Supervisory Board Member	Yasunobu Furukawa	93% (13 out of 14)	83% (10 out of 12)

*1 The number of attendances of Mr. Hiroshi Osawa is until the retirement at the conclusion of the 121st Ordinary General Meeting of Shareholders held on June 24, 2021.
*2 The number of attendances of Mr. Shinji Sato is after being appointed and the election at the 121st Ordinary General Meeting of Shareholders held on June 24, 2021.

Key matters and information shared and considered in the Audit & Supervisory Board meetings and main items improved in FY2021 are as follows.

13 resolutions: Audit policy audit plan and division of duties, Audit & Supervisory Board's Report, agreement to resolution concerning election of Audit & Supervisory Board Members, reappointment of the Independent Auditor, agreement regarding audit fee paid to the Independent Auditor, etc.

27 deliberations: Exchange of opinions and review of the status of deliberations at the Board of Directors meetings, evaluation of the Independent Auditor, draft of audit policy and audit plan, draft of Audit & Supervisory Board's Report, draft of Notes on the Audit Performance, contents of summary of Audit & Supervisory Board audit activities, contents of regular meetings and follow-up with the Representative Director and Chairperson of the Board of Directors, etc.

50 reports: Status of execution of duties by full-time Audit & Supervisory Board Members (monthly), results of self-assessment for audit performance, status of operation of the Investment Committee, status of creation and operation of the disclosure system, status of non-audit work by the Independent Auditor, contents of securities report, etc.

c. Outline of audit activities

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

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

Chart1：Outline of audit activities ★Meetings organized by the Audit & Supervisory Board members

Areas	Audit activities	Allocation of responsibilities	
		Full-time Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members
(1) Directors	Attending the Board of Directors meetings	●	●
	Attending as an observer in the Nomination Committee and Compensation Committee meetings		●
	Holding regular meetings with Chairman of the Board and Representative Director (quarterly) ★	●	●
	Holding governance review meetings attended by Directors and the Audit & Supervisory Board Members ★	●	●
	Holding Outside Executive Meeting (meeting for exchange of opinions by Outside Directors and Audit & Supervisory Board Members) ★	●	●
(2) Business execution	Auditing headquarters and principal offices (including remote meeting)	●	□
	Attending Group Management Committee (GMC)	●	
	Attending performance review meetings, business unit operation meetings, Investment Committee meetings and other important meetings	●	
	Holding separate regular meetings with the CEO and the CFO respectively (monthly) ★	●	
	Holding information sharing meetings with presidents of business units and Group Headquarters Function Supervisors ★	●	
	Holding regular meetings with risk management departments (monthly) ★	●	
	Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.)	●	
(3) Subsidiaries	Auditing subsidiaries (including remote meeting)	●	□
	Holding regular meetings with Audit & Supervisory Board Members of subsidiaries (monthly) ★	●	
	Holding information exchange meetings among Audit & Supervisory Board Members of the Group ★	●	□
(4) Internal audit	Receiving explanation from internal audit division about the internal audit plan, and reporting the results thereof (quarterly) ★	●	●
	Holding regular meetings with internal audit division (monthly) ★	●	
(4) Internal audit / (5) Accounting audit	Holding three-way audit meeting: meetings with Independent Auditor and internal auditors (monthly) ★	●	
(5) Accounting audit	Receiving explanation about audit plan and reports of quarterly review and Audit result from the Independent Auditor	●	●
	Evaluating the Independent Auditor	●	●

●: In charge
□:Voluntarily or partly in charge

With regard to the Key Audit Matters (KAM) in FY2021, the Audit & Supervisory Board confirmed the status of deliberations regarding the explanations on Independent Auditor's audit plans, quarterly audit reports, etc., and strove to communicate appropriately with the executive side, as well.

In FY2021, the Company transitioned to a business unit structure. The Audit & Supervisory Board examined the expected risks associated with the business activities. As a result, in addition to the audit activities shown in Chart 1, "audit of internal control systems, risk management, and subsidiary management structures in individual business units" and "audit of effective governance by the Group headquarters" were established as areas of focus for FY2021.

(I) Audit of internal control systems, risk management, and subsidiary management structures in individual business units

Authority has been delegated to individual business units as a result of the transition to the business unit structure. Business units are required to conduct business in an autonomous and speedy manner, and auditing and verification were performed for items (i) through (iii) below, for which governance-related changes will occur.

(i) Status of design, creation, and operation of internal control systems and risk management by individual business units

(ii) Division of responsibilities between individual business units and the Group headquarters, and status of use of support functions for individual business units

(iii) Effectiveness of subsidiary management as a result of changes to the principal administrative divisions*3, and existence of new issues occurring among subsidiaries.

● Attendance at important meetings, information sharing with the presidents of individual business units

- In addition to the reviews on individual business units, the Audit & Supervisory Board Members participated in business operation meetings of individual business units and met with business unit presidents as needed, striving to stay updated about the decision-making, report contents, and the status of business operations by each business unit.
- Audit & Supervisory Board Members participated in portfolio management meetings and confirmed the status of deliberations regarding future business portfolios.

● Selection of scope of Audit & Supervisory Board Member reviews, taking into consideration the changes to the management structures of subsidiaries as a result of the transition to the business unit structure (29 subsidiaries)

- The Audit & Supervisory Board selected subsidiaries whose principal administrative divisions had undergone changes, and subsidiaries supervised by multiple business units, for review, and confirmed the status of management in these subsidiaries.
- In addition to making selections based on the risk information in the "integrated risk information database for the Ricoh Group"*4, which has been prepared and is being used by the Audit & Supervisory Board Office, the Audit & Supervisory Board also selected principal subsidiaries and confirmed the impact of changes from the perspectives of (i) to (iii) above.

*3 Principal administrative divisions: Headquarters administrative divisions in charge of subsidiaries.
*4 Integrated risk information database for the Ricoh Group: A database that can be used to centrally manage and share basic information and risk information regarding subsidiaries.

(II) Audit of effective governance by the Group headquarters

The Audit & Supervisory Board monitored and verified the governance and control functions of the Group headquarters with respect to the Ricoh Group as a whole, the head office's cross-functional capabilities, the support functions for individual business units, and the clarification of the division of duties within the Group headquarters.

It also confirmed issues and future direction regarding the overall design of the internal control system and the comprehensive enhancement of internal audit and the Group headquarters, including accounting and legal affairs.

● Appropriate information sharing with Group headquarters functional officers and participation in meetings with function divisions

- In addition to Audit & Supervisory Board Member reviews of the individual organizations of the Group headquarters (18 organizations: global headquarters, platform organizations, and professional service organizations), Audit & Supervisory Board Members shared information with Group headquarters functional officers as necessary and strove to reinforce the information gathering and reporting systems.
- Audit & Supervisory Board Members participated in meetings conducted by Group headquarters functional divisions, such as SCM meetings and digital strategy meetings and confirmed the status of business execution and issues.

● Exchange of information and opinions between Directors and Audit & Supervisory Board Members

- At Outside Executive Meetings, the Audit & Supervisory Board Members exchanged opinions and shared information with Outside Directors regarding matters learned through auditing activities such as the status of governance by the Group headquarters.
- At governance review meetings, the Audit & Supervisory Board Members engaged in discussions regarding the inspection of governance given the transition to the business unit structure, and strove to create greater opportunities to share information and exchange opinions with Outside Directors in particular.

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

The full-time Audit & Supervisory Board Members are engaged in the audit activities illustrated in Chart 1, and the details of these activities were communicated at the Audit & Supervisory Board meetings, as appropriate.

The Outside Audit & Supervisory Board Members conducted audits on individual business units, functional organizations of the Group headquarters, and subsidiaries, and made suggestions, drawing on their respective individual expertise and background, together with the full-time Audit & Supervisory Board Members. They also received detailed explanations about important management themes and expressed opinions from the standpoint of Independent Audit & Supervisory Board Members at the regular meetings with the Chairperson of the Board of Directors and the Representative Director.

2) Internal Audit Members

The Internal Management & Control Division, which consists of 23 staff members and is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly defined rules to improve operational effectiveness and efficiency, ensure the reliability of financial reporting, to comply with regulations and the Company's rules related to corporate activities and to safeguard assets. The results are regularly reported to the Internal Control Committee established under the President of the Company.

The Internal Management & Control Division will have periodic meetings with the Audit & Supervisory Board Members to share information and findings from the audits performed. Furthermore, a database has been established between the two parties for sharing key information so that audits by both parties can be implemented effectively.
The Audit & Supervisory Board Members and Internal Management & Control Division will also maintain close ties with external auditors and proactively exchange opinions and information in order to perform effective audits.
Regarding the matters pointed out in these audits are helping to enhance the internal control and the quality of business execution through a cycle in which each department and subsidiaries consider improvement and reconfirm whether necessary improvements have been made.

3) Accounting Audit

a. Name of certified public accountants

Deloitte Touche Tohmatsu LLC

b. The length of years the Accounting Auditor has served

Three years

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

Masato Shoji, Yutaka Hamaguchi and Norihiro Watanabe

d. The numbers of audit assistants involved in the audit

There were total of 58 audit assistants involved in the audit as of March 31, 2022, 12 certified public accountants and 46 others.

e. Policy to select the independent auditor and the reason

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

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

The Audit & Supervisory Board, by unanimous agreement, will dismiss the independent auditor when confirmed that the independent auditor falls under any item of Article 340, Paragraph 1 of the Companies Act. In this case, the dismissal and its reasons will be reported at the first general meeting of shareholders to be held after the dismissal.
In addition to the above, the Audit & Supervisory Board will decide the contents of the proposal on dismissal or non-reappointment of the independent auditor, which will be proposed at the general meeting of shareholders when confirmed that it is difficult for the independent auditor to properly perform audit duties etc., or that it would be otherwise appropriate to change independent auditors.

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

- Any item of Article 340, Paragraph 1 of the Companies Act.
- Any difficulties for independent auditor to properly perform audit duties etc.
- Whether the changes in the accounting auditor are deemed appropriate etc.

As a result, the accounting auditor's audit method and results were deemed appropriate, and the Audit & Supervisory Board decided that it would be appropriate to reappoint Deloitte Touche Tohmatsu LLC.

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

The Independent Auditor, Deloitte Touche Tohmatsu LLC, was monitored through evaluation items[*5] based on the evaluation criteria for the Independent Auditor defined by the Audit & Supervisory Board. The method used to evaluate the Independent Auditor was as follows.

- Management letters and mid-term reports were used to confirm that information and recommendations were being appropriately provided to management.
- Three-way audit meetings were used to confirm the stances of the Independent Auditor and the status of coordination with network firms, etc.
- Performance reviews on the Independent Auditor were conducted by the Audit & Supervisory Board based on the results of interviews with executive divisions (accounting and internal audit). Requests for the Independent Auditor were collected and organized during the fiscal year (in December), and explanations were received regarding replies to these requests.
- The Audit & Supervisory Board conducted an evaluation review at the end of the fiscal year, referring to the replies to the requests and other information, determined the appropriateness of the reappointment of the Independent Auditor, and confirmed points of improvement in the upcoming fiscal year.

*5: Evaluation items for the Independent Auditor: Quality control by the audit firm, audit team, audit fee, etc., communication with Audit & Supervisory Board Members, etc., relationship with management, etc., group audits, fraud risk

4) Details of Fees for Audit and Non-Audit Services

(1) Fees to certified public accountants

Category	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	215	−	215	1
Consolidated subsidiaries	97	−	93	−
Total	312	−	308	1

Descriptions of non-audit services to the Company

(Fiscal year ended March 31, 2021)

Not applicable.

(Fiscal year ended March 31, 2022)

Non-audit services to the Company were in respect of the educational services related to risk management.

Descriptions of non-audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2021)

Not applicable.

(Fiscal year ended March 31, 2022)

Not applicable.

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

Category	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	−	335	−	199
Consolidated subsidiaries	1,271	72	1,496	122
Total	1,271	407	1,496	321

Descriptions of non-audit services to the Company

(Fiscal year ended March 31, 2021)

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

(Fiscal year ended March 31, 2022)

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

Descriptions of non-audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2021)

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

(Fiscal year ended March 31, 2022)

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

(3) Other fees

Not applicable.

(4) Policy on determination of audit fees

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

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

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

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

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

How to determine the policy regarding the decision on the content of individual compensation, etc.

The policy is decided by the Board of Directors considering the deliberation and recommendation by the Compensation Committee, which is an advisory body to the Board of Directors.

Policy of Compensation for Directors

Executive compensation is used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, in the pursuit of increased shareholder value of the Ricoh Group. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. The Company determines executive compensation based on the following basic policies:

1) Compensation composition

Three elements: i) basic compensation that reflects expected roles and responsibilities, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value.

Compensation for internal Non-executive Directors is comprised only of basic compensation and bonuses in light of their role of overseeing business execution with extensive knowledge of the actual situation of the Company serving full-time.

Compensation for Outside Directors responsible for management oversight and Audit & Supervisory Board Members responsible for auditing is comprised only of basic compensation in order for them to focus on fair oversight and auditing, thereby ensuring independence from the execution of business.

2) Governance

The Company will ensure objectivity, transparency and appropriateness in designing the compensation system, setting compensation levels and determining individual compensation through appropriate external benchmarks and ongoing deliberations and monitoring by the Compensation Committee.

The Compensation Committee and the Board of Directors deliberates on the appropriateness of individual director compensation amounts based on the results of the Nomination Committee’s evaluation of Directors and other factors.

Policy regarding decisions on individual compensation, etc., and matters related to performance-linked compensation, non-monetary compensation, etc. for FY2021

1) Process for determining compensation

The Company has established a voluntary Compensation Committee to build a more objective and transparent compensation review process that helps increase profits, enhance corporate value, and strengthen corporate governance through incentives. The Compensation Committee determines each compensation plan for basic compensation, bonuses, compensation for acquiring stock, and stock-based compensation with stock price conditions after multiple deliberations based on the compensation standards for Directors and business performance, as well as the results of the Nomination Committee’s evaluation of Directors, and makes recommendations to the Board of Directors. The Board of Directors deliberates and decides on each compensation plan recommended by the Compensation Committee. With respect to bonuses, the Board of Directors determines the total amount of bonuses to be paid after confirming that the amount of bonuses for each individual Director is appropriate in accordance with the formula for

Directors' bonuses, and decides on a proposal for the payment of bonuses to Directors and whether or not to submit the proposal to the General Meeting of Shareholders. After the proposal for payment of bonuses to Directors is approved at the General Meeting of Shareholders, the amount of the individual bonuses determined by the Board of Directors is paid.

2) Policy for determining compensation level
From the perspective of ensuring appropriate linkage with corporate performance, the Compensation Committee confirms every fiscal year whether the target level of the Company's performance is secured for each compensation category. Basic compensation refers to the compensation level of officers of the benchmark company group* based on survey results of external specialized agencies. Short-term and medium- to long-term incentives are set to the level that is at a higher level among the benchmark company group if our operating profit level is higher than the performance of the benchmark company group, and at a lower level among the benchmark company group if our operating profit level is lower.
* Approximately 20 companies are selected from among competitors in the office automation field, electrical equipment manufacturers, and global companies of similar size (in terms of net sales, number of employees, etc.).

3) Compensation for Directors

Type	Name	Internal Director		Outside Director	Comments
		Executive	Non-executive		
Fixed	Basic compensation	○	○	○	Compensation based on roles and responsibilities
Variable (short-term)	Performance-linked bonuses	○	○	–	Linked to achievement of performance targets
Variable (long-term)	Compensation for acquiring stock	○	–	–	The entire amount paid is used for the acquisition of Ricoh shares through the Executive Stock Ownership Plan
	Stock-based compensation with stock price conditions	○	–	–	Incentive to enhance corporate and shareholder value over the medium to long term

1. Basic compensation (fixed)
Basic compensation is monetary compensation paid monthly during the term of office as a compensation that reflects the roles and responsibilities expected of Directors. The amount of compensation is decided within the range of the total amount of compensation determined at the general meeting of shareholders, and the total amount of compensation paid for FY2021 was 296.15 million yen.

	Composition of compensation	Main method of setting compensation levels
Internal Directors	"Compensation pertaining to management oversight" and "compensation reflecting the importance of individual roles and management responsibilities" as a base, with additional "compensation based on positions for the Representative Director, Chairperson of the Board of Directors, etc."	• The importance of individual roles and management responsibilities of Directors who concurrently serve as Executive Officer are determined with reference to the job grade framework of external specialized agencies. • Compensation for Non-executive Directors is determined in light of their role of overseeing business execution with their extensive knowledge of the actual situation of the Company serving full-time.
Outside Directors	"Compensation pertaining to management oversight" and "compensation pertaining to advice to management" as a base, with additional "compensation based on positions, such as Chairperson of the Nomination Committee and Chairperson of the Compensation Committee"	• The amount of compensation is set with reference to objective data from external specialized agencies.

2. Performance-linked bonuses (short-term)

Performance-based bonuses are monetary compensation paid after the end of a fiscal year as compensation that reflects the Company's performance and shareholder value improvements in the target fiscal year. For FY2021, the following indicators were established.

Evaluation indicator	Reason (objective)
Consolidated operating profit	Clarify that Directors are responsible for increasing earnings and improving profitability by setting operating profit, which correlates with market capitalization and represents achievements in business activities, as an evaluation indicator
Achievement of target ROE in the current fiscal year	Clarify that Directors are responsible for improving shareholder value by setting ROE, a key indicator for enhancing return on capital, as an evaluation indicator
Annual DJSI* Rating	Provide an incentive for ESG improvement by using the DJSI's annual rating, which is used as a tool for confirming company-wide ESG initiatives, as an evaluation indicator

In addition, the Compensation Committee deliberates on the appropriateness of individual bonus payment amounts based on the results calculated by the formula below, including the results of the evaluation of Directors by the Nomination Committee, and make recommendations to the Board of Directors, which then decides whether or not to submit a proposal for the payment of bonuses to Directors to the General Meeting of Shareholders.

With regard to bonuses for FY2021, the Compensation Committee's deliberations determined that the results calculated according to the formula below are appropriate, and the total amount to be paid is 29.69 million yen.

*Dow Jones Sustainability Index (DJSI):

A share index jointly developed by Dow Jones in the US and S&P Global, a company specializing in research on sustainable investment, the Dow Jones Sustainability Index measures the sustainability of major companies around the world from the three perspectives of economy, environment and society.

(Reference)

Formula for Directors' bonuses

Individual bonus amount (thousand) = [Base points: Position points × Profit factor: Factor determined based on consolidated operating profit (Factor = operating profit (/a million yen) divided by 20,000)] × Achievement of target ROE in the current fiscal year = Result / target × DJSI Rating

Director's position	Position points
President	6,470
Corporate Executive Vice President	3,440～3,470
None	1,680

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

Rating	Factor
World	1.05
Asia/Pacific	1.00
Not included	0.95

Targets and Results for Evaluation Indicators (FY2021)

	Target	Results	Factor
Consolidated operating profit	¥50.0 billion	¥40.0 billion	2.0
Achievement of target ROE in the current fiscal year	4.0%	3.3%	0.8
Annual DJSI Rating	World	World	1.05

3. Compensation that reflects the improvement of shareholder value (medium- to long-term)
Compensation that reflects the stock price consists of the following "compensation for acquiring stock," and "stock-based compensation with stock price conditions" for the purpose of further strengthening Directors' commitment to improving the Company's corporate value over the medium- to long-term.

(Compensation for acquiring stock)
Compensation for acquiring stock is monetary compensation intended to steadily increase the number of shares held by the Directors and to share with shareholders the benefits and risks arising from fluctuations in the stock price. Compensation for acquiring stock is paid monthly as fixed salary during the term of office, and the entire amount paid is used for the acquisition of stock by the Ricoh Executive Stock Ownerships Plan. The amount is set for each position within the range of the total compensation decided at the general meeting of shareholders, and the total compensation paid for FY2021 was 11.73 million yen.

(Stock-based compensation with stock price conditions)
Stock-based compensation with stock price conditions aims to raise awareness of contributions to improving medium- to long-term corporate value and shareholder value by clarifying the link between Directors' compensation and the value of the Company's stock, and by making Directors share benefits and risks of fluctuations in stock prices with shareholders.
The stock-based compensation with stock price conditions is a system under which the Board Incentive Plan trust (hereinafter referred to as the "Trust") established by the Company with monetary contributions acquires the Company's shares from the stock exchange market and delivers the number of Company shares equivalent to the number of points granted by the Company to each Director through the Trust (hereinafter referred to as the "System").
In principle, a Director receives delivery of the shares of the Company at retirement.
The number of points granted to each Director by the Company corresponds to the position of each Director in accordance with the Share Grant Regulations determined by the resolution of the Board of Directors. As the system is intended for the Directors to share benefits and risks of stock price fluctuations

with shareholders, the final number of shares to be delivered will in principle be determined by multiplying the points granted by a rate (0 to 200%) obtained from the results of comparison of the growth rate of the Company’s stock price during the term of office with the growth rate of TOPIX. In addition, pre-issuance malus-clawback clause has been established to request the return of stock-based compensation in the event of serious misconduct that causes damage to the Company during the Director’s term of office.
The amount recorded as expenses based on the points granted for the stock-based compensation with stock price conditions in FY2021 is 14.74 million yen. As no Directors retired in FY2021, there is no disclosure item regarding the actual growth rate of the Company’s stock price.

1	Directors who are eligible for the System	Directors of the Company (excluding Outside Directors and Non-executive Directors)
2	Period (After the extension)	Three fiscal years from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2023 (The period covered by the System may be extended by a decision of the Board of Directors for a period not exceeding five fiscal years, to be determined on a case-by-case basis.)
3	Maximum amount of money that the Company will contribute as funds for the acquisition of the Company’s shares required to be delivered to the eligible Directors during the period.	A total of 300 million yen for the initial subject period (from the fiscal year ended March 31, 2020 to the fiscal year ended March 31, 2022) In the case of an extension of the covered period, the amount obtained by multiplying the number of fiscal years of the extended period by 100 million yen will be added.
4	How to acquire the Company’s shares	Acquisition from the stock market (including off-floor trading)
5	Maximum number of points awarded to eligible Directors	A total of 300,000 points for the initial period. If the case of an extension of the covered period, the number of points obtained by multiplying the number of fiscal years of the extended period by 100,000 points will be added. (Note) 1 point is 1 share of the Company.
6	Standard for granting points	Points are granted in a number corresponding to the position of the eligible Director, adjusted by the comparison results between the growth rate of the Company’s stock price and the growth rate of TOPIX (Tokyo Stock Price Index).
7	When to deliver the Company's shares to the eligible Directors	Upon retirement, in principle

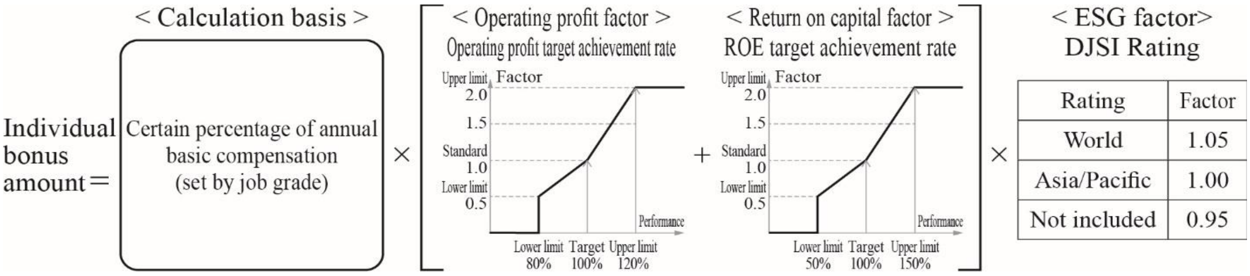
Note: The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of Shareholders held on June 27, 2007.

4. Revision of directors' compensation for FY2022
The Board of Directors decided on March 2, 2022 to revise the basic compensation and bonus formula for Directors starting in FY2022, with the aim of continuously increasing corporate value through transformation into a digital services company.

(Revision of basic compensation for Directors who also serve as Executive Officers)
The Company will change from setting remuneration by position to setting remuneration by job grade. The job grade is determined in accordance with the content of the duties of Directors who concurrently serve as Executive Officers, the level of responsibility and the degree of difficulty of the duties, with reference to the job grade framework of an external professional organization.

(Revision of bonus formula for Directors)
The formula will be changed to clarify the responsibility of Directors for achieving company-wide performance and to motivate them to achieve their goals.

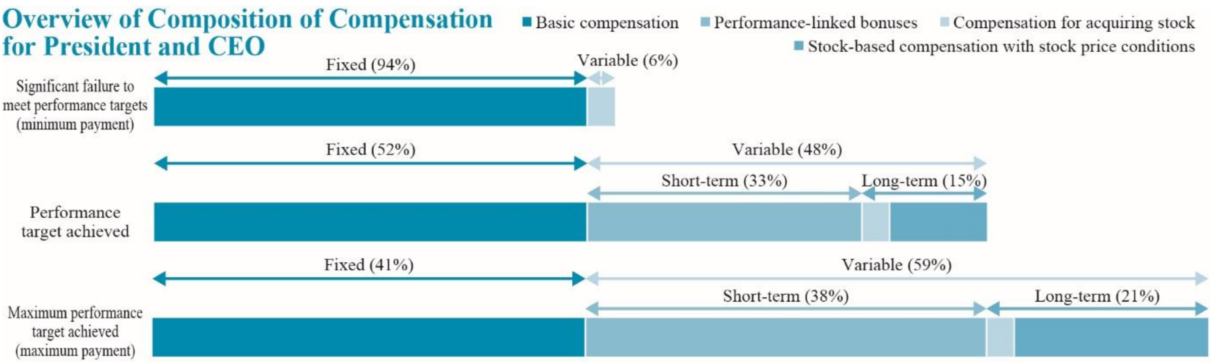
Bonus formula for Directors from FY2022



[Revision points]
1)Return on equity (ROE) will be independently evaluated as a key indicator, while consolidated operating profit was previously the main axis and ROE was a factor for addition or subtraction of the degree of achievement.
2) The change from the conventional profit-distribution formula to a target achievement formula will clarify the level of KPI that must be achieved, and will also increase the degree to which bonuses are paid in accordance with actual performance.
3) A higher inclined incentive curve will be set for the achievement of company-wide performance that exceeds the target.

The Company will continue to review its incentive design for increasing corporate value and shareholder value when developing the next 21st Mid-term Management Plan commencing from the next fiscal year.

Policy on determining the ratio of fixed and variable compensation
In order to clarify responsibility for performance for each role and function, the ratio of fixed compensation (basic compensation) to variable compensation (performance-linked bonus, compensation for acquiring stock, and stock-based compensation with stock price condition) is designed so that those with more management responsibility will receive a greater proportion of variable compensation. As a result of the revision of the formula for Director bonuses in FY2022, etc., for the highest-ranking President and Executive Officer, the fixed/variable compensation ratio will approximately be 5:5 when the standard performance target is achieved, and 4:6 when the maximum performance target is achieved.
The Company will continue to emphasize the enhancement of corporate and shareholder value over the medium to long term, and will further increase the ratio of variable compensation linked to shareholder value and business performance, and will continue to deliberate on the appropriate amount of compensation for each compensation type.



Other important matters regarding decisions on individual compensation, etc.
1) Return of stock-based compensation (malus-clawback clause)
Regarding stock-based compensation with stock price conditions, a malus clause and a clawback clause are stipulated in the Share Grant Regulations determined by the Board of Directors of the Company. For a person who was dismissed or resigned from the position of Director due to serious misconduct that causes damage to the Company, all or part of the points granted up to that time will expire by a resolution of the

Board of Directors. At the same time, no further points will be granted. The persons subject to the system will not be eligible for beneficiary rights related to the expired points.
Furthermore, the Company can request those who have already received the delivery of the Company's shares and the delivery of money in lieu of the Company's shares to return the amount obtained by multiplying the total number of share delivery points by the closing price of the Company's shares on the Tokyo Stock Exchange on the date such request is made.

2) Prohibition of stock trading for a certain period
Regarding stock-based compensation with stock price conditions, as a response to insider trading regulations, even after the delivery of the Company's shares, the shares shall not be bought or sold until one year has elapsed from the date following the recipient's retirement.

3) Handling of compensation amid significant environmental changes, etc.
In the event of a significant change in the business environment, sudden deterioration of business performance, and quality issues that may damage corporate value, serious accidents, scandals, etc., the compensation for Directors may be temporarily reduced or suspended by a resolution of the Board of Directors.

Reasons why the Board of Directors has determined that the content of individual compensation, etc. for Directors is in line with the policy for determining compensation
In determining the content of individual compensation for Directors in FY2021, the Compensation Committee conducted a multifaceted examination including consistency with the above policy for determining compensation, and the Board of Directors deliberated and made decisions, basically respecting the recommendation made by the Compensation Committee. Therefore, we have determined that the content of individual compensation for Directors in FY2021 was in line with the above policy for determining compensation.

Policy of Compensation for Audit & Supervisory Board Members
Compensation for Audit & Supervisory Board Members consists only of basic compensation for their role of appropriately performing audits. Compensation levels are discussed by the Audit & Supervisory Board based on the results of an external benchmark study and are determined within the remuneration framework for Audit & Supervisory Board Members approved at the 84th Ordinary General Meeting of Shareholders.

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

Category		Total compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)				Number of Persons
			Fixed	Short-term	Medium to long-term		
			Basic Compensation	Bonuses	Compensation for acquiring stock*	Stock-based compensation with stock price conditions	
Directors (excluding Outside Directors)		281	224	29	11	14	5
Audit & Supervisory Board Members (excluding Outside Audit &Supervisory Board Members)		57	57	−	−	−	3
Outside Directors and Audit & Supervisory Board Members	Subtotal	107	107	−	−	−	8
	Outside Directors	71	71	−	−	−	5
	Outside Audit & Supervisory Board Members	36	36	−	−	−	3
Total		445	389	29	11	14	16

Notes:

1. It was decided that aggregate basic compensation of Directors should not exceed ¥46 million per month (including ¥7 million per month for Outside Directors), according to the resolution of the 116th Ordinary General Meeting of Shareholders held on June 17, 2016. It was decided that aggregate basic compensation of Audit & Supervisory Board Members should not exceed ¥9 million per month, according to the resolution of the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.
2. The compensation paid to Directors excludes employee wages for Directors who are also employees.
3. It was decided that stock price-linked compensation was abolished and stock-based incentive with stock price conditions was introduced according to the resolution of the 119th Ordinary General Meeting of Shareholders held on June 21, 2019. The above is the amount recorded as an expense in the current fiscal year according to Japanese standards.

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

Category	Total amount of compensation, etc. (Millions of Yen)	Category	Company	Total amount of each type (Millions of Yen)			
				Basic compensation	Bonuses	Compensation for acquiring stock*	Stock-based compensation with stock price conditions
Yoshinori Yamashita	106	Director	Ricoh Company, Ltd.	81	10	4	9

Notes: CEO and only members who were awarded with consolidated remuneration of ¥100 million or more in total are stated above.

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

(5) Information on share holdings

1) Standards and principle of classification of equity securities

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

2) Equity securities held for purposes other than pure investment

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

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

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

b. Number of stock names and Nonconsolidated Statement of Financial Position Amount as of March 31, 2022.

	Number of stock names	Non-consolidated Statement of Financial Position Amount as of March 31, 2022 (Millions of Yen)
Unlisted securities	32	523
Other than unlisted securities	17	8,042

(Stocks increasing shares in year ended March 31, 2022)

Not applicable.

(Stocks decreasing shares in year ended March 31, 2022)

	Number of stock names	Nonconsolidated Statement of Financial Position Amount as of March 31, 2022 (Millions of Yen)
Unlisted securities	2	5
Other than unlisted securities	4	3,684

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

Specified investment securities

Stock Name	Fiscal year ended March 31, 2022 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2022 (Millions of Yen)	Fiscal year ended March 31, 2021 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2021 (Millions of Yen)	Purpose and effect of holding, reason of increasing the number of shares	Share of common stock owned by each company
OTSUKA CORPORATION	390,000 1,694	390,000 2,020	Facilitation and enhancement of business alliance	Yes
NIDEC CORPORATION	121,976 1,189	121,976 1,638	Maintaining and enhancement of stable procurement relationships	None
SAN-AI OIL CO.,LTD.	1,113,320 1,045	3,362,820 4,415	Maintaining and enhancement of stable sales business relationships	Yes
Sindoh Co., Ltd	313,748 1,010	313,748 941	Maintaining and enhancement of stable sales and procurement relationships	None
Ushio Inc.	500,429 913	500,429 730	Maintaining and enhancement of stable sales and procurement relationships	Yes
Central Japan Railway Company	40,000 638	40,000 662	Maintaining and enhancement of stable sales business relationships	None
HISAMITSU PHARMACEUTICAL CO., INC.	118,100 432	118,100 851	Maintaining and enhancement of stable sales business relationships	Yes
XAVIS.co.,Ltd.	1,701,500 343	1,701,500 366	Facilitation and enhancement of business alliance	None
Tokio Marine Holdings, Inc.	34,500 245	34,500 181	Maintaining and enhancement of stable sales and insurance relationships	Yes
Evixar Inc.	200,000 240	– –	Facilitation and enhancement of business alliance Since the stock was listed on the Tokyo Stock Exchange TOKYO PRO Market, it is indicated in this table from the Fiscal year ended March 31, 2022.	None

Nippon Paper Group, Inc.	81,024	81,024	Maintaining and enhancement of stable sales business relationships	Yes
	84	107		
Sompo Holdings, Inc.	12,403	12,403	Maintaining and enhancement of stable sales and insurance relationships	Yes
	66	52		
Japan Pulp & Paper Co., Ltd.	17,185	17,185	Maintaining and enhancement of stable procurement relationships	Yes
	66	62		
SMK Corporation.	12,409	12,409	Maintaining and enhancement of stable sales business relationships	Yes
	27	35		
WACUL INC.	17,500	330,000	Facilitation and enhancement of business alliance	None
	17	904		
STANLEY ELECTRIC CO., LTD.	5,813	5,813	Maintaining and enhancement of stable sales business relationships	Yes
	13	19		
TDK Corporation	2,790	930	Maintaining and enhancement of stable sales and procurement relationships The number of shares has increased by split of stock.	Yes
	12	14		
MAX Co., Ltd.	－	500,000	Sold by December 9, 2021.	Yes
	－	818		
Sumitomo Mitsui Trust Holdings, Inc.	－	112,409	Sold by August 23, 2021.	Yes
	－	433		

Deemed holding securities

Stock Name	Fiscal year ended March 31, 2022 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2022 (Millions of Yen)	Fiscal year ended March 31, 2021 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2021 (Millions of Yen)	Purpose and effect of holding, reason of increasing the number of shares	Shares of common stock owned by each company
Mitsubishi UFJ Financial Group, Inc.	7,790,000 6,018	7,790,000 4,691	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
SAN-AI OIL CO.,LTD	5,800,000 5,514	5,800,000 7,684	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
STANLEY ELECTRIC CO., LTD.	1,300,000 3,048	1,300,000 4,311	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Ushio Inc.	1,388,000 2,593	1,388,000 2,055	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Mizuho Financial Group, Inc.	544,500 871	544,500 887	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes

(Notes)

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

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

3) Equity securities held for pure investment

Not applicable.

V. FINANCIAL INFORMATION

Consolidated Financial Statements
For the year ended March 31, 2022
With Independent Auditor's Report

Index to Consolidated Financial Statements

Ricoh Company, Ltd. and its Subsidiaries

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

Consolidated Statement of Financial Position

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents (Note 7)	334,810	240,308
Time deposits (Note 7)	238	81
Trade and other receivables (Note 8)	392,132	397,148
Other financial assets (Note 14 and 15)	92,823	92,293
Inventories (Note 9)	192,016	232,558
Other current assets	46,725	50,034
Total current assets	1,058,744	1,012,422
Non-current assets:		
Property, plant and equipment (Note 11 and 13)	191,963	188,439
Right-of-use assets (Note 13 and 14)	63,653	57,730
Goodwill and intangible assets (Note 12 and 13)	225,510	259,482
Other financial assets (Note 14 and 15)	136,093	128,321
Investments accounted for using the equity method (Note 38)	79,504	81,396
Other investments (Note 16)	18,504	12,329
Other non-current assets	29,773	31,942
Deferred tax assets (Note 22)	84,124	81,193
Total non-current assets	829,124	840,832
Total assets (Note 5)	1,887,868	1,853,254

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings (Note 18)	82,731	114,395
Trade and other payables (Note 17)	287,160	268,534
Lease liabilities (Note 14)	25,475	22,665
Other financial liabilities (Note 20)	1,669	2,079
Income tax payables	7,213	11,143
Provisions (Note 19)	12,946	9,941
Other current liabilities (Note 21)	240,322	264,691
Total current liabilities	657,516	693,448
Non-current liabilities:		
Bonds and borrowings (Note 18)	139,676	121,042
Lease liabilities (Note 14)	46,737	44,444
Accrued pension and retirement benefits (Note 23)	70,463	45,728
Provisions (Note 19)	11,413	9,607
Other non-current liabilities (Note 21)	34,469	29,029
Deferred tax liabilities (Note 22)	3,742	4,131
Total non-current liabilities	306,500	253,981
Total liabilities	964,016	947,429
Equity:		
Common stock (Note 25)	135,364	135,364
Additional paid-in capital (Note 25)	186,231	180,942
Treasury stock (Note 25)	(45,024)	(460)
Other components of equity	82,097	126,341
Retained earnings (Note 25)	561,578	459,855
Total equity attributable to owners of the parent	920,246	902,042
Non-controlling interests	3,606	3,783
Total equity	923,852	905,825
Total liabilities and equity	1,887,868	1,853,254

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

Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Sales (Note 5 and 29)	1,682,069	1,758,587
Cost of sales (Note 21)	(1,109,762)	(1,135,920)
Gross profit	572,307	622,667
Selling, general and administrative expenses (Note 13, 21, 30 and 31)	(619,740)	(600,269)
Other income (Note 21 and 27)	5,791	17,960
Impairment of goodwill (Note 13)	(3,787)	(306)
Operating profit (loss)	(45,429)	40,052
Finance income (Note 32)	4,373	2,532
Finance costs (Note 32)	(3,617)	(3,800)
Share of profit (loss) of investments accounted for using the equity method (Note 38)	3,645	5,604
Profit (loss) before income tax expenses	(41,028)	44,388
Income tax expenses (Note 22)	8,364	(13,763)
Profit (loss)	(32,664)	30,625
Profit (loss) attributable to:		
Owners of the parent	(32,730)	30,371
Non-controlling interests	66	254

	Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Earnings per share (attributable to owners of the parent) (Note 34) :		
Basic	(45.20)	45.35
Diluted	(45.20)	45.34

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

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

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Profit (loss)	(32,664)	30,625
Other comprehensive income (Note 33) :		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	13,804	14,515
Net changes in fair value of financial assets measured through other comprehensive income	2,868	(1,851)
Share of other comprehensive income of investments accounted for using equity method	197	187
Total components that will not be reclassified subsequently to profit or loss	16,869	12,851
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	(827)	590
Exchange differences on translation of foreign operations	38,594	46,775
Share of other comprehensive income of investments accounted for using equity method	81	99
Total components that will be reclassified subsequently to profit or loss	37,848	47,464
Total other comprehensive income	54,717	60,315
Comprehensive income	22,053	90,940
Comprehensive income attributable to:		
Owners of the parent	21,897	90,733
Non-controlling interests	156	207

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

Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen						
				Other components of equity			
	Common stock	Additional paid-in capital	Treasury stock	Remeasure -ments of defined benefit plans	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges	Exchange differences on translation of foreign operations
Balance as of April 1, 2020	135,364	186,173	(37,795)	—	5,191	409	36,168
Profit (loss)							
Other comprehensive income (Note 33)				13,882	2,880	(839)	38,552
Comprehensive income	—	—	—	13,882	2,880	(839)	38,552
Net change in treasury stock			(7,296)				
Dividends declared and approved to owners (Note 25)							
Share-based payment transactions (Note 24)		58	5				
Share-based payment transactions of subsidiaries							
Loss of control of subsidiaries (Note 28)							
Transfer from other components of equity to retained earnings				(13,882)	(264)		
Other			62				
Total transactions with owners	—	58	(7,229)	(13,882)	(264)	—	—
Balance as of March 31, 2021	135,364	186,231	(45,024)	—	7,807	(430)	74,720
Profit (loss)							
Other comprehensive income (Note 33)				14,571	(1,720)	676	46,835
Comprehensive income	—	—	—	14,571	(1,720)	676	46,835
Net change in treasury stock (Note 25)		(139)	(92,717)				
Retirement of treasury stock (Note 25)		(5,188)	137,265				
Dividends declared and approved to owners (Note 25)							
Share-based payment transactions (Note 24)		38	16				
Transfer from other components of equity to retained earnings				(14,571)	(1,547)		
Other							
Total transactions with owners	—	(5,289)	44,564	(14,571)	(1,547)	—	—
Balance as of March 31, 2022	135,364	180,942	(460)	—	4,540	246	121,555

	Millions of Yen					
	Other components of equity	Other comprehensive income related to disposal group held for sale	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Total other components of equity					
Balance as of April 1, 2020	41,768	130	594,731	920,371	88,156	1,008,527
Profit (loss)			(32,730)	(32,730)	66	(32,664)
Other comprehensive income (Note 33)	54,475	152		54,627	90	54,717
Comprehensive income	54,475	152	(32,730)	21,897	156	22,053
Net change in treasury stock				(7,296)		(7,296)
Dividends declared and approved to owners (Note 25)			(14,851)	(14,851)	(34)	(14,885)
Share-based payment transactions (Note 24)				63		63
Share-based payment transactions of subsidiaries				–	4	4
Loss of control of subsidiaries (Note 28)				—	(84,676)	(84,676)
Transfer from other components of equity to retained earnings	(14,146)	(282)	14,428	—		—
Other				62		62
Total transactions with owners	(14,146)	(282)	(423)	(22,022)	(84,706)	(106,728)
Balance as of March 31, 2021	82,097	–	561,578	920,246	3,606	923,852
Profit (loss)			30,371	30,371	254	30,625
Other comprehensive income (Note 33)	60,362			60,362	(47)	60,315
Comprehensive income	60,362	–	30,371	90,733	207	90,940
Net change in treasury stock (Note 25)				(92,856)		(92,856)
Retirement of treasury stock (Note 25)			(132,077)	—		—
Dividends declared and approved to owners (Note 25)			(14,058)	(14,058)	(30)	(14,088)
Share-based payment transactions (Note 24)				54		54
Transfer from other components of equity to retained earnings	(16,118)		16,118	—		—
Other			(2,077)	(2,077)		(2,077)
Total transactions with owners	(16,118)	–	(132,094)	(108,937)	(30)	(108,967)
Balance as of March 31, 2022	126,341	–	459,855	902,042	3,783	905,825

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

Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss)	(32,664)	30,625
Adjustments to reconcile profit (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization (Note 5)	104,618	90,479
Impairment losses of property, plant and equipment and intangible assets (Note 13)	24,879	762
Impairment of goodwill (Note 13)	3,787	306
Other income (Note 27)	(1,502)	(13,299)
Share of (profit) loss of investments accounted for using the equity method (Note 38)	(3,645)	(5,604)
Finance income and costs (Note 32)	(756)	1,268
Income tax expenses (Note 22)	(8,364)	13,763
(Increase) decrease in trade and other receivables	29,727	13,448
(Increase) decrease in inventories	16,413	(28,533)
(Increase) decrease in lease receivables	15,572	23,285
Increase (decrease) in trade and other payables	(4,712)	(26,212)
Increase (decrease) in accrued pension and retirement benefits	(12,315)	(9,306)
Other, net	14,056	13,907
Interest and dividends received	3,418	3,457
Interest paid	(3,259)	(3,795)
Income taxes paid	(18,291)	(22,089)
Net cash provided by (used in) operating activities	126,962	82,462
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	4,823	15,062
Expenditures for property, plant and equipment	(42,155)	(37,359)
Proceeds from sales of intangible assets	60	—
Expenditures for intangible assets	(24,779)	(33,683)
Payments for purchases of investment securities	(1,052)	(442)
Proceeds from sales of investment securities	491	6,327
Net (Increase) decrease in time deposits	(168)	162
Purchases of business, net of cash acquired	(8,431)	(9,422)
Net increase (decrease) from sales of investments in subsidiaries (Note 28)	7,846	—
Other, net	(194)	—
Net cash provided by (used in) investing activities	(63,559)	(59,355)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) of short-term debt (Note 18)	(19,428)	15,990
Proceeds from long-term debt (Note 18)	98,482	37,140
Repayments of long-term debt (Note 18)	(12,817)	(46,664)
Repayments of bonds (Note 18)	(12,413)	—
Repayments of lease liabilities (Note 18)	(35,728)	(31,146)
Dividends paid (Note 25)	(14,851)	(14,058)
Payments for purchases of treasury stock (Note 25)	(7,296)	(92,717)
Other, net	(34)	(230)
Net cash provided by (used in) financing activities	(4,085)	(131,685)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	7,338	12,254
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,656	(96,324)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	263,688	330,344
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	330,344	234,020

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

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

Notes to Consolidated Financial Statements

Ricoh Company, Ltd. and its Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the "Company") is a company domiciled in Japan. The consolidated financial statements of the Company as of and for the year ended March 31, 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 5, "Operating Segments").
Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh changed Operating Segment Information from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

2. BASIS OF PREPARATION

(1) Statements of Compliance

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

(2) Basis of Measurement

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

(3) Functional and Presentation Currency

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

(4) Early Adoption of New Standards

Ricoh did not have early adoption of any new standards.

(5) Use of Estimates and Judgments

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

For the consolidated financial statements for the current fiscal year, Ricoh assumes that the global resurgence of new variants of the COVID-19, the supply constraints due to component shortages and logistics issues will continue to affect its business results, to a certain extent, over the next fiscal year and beyond, however, the situation will gradually improve in the future.
The items on which estimates and assumptions have a significant effect in the consolidated financial statements are impairment losses on tangible assets, intangible assets and goodwill and recognition of

deferred tax assets. Ricoh tests goodwill and fixed assets for impairment and evaluates the recoverability of deferred tax assets on the grounds that future business plans are established in accordance with certain assumptions in consideration of the above scenarios. Please refer to Note 13 - Impairment losses (impairment losses on tangible assets, intangible assets and goodwill) and Note 22 - Income taxes (recognition of deferred tax assets) for more information.

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

• Note 14 - Lease (Estimation of lease terms)
• Note 19 - Provisions (Estimation of expenditures required to settle obligations)
• Note 23 - Employee benefits (Estimation of the present value of defined benefit plan obligations)
• Note 26 - Financial Instruments and related disclosures (Estimation of allowance for doubtful receivables, fair value of financial instruments)
• Note 29 - Sales (Estimation of variable considerations for revenue recognition)

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Business Combinations

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

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

(b) Subsidiaries

Subsidiaries are entities which are controlled by Ricoh. Ricoh controls an entity when Ricoh has exposure, or rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. In case that the accounting policies applied by a subsidiary differ from those applied by the Group, adjustments are made to the subsidiary’s financial statements, if necessary. All intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

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

(c) Associates

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

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

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

(2) Foreign Currency

(a) Foreign currency transactions

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

(b) Foreign operations

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

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

(3) Cash and cash equivalents

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

(4) Inventories

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

(5) Assets held for sale

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

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

(6) Property, Plant and Equipment

(a) Recognition and measurement

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

(b) Subsequent costs

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

(c) Depreciation

Depreciation of property, plant and equipment other than land and construction in progress is mainly computed under the straight-line method based on the estimated useful life of each item. The depreciation period generally ranges from 2 to 60 years for buildings and structures, 1 to 20 years for machinery, equipment and vehicles, and 1 to 20 years for tools, furniture and fixtures. The depreciation methods, useful life and residual values are reviewed at the end of each fiscal year and changed when necessary.

(7) Goodwill and Intangible Assets

(a) Goodwill

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

(b) Intangible Assets

Intangible assets are measured by using the cost model and carried at cost less any accumulated amortization and accumulated impairment loss.

(i) Capitalized software costs

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

(ii) Development assets

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

• the technical feasibility of completing the intangible asset so that it will be available for use or sale;

• its intention to complete the intangible asset for use or sale;

• its ability to use or sell the intangible asset;

• how the intangible asset will generate probable future economic benefits;

• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

• its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

(iii) Other intangible assets

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

(iv) Amortization (other than development assets)

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

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

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

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

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

(9) Leases

(a) Leases as lessee

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

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

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

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

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

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

(b) Leases as lessor

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

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

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

(10) Provisions

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

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

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

(11) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached to the grants. Government grants related to income are recognized in profit or loss over the period in which the related costs for which the grants are intended to compensate are recognized, and are mainly deducted in the related expenses. With regard to government grants for the purchase of assets, the amount of the grant is credited to deferred income and recognized in profit over the expected useful life of the relevant assets.

(12) Employee benefits

(a) Post-employment benefits

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

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

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

(b) Short-term employee benefits

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

(13) Share-based Payment

Ricoh has equity-settled share-based compensation plans.

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

(14) Financial Instruments

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

(a) Initial recognition and measurement

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

(b) Classification and subsequent measurement

(i) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets other than financial assets measured at amortized cost as well as debt instruments and equity instruments measured at fair value through other comprehensive income are measured at fair value through profit or loss.

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

(v) Financial liabilities measured at amortized cost

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

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

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

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

(d) Impairment of non-derivative financial assets

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

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

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

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

・the time value of money; and

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

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

(e) Equity

(i) Ordinary shares

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

(ii) Treasury shares

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

(f) Derivative financial instruments and hedging activities

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

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

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

(iii) Derivatives not designated as hedging instruments

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

(15) Revenue Recognition

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

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

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

(16) Finance Income and Finance Costs

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

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

(17) Income Taxes

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

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither book basis nor tax basis profits (tax losses). Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

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

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

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

(18) Earnings Per Share

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

(19) Operating Segments

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

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards and interpretations that were not effective in the reporting period ended March 31, 2022 and which Ricoh has not yet adopted for the preparation of consolidated financial statements are set forth in the table below. Ricoh is currently evaluating the effect of IAS 12.

IFRSs	Title	Date on or after which the application is required for new reporting periods	Ricoh's applicable reporting period	Summaries of new IFRSs/amendments
IAS 12	Income Taxes	January 1, 2023	Period ending March 2024	Clarify accounting for deferred tax related to assets and liabilities arising from a single transaction.

5. OPERATING SEGMENTS

Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh changed Operating Segment Information from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

The following table presents the content of operating segment.

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

New 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 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
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, electronic components and precision mechanical component
Other	Digital cameras, 360°cameras, environment, healthcare

*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 years ended March 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 years ended March 31, 2021 and 2022.

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Segment sales:		
Digital Services	1,376,613	1,428,192
Digital Products	357,166	364,968
Graphic Communications	159,909	187,082
Industrial Solutions	115,274	119,259
Other	40,098	35,554
Intersegment sales	(366,991)	(376,468)
Total segment sales	1,682,069	1,758,587
Segment profit (loss):		
Digital Services	(2,631)	16,209
Digital Products	16,451	41,731
Graphic Communications	(47,451)	(466)
Industrial Solutions	(1,634)	1,307
Other	(13,867)	(15,521)
Total segment profit (loss)	(49,132)	43,260
Reconciling items:		
Corporate expenses and elimination	3,703	(3,208)
Finance income	4,373	2,532
Finance costs	(3,617)	(3,800)
Share of profit of investments accounted for using equity method	3,645	5,604
Profit (loss) before income tax expenses	(41,028)	44,388

Intersegment sales are primarily from Digital Products to Digital Services.

The following table represents significant restructuring activities for the years ended March 31, 2021 and 2022.

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Restructuring expenses:		
Digital Services	16,403	—
Digital Products	5,427	2,096
Graphic Communications	360	—
Industrial Solutions	537	—
Corporate	500	—
Total	23,227	2,096

The following tables represent total assets, capital expenditures, depreciation and amortization for the years ended March 31, 2021 and 2022.

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Total assets:		
Digital Services	887,142	905,921
Digital Products	220,776	237,539
Graphic Communications	102,878	126,582
Industrial Solutions	86,515	92,026
Other	34,458	34,785
Elimination of intersegment transactions	(22,982)	(21,607)
Corporate	579,081	478,008
Consolidated	1,887,868	1,853,254

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Capital expenditures:		
Digital Services	21,513	20,691
Digital Products	14,731	20,149
Graphic Communications	12,381	15,903
Industrial Solutions	3,119	2,449
Other	4,028	1,689
Corporate	11,162	10,161
Consolidated	66,934	71,042
Depreciation and amortization:		
Digital Services	43,308	43,438
Digital Products	23,332	18,272
Graphic Communications	15,560	8,796
Industrial Solutions	5,448	4,899
Other	6,318	5,324
Corporate	10,652	9,750
Consolidated	104,618	90,479

Assets are allocated to the operating segments which mainly benefited from the assets.

Corporate assets consist primarily of cash and cash equivalents, other financial assets, investments accounted for using the equity method and deferred tax assets that are not related to specific operating segments.

(2) Sales by Product Category

Information for sales by product category is as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Sales:		
Digital Services	1,376,613	1,428,192
Digital Products	12,111	13,172
Graphic Communications	159,909	187,082
Industrial Solutions	108,878	110,791
Other	24,558	19,350
Total sales	1,682,069	1,758,587

* Each category includes the following product lines:

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

(3) Geographic Information

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

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Sales:		
Japan	753,041	705,242
The Americas	386,609	443,647
Europe, the Middle East and Africa	393,409	450,178
Other	149,010	159,520
Consolidated	1,682,069	1,758,587
The United States (included in The Americas)	327,858	367,876

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Non-current assets:		
Japan	210,513	218,760
The Americas	97,986	98,660
Europe, the Middle East and Africa	132,897	145,588
Other	39,730	42,643
Consolidated	481,126	505,651
The United States (included in The Americas)	84,185	86,293

6. BUSINESS COMBINATIONS

(For the year ended March 31, 2021)
There was no significant business combination.

(For the year ended March 31, 2022)
There was no significant business combination.

7. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Cash and cash equivalents		
Cash and deposit	335,048	240,389
Less time deposit over 3 months	(238)	(81)
Total cash and cash equivalents on consolidated statement of financial position	334,810	240,308
Bank overdrafts	(4,466)	(6,288)
Total cash and cash equivalents on consolidated statement of cash flows	330,344	234,020

8. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Notes receivables and electronically recorded monetary claims	37,475	33,636
Accounts receivables	304,172	300,998
Other receivables	58,693	71,890
Less allowance for doubtful receivables	(8,208)	(9,376)
Total	392,132	397,148

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

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Within 12 months	391,853	396,425
After 12 months	279	723
Total	392,132	397,148

9. INVENTORIES

Details of inventories are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Goods and products	114,421	125,831
Work in progress and raw materials	77,595	106,727
Total	192,016	232,558

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Amount of write-down	7,156	7,680

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

10. ASSETS CLASSIFIED AS HELD FOR SALE

(For the year ended March 31, 2021)
Not applicable.

(For the year ended March 31, 2022)
Not applicable.

11. PROPERTY, PLANT AND EQUIPMENT

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

Cost

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2020	29,129	263,096	221,124	390,517	12,898	916,764
Additions	—	3,422	2,744	18,956	17,033	42,155
Acquisitions through business combinations	—	18	8	270	—	296
Disposals	(1,502)	(8,392)	(10,084)	(26,354)	(418)	(46,750)
Transfers from construction in progress	—	10,443	4,976	5,260	(20,679)	—
Exchange differences	88	3,245	3,509	15,157	473	22,472
Others	—	(1,632)	(84)	5,746	(1,073)	2,957
Balance as of March 31, 2021	27,715	270,200	222,193	409,552	8,234	937,894
Additions	—	2,941	2,068	17,179	15,171	37,359
Acquisitions through business combinations	—	53	54	256	—	363
Disposals	(1,687)	(10,822)	(13,973)	(20,586)	(84)	(47,152)
Transfers from construction in progress	—	3,765	7,674	3,949	(15,388)	—
Exchange differences	120	4,977	4,489	15,630	550	25,766
Others	93	(143)	(671)	(114)	127	(708)
Balance as of March 31, 2022	26,241	270,971	221,834	425,866	8,610	953,522

Accumulated depreciation and impairment loss

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Total
Balance as of April 1, 2020	(1,356)	(187,442)	(186,537)	(339,860)	(715,195)
Depreciation expense	－	(8,116)	(9,784)	(27,489)	(45,389)
Disposals	－	7,954	9,133	23,180	40,267
Impairment loss	－	(2,742)	(1,907)	(1,409)	(6,058)
Exchange differences	－	(2,193)	(2,741)	(13,282)	(18,216)
Others	－	230	209	(1,779)	(1,340)
Balance as of March 31, 2021	(1,356)	(192,309)	(191,627)	(360,639)	(745,931)
Depreciation expense	－	(7,622)	(8,223)	(24,006)	(39,851)
Disposals	－	10,134	11,881	18,541	40,556
Impairment loss	－	(12)	(49)	(286)	(347)
Exchange differences	－	(3,125)	(3,437)	(13,445)	(20,007)
Others	－	(56)	696	(143)	497
Balance as of March 31, 2022	(1,356)	(192,990)	(190,759)	(379,978)	(765,083)

Carrying amount

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2020	27,773	75,654	34,587	50,657	12,898	201,569
Balance as of March 31, 2021	26,359	77,891	30,566	48,913	8,234	191,963
Balance as of March 31, 2022	24,885	77,981	31,075	45,888	8,610	188,439

12. GOODWILL AND INTANGIBLE ASSETS

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

Cost

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2020	319,046	155,481	84,775	81,248	20,373	660,923
Additions	–	13,407	–	–	178	13,585
Acquisitions through business combinations	7,916	91	3,697	–	–	11,704
Increase through internal development activities	–	–	–	11,194	–	11,194
Disposals	–	(3,088)	(2,547)	(28,736)	(20)	(34,391)
Exchange differences	11,165	4,781	5,698	–	892	22,536
Others	–	(292)	–	–	350	58
Balance as of March 31, 2021	338,127	170,380	91,623	63,706	21,773	685,609
Additions	–	12,686	–	–	–	12,686
Acquisitions through business combinations	9,806	1	2,380	–	–	12,187
Increase through internal development activities	–	–	–	20,997	–	20,997
Disposals	–	(11,252)	–	(10,778)	(23)	(22,053)
Exchange differences	29,745	4,645	5,254	–	1,254	40,898
Others	–	(1,177)	–	596	–	(581)
Balance as of March 31, 2022	377,678	175,283	99,257	74,521	23,004	749,743

Accumulated amortization and impairment loss

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2020	(184,148)	(109,580)	(79,927)	(38,398)	(16,972)	(429,025)
Amortization expense	–	(11,948)	(850)	(16,066)	(295)	(29,159)
Disposals	–	3,146	2,291	28,418	(1)	33,854
Impairment loss	(3,787)	(626)	(66)	(18,010)	–	(22,489)
Exchange differences	(4,427)	(2,793)	(5,185)	–	(976)	(13,381)
Others	–	129	–	–	(28)	101
Balance as of March 31, 2021	(192,362)	(121,672)	(83,737)	(44,056)	(18,272)	(460,099)
Amortization expense	–	(11,656)	(1,414)	(7,718)	(658)	(21,446)
Disposals	–	10,622	–	8,805	10	19,437
Impairment loss	(306)	(236)	–	–	–	(542)
Exchange differences	(19,145)	(3,081)	(4,807)	–	(563)	(27,596)
Others	–	(15)	–	–	–	(15)
Balance as of March 31, 2022	(211,813)	(126,038)	(89,958)	(42,969)	(19,483)	(490,261)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2020	134,898	45,901	4,848	42,850	3,401	231,898
Balance as of March 31, 2021	145,765	48,708	7,886	19,650	3,501	225,510
Balance as of March 31, 2022	165,865	49,245	9,299	31,552	3,521	259,482

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

13. IMPAIRMENT LOSS

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

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

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Office Printing Total	—	179
Office Services Total	14	119
Digital Services Total	14	298
Commercial Printing (Common function group excluding sales)	26,547	—
Commercial Printing Total	26,547	—
Industrial Printing Total	162	265
Graphic Communications Total	26,709	265
Other Total	1,943	505
Impairment loss Total	28,666	1,068

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

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

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Buildings and structures	2,742	12
Machinery and vehicles	1,907	49
Tools, equipment and fixtures	1,409	286
Property, plant and equipment Total	6,058	347
Goodwill	3,787	306
Software	626	236
Trademarks and customer relationships	66	—
Development assets	18,010	—
Goodwill and intangible assets Total	22,489	542
Right-of-use assets	119	179
Impairment loss Total	28,666	1,068

Impairment loss for the year ended March 31, 2021 was included in “Selling, general and administrative expenses” in the amount of ¥24,879 million and “Impairment of goodwill” in the amount of ¥3,787 million, respectively. Impairment loss for the year ended March 31, 2022 was included in “Selling, general and administrative expenses” in the amount of ¥762 million and “Impairment of goodwill” in the amount of ¥306 million, respectively.

(3) Impairment losses and the background

(For the year ended March 31, 2021)

Ricoh recognized impairment loss on goodwill and intangible assets including development assets in Commercial Printing (Common function group excluding sales, which is a cash-generating unit group related to the production and development functions in the commercial printing business). In the Commercial Printing (Common function group excluding sales), a future plan was formulated incorporating the future business growth, with a careful consideration of the business impact from the COVID-19 pandemic. Therefore, the timing of realizing the projected profit is expected to be delayed than initially planned. In addition, Ricoh decided to convert a part of its domestic plants, which originally operated to manufacture office equipment, into production bases for business targeting printing companies and their in-house printing. In line with this decision, the allocation of related expenses was reviewed and reflected to the future plan. As a result, impairment loss was recognized for assets including goodwill that generated from past acquisitions. The carrying amounts of the assets were written down to the recoverable amounts that were measured based on the value in use.

The value in use is calculated by discounting the estimated cash flows based on the projection approved by management and the growth rate after the projection period using the pre-tax weighted average cost of 10%. In estimating the value in use, Ricoh considers the number of commercial printing presses sold and print output volume in the projection, the growth rate after the projection period, and the discount rate are recognized as key assumptions.

Impairment loss of ¥23,906 million and ¥2,641 million are included in selling, general and administrative expenses and impairment of goodwill, respectively, in the consolidated statements of profit or loss. The major details by asset are impairment loss of ¥18,514 million on intangible assets (mainly development assets), ¥2,641 million on goodwill and ¥5,392 million on property, plant and equipment.

(For the year ended March 31, 2022)
Ricoh recognized no significant impairment loss.

(4) Impairment test of goodwill

(For the year ended March 31, 2021)
The recoverable amount of goodwill was determined based on the value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate after the projection period. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-4 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (9 to 14%). Business plans are projected for within 5 years and the growth rate does not exceed the long-term average growth rate for the market in which the asset is used.

As described in Note 2. BASIS OF PREPARATION- (5) Use of Estimates and Judgments, Ricoh assumes that although the spread of COVID-19 continues to affect its business results, to a certain extent, over the next fiscal year and beyond, the accelerated vaccination rollout will gradually contain the pandemic in the future.

Office Printing (Europe, Middle East and Africa sales group) CGU group is exposed to a risk of resulting in a material adjustment to the carrying amounts of goodwill within the next financial year. The recoverable amount in Office Printing (Europe, Middle East and Africa sales group) exceeds its carrying amount by ¥31,529 million. In estimating the value in use, Ricoh considers the sales volume and print output volume of MFPs, etc. in the projection, the growth rate after the projection period, and the discount rate are recognized as key assumptions.

The result of estimating of the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the discount rate rise. Ricoh expects that the carrying amount will not exceed the recoverable amount even if there are reasonably possible changes in the sales volume and print output volume of MFPs, etc. in the projection, and the growth rate underlying the recoverable amount.

	Discount rate
Office Printing (Europe, Middle East and Africa sales group)	+4.9%

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

(For the year ended March 31, 2022)
The recoverable amount of goodwill was determined based on the value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate after the projection period. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-4 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (10 to 13%). Business plans are projected for within 5 years and the growth rate does not exceed the long-term average growth rate for the market in which the asset is used.

As described in Note 2. BASIS OF PREPARATION- (5) Use of Estimates and Judgments, Ricoh assumes that although the global resurgence of new variants of COVID-19 and the supply constraints due to component shortages and logistics issues continue to affect its business results, to a certain extent, over the next fiscal year and beyond, the situation will gradually improve in the future.

For impairment test of goodwill, Ricoh has taken into account the business impact of the situation in which society will not completely recover to a pre-pandemic normal in view of the prolonged impact of the COVID-19 pandemic as well as the well-received “new normal” work style stemming from the downsizing of office spaces and decreasing attendance rate at work as teleworking has taken root. Ricoh also has taken into account the business impact the supply constraints due to component shortages and logistics issues and fluctuations in sales price caused by the response to rising costs of component, etc.

Office Printing (Europe, Middle East and Africa sales group) CGU group is exposed to a risk of resulting in a material adjustment to the carrying amounts of goodwill within the next financial year. The recoverable amount in Office Printing (Europe, Middle East and Africa sales group) exceeds its carrying amount by ¥15,789 million. In estimating the value in use, Ricoh considers the sales volume, print output volume and sales price of MFPs, etc. in the projection, the growth rate after the projection period, and the discount rate are recognized as key assumptions.

The result of estimating of the growth rate and the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the discount rate rise. Ricoh expects that the carrying amount will not exceed the recoverable amount even if there are reasonably possible changes in the sales volume, print output volume and sales price of MFPs, etc. in the projection underlying the recoverable amount.

	Growth rate	Discount rate
Office Printing (Europe, Middle East and Africa sales group)	(4.3%)	+2.0%

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

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

	Millions of Yen	Millions of Yen
	As of March 31, 2021	As of March 31, 2022
Office Printing (Common function group excluding sales)	65,469	70,888
Office Printing (Europe, Middle East and Africa sales group)	48,431	51,187
Office Services (DocuWare)	12,775	13,454
Office Printing (Japan sales group)	4,981	4,981
Other CGUs, CGU groups	14,109	25,355
Total	145,765	165,865

14. LEASE

(1) As Lessor

Lease receivables are included in other financial assets.

Ricoh is engaged in the leasing business of Ricoh's products. Most of these leases are accounted for as finance leases.

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

(a) Finance lease

Future receivables under finance leases are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Gross investments in finance leases		
Due in 1 year or less	109,798	109,260
Due after 1 year through 2 years	72,341	71,698
Due after 2 year through 3 years	46,637	44,724
Due after 3 year through 4 years	24,458	22,302
Due after 4 year through 5 years	7,952	6,999
Due after 5 years	1,319	904
Undiscounted lease receivables	262,505	255,887
Unguaranteed residual value	(5,746)	(5,839)
Future finance income	(26,912)	(26,426)
Present value of minimum lease payments receivable	229,847	223,622

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

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Selling profit or loss	29,880	32,312
Finance income on the net investment in the lease	18,024	16,881

(b) Operating lease

Future receivables under operating leases are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Due in 1 year or less	10,062	11,771
Due after 1 year through 2 years	6,082	6,830
Due after 2 year through 3 years	4,044	3,754
Due after 3 year through 4 years	1,529	2,117
Due after 4 year through 5 years	444	1,091
Due after 5 years	105	578
Undiscounted lease receivables	22,266	26,141

The following table presents operating lease income.

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Lease income	31,461	35,520
Income relating to variable lease payments	1,773	1,816

(2) As Lessee

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

Information on leases, as a lessee, is as follows:

(a) Right-of-use assets

Carrying amount of right-of use assets consists of the follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Land, buildings and structures	49,847	47,375
Vehicles, equipment and other	13,806	10,355
Total	63,653	57,730

The amount of right-of-use assets increased by ¥27,137 million and ¥25,309 million for the year ended March 31, 2021 and 2022, respectively.

Total cash outflow for leases were ¥36,877 million and ¥32,195 million for the year ended March 31, 2021 and 2022, respectively.

(b) Income and expenses relating to leases

Income and expenses relating to leases consist of the following:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Depreciation expenses for right-of-use assets:		
Land, buildings and structures	24,496	23,746
Vehicles, equipment and other	5,574	5,436
Total	30,070	29,182
Expenses relating to short-term lease and lease of low-value assets	4,039	4,306

Income and expenses with sublease and sale and lease back were not material.

Interest expense on lease liabilities is described in Note 32, Finance income and finance costs. Analysis of the contractual maturities of lease liabilities are described in Note 26, Financial instruments and related disclosures - (4) Liquidity risk management.

(c) Extension option and termination options

In Ricoh, each company is responsible for managing its lease contracts, and lease conditions are individually negotiated, resulting in a wide range of contract conditions. Extension option and termination option are mainly included in real estate leases for offices and warehouses. These options are used as necessary for the lease contractor to utilize real estate for business.

15. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Derivative assets	407	147
Lease receivables	235,593	229,461
Less allowance for doubtful receivables	(7,084)	(8,994)
Total	228,916	220,614
Current	92,823	92,293
Noncurrent	136,093	128,321

16. OTHER INVESTMENTS

The components of other investments are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Securities and equity interests	17,770	11,841
Bonds	734	488
Total	18,504	12,329
Current	—	—
Noncurrent	18,504	12,329

17. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Notes payables and electronically recorded obligations	43,926	10,276
Accounts payable	157,269	167,098
Other payables	85,965	91,160
Total	287,160	268,534

18. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Unsecured Bonds:		
0.22% straight bonds, payable in yen, due July 2022, issued by the Company	12,980	13,670
0.20% straight bonds, payable in yen, due December 2023, issued by the Company	10,000	10,000
0.47% straight bonds, payable in yen, due December 2028, issued by the Company	10,000	10,000
6.75% straight bonds, payable in yen, due December 2025, issued by a consolidated subsidiary	1,562	1,729
7.30% straight bonds, payable in yen, due November 2027, issued by a consolidated subsidiary	2,297	2,544
Total bonds	36,839	37,943
Unsecured loans		
From banks and insurance companies		
weighted average interest rate	0.23%	0.22%
due 2028	148,441	130,231
Long-term borrowings arising from securitization of lease receivables (see Note 26)	507	260
Subtotal	185,787	168,434
Less current maturities included in “Current liabilities”	(46,111)	(47,392)
Total	139,676	121,042

All bonds outstanding as of March 31, 2022 are redeemable at the option of Ricoh under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on additional secured borrowings as defined in the agreements. Ricoh was in compliance with all such covenants as of March 31, 2022.

Short-term borrowings consist of the following:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Borrowings, principally from banks	36,620	67,003

	Weighted average interest rate (*)	
	As of March 31, 2021	As of March 31, 2022
Borrowings, principally from banks	0.4%	0.3%

*Weighted average interested rate is the rate on the balance of borrowings at the end of the period.

Movement of liabilities related to financing activities consisted of the following:

	Millions of Yen						
			Non-cash changes				
	As of April 1, 2020	Changes arising from cash flows (iii)	Additions	Changes in the scope of consolidation (ii)	Exchange differences	Others	As of March 31, 2021
Short-term debt	29,276	23,572	―	(22,822)	2,128	4,466	36,620
Long-term debt (i)	102,691	42,665	―	2,110	1,482	―	148,948
Bonds (i)	47,697	(12,413)	―	―	1,555	―	36,839
Lease liabilities	65,971	(35,728)	27,489	17,071	2,899	(5,490)	72,212
Total	245,635	18,096	27,489	(3,641)	8,064	(1,023)	294,619

(i) Including the current portion.
(ii) This is due mainly to the impact of deconsolidation of Ricoh Leasing Co., Ltd.
(iii) Proceeds from long-term debt and Repayments of long-term debt indicated in Consolidated Statement of Cash Flow includes the amounts of proceed and repayment of more than 3 months and less than 1 year.

	Millions of Yen					
			Non-cash changes			
	As of April 1, 2021	Changes arising from cash flows (ii)	Additions	Exchange differences	Others	As of March 31, 2022
Short-term debt	36,620	25,961	―	2,909	1,513	67,003
Long-term debt (i)	148,948	(19,495)	―	1,038	―	130,491
Bonds (i)	36,839	―	―	1,104	―	37,943
Lease liabilities	72,212	(31,146)	25,164	3,466	(2,587)	67,109
Total	294,619	(24,680)	25,164	8,517	(1,074)	302,546

(i) Including the current portion.
(ii) Proceeds from long-term debt and Repayments of long-term debt indicated in Consolidated Statement of Cash Flow includes the amounts of proceed and repayment of more than 3 months and less than 1 year.

19. PROVISIONS

The changes in provisions are as follows:

	Millions of Yen				
	Asset retirement obligation	Warranties provision	Restructuring provision	Other provisions	Total
Balance as of April 1, 2021	5,886	2,828	11,306	4,339	24,359
Increase for the year	66	1,544	63	1,781	3,454
Decrease for the year (applied against provisions)	(839)	(1,576)	(3,225)	(629)	(6,269)
Decrease for the year (unused amounts reversed)	(505)	(340)	(920)	(1,202)	(2,967)
Interest expense for discounting	22	—	—	—	22
Others	170	130	508	141	949
Balance as of March 31, 2022	4,800	2,586	7,732	4,430	19,548
Current liabilities	—	2,586	4,426	2,929	9,941
Noncurrent liabilities	4,800	—	3,306	1,501	9,607

Ricoh recognizes provisions for asset retirement obligation when there is a contractual obligation to dismantle, remove or restore assets at the end of lease contract or obligation to decontaminate certain fixed assets. Future expected outflows of economic benefits are long-term in nature and may be affected by future business plans.

The warranties provision corresponds to the cost of the warranty that the finished goods comply with the agreed-upon specifications and is recognized based on the estimated cost during the warranty period. The warranty costs were included in in “Cost of sales”.

The restructuring provision consists of expenditures on restructuring activities such as fixed costs reductions in order to enhance competitiveness. Restructuring provisions are expected to be utilized mainly within the next fiscal year. However, they may be affected by future business plans.

Other provisions mainly consist of litigation provisions.

20. OTHER FINANCIAL LIABILITIES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Derivative liabilities	1,669	2,079
Total	1,669	2,079
Current	1,669	2,079
Noncurrent	—	—

21. GOVERNMENT GRANTS

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached to the grants. Government grants related to income are recognized in profit or loss over the period in which the related costs for which the grants are intended to compensate are recognized, and are mainly deducted in the related expenses. With regard to government grants for the purchase of assets, the amount of the grant is credited to deferred income and recognized in profit or loss over the expected useful life of the relevant assets.

For the year ended March 31, 2021 and 2022, government grants related to income were mainly employment grants related to COVID-19. Government grants for the purchase of assets were principally related to capital expenditures on R&D of the Company and the production facility of a manufacturing subsidiary in Japan.

For the year ended March 31, 2021, the amount of government grants recognized in the consolidated statement of profit or loss was ¥17,016 million, which were deducted by ¥6,118 million in "cost of sales" and ¥9,538 million in "selling, general and administrative expenses", and were included by ¥1,360 million in "other income".

For the year ended March 31, 2022, the amount of government grants recognized in the consolidated statement of profit or loss was ¥7,954 million, which were deducted by ¥4,281 million in "cost of sales" and ¥2,531 million in "selling, general and administrative expenses", and were included by ¥1,142 million in "other income".

The total balance of government grants, presented as deferred income in “other current liabilities” or “other non-current liabilities” in the consolidated statement of financial position as of March 31, 2021 and March 31, 2022 was ¥3,844 million and ¥3,383 million, respectively.

There are no unfulfilled conditions or contingencies related to government grants recognized as deferred income.

22. INCOME TAXES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen					
	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Acquisitions through business combinations	Exchange differences and other	As of March 31, 2021
Deferred tax assets:						
Accrued expenses	22,856	(440)	—	24	365	22,805
Unrealized profit on inventories	10,021	(1,178)	—	—	488	9,331
Depreciation and amortization	7,652	3,920	—	3	746	12,321
Accrued pension and retirement benefits	30,683	(20)	(8,070)	—	1,636	24,229
Net operating loss carryforwards	18,288	10,167	—	—	245	28,700
Other	14,191	8,687	—	—	736	23,614
Total deferred tax assets	103,691	21,136	(8,070)	27	4,216	121,000
Deferred tax liabilities:						
Undistributed earnings of subsidiaries and affiliates	(864)	(1,029)	—	—	(53)	(1,946)
Net changes in fair value of financial asset through other comprehensive income	(2,384)	—	(1,305)	—	287	(3,402)
Goodwill and intangible assets	(20,558)	1,667	—	(1,057)	(28)	(19,976)
Other	(12,180)	(2,531)	214	—	(797)	(15,294)
Total deferred tax liabilities	(35,986)	(1,893)	(1,091)	(1,057)	(591)	(40,618)

	Millions of Yen					
	As of April 1, 2021	Recognized in profit or loss	Recognized in other comprehen-sive income	Acquisitions through business combinations	Exchange differences and other	As of March 31, 2022
Deferred tax assets:						
Accrued expenses	22,805	(386)	—	—	477	22,896
Unrealized profit on inventories	9,331	931	—	—	665	10,927
Depreciation and amortization	12,321	(3,361)	—	—	811	9,771
Accrued pension and retirement benefits	24,229	(6,579)	(4,431)	—	519	13,738
Net operating loss carryforwards	28,700	6,279	—	—	1,960	36,939
Other	23,614	1,951	—	—	48	25,613
Total deferred tax assets	121,000	(1,165)	(4,431)	—	4,480	119,884
Deferred tax liabilities:						
Undistributed earnings of subsidiaries and affiliates	(1,946)	(91)	—	—	(53)	(2,090)
Net changes in fair value of financial asset through other comprehensive income	(3,402)	—	1,547	—	(40)	(1,895)
Goodwill and intangible assets	(19,976)	(2,966)	—	(570)	(189)	(23,701)
Other	(15,294)	1,874	(138)	—	(1,578)	(15,136)
Total deferred tax liabilities	(40,618)	(1,183)	1,409	(570)	(1,860)	(42,822)

Ricoh assesses the probability that a portion or all of the future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be used to offset future taxable profits on recognition of deferred tax assets. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and whether loss carryforwards are utilizable. Ricoh considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the temporary differences are deductible or loss carryforwards are utilizable, Ricoh believes it is more likely than not that the deferred tax assets of these deductible differences will be realized. The amount of the deferred tax assets considered realizable, however, will be reduced if estimates of future taxable income during the carryforward period are reduced.

As described in Note 2. BASIS OF PREPARATION- (5) Use of Estimates and Judgments, Ricoh assumes that although the global resurgence of new variants of COVID-19 and the supply constraints due to component shortages and logistics issues continue to affect its business results, to a certain extent, over the next fiscal year and beyond, the situation will gradually improve in the future.

For the recoverability of deferred tax assets, Ricoh has taken into account the business impact of impact of the COVID-19 pandemic, the supply constraints due to component shortages and logistics issues and fluctuations in sales prices caused by the response to rising costs of component, etc.

Ricoh applies the consolidated taxation system in Japan. Most of the recognized deferred tax assets are related to the consolidated taxation system in Japan. In the business plan in estimating the taxable income of the future consolidated taxation system group, Ricoh recognizes that the sales price and sales volume of MFPs and consumables such as toner are an important assumption.

Net operating loss carryforwards, deductible temporary differences and foreign tax credit carryforwards for which deferred tax assets have not been recognized are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Net operating loss carryforwards	110,071	125,604
Deductible temporary differences	4,629	3,071
Foreign tax credit carryforwards	2,107	602
Total	116,807	129,277

The expiration date and amounts of net operating loss carryforwards for which deferred tax assets are not recognized are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Within 4 years	27,517	44,531
After 5 years and thereafter	82,554	81,073
Total	110,071	125,604

The above amounts do not include net operating loss carryforwards in which deferred tax assets related to local taxes (residence tax and enterprise tax) are not recognized as it is not covered by the consolidated taxation system. The amount of net operating loss carryforwards related to residence tax and enterprise tax as of March 31, 2021 were ¥42,942 million and ¥79,866 million, respectively, and as of March 31, 2022 were ¥32,417 million and ¥85,686 million, respectively.

The amounts of recognized deferred tax assets over the amounts of deferred tax liabilities and the recoverability of deferred tax assets are dependent on future taxable profits as of March 31, 2021 and 2022 were ¥65,461 million and ¥63,413 million, respectively. These deferred tax assets were recognized in the Company or some other subsidiaries which recognized tax losses for the year ended March 31, 2021 and 2022. The Company and certain subsidiaries assess the probability that such subsidiaries can utilize deductible temporary differences, net operating loss carryforwards and foreign tax credit carryforwards against future taxable profits.
Deferred tax assets related to domestic consolidation taxation group are included because tax losses are recorded for the fiscal years ended March 31, 2021 and 2022.

Details of current and deferred tax expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Current tax expense:		
Current year	10,879	11,415
Total current tax expense	10,879	11,415
Deferred tax expense:		
Origination and reversal of temporary differences	(18,606)	3,559
Changes in unrecognized deferred tax assets in previous years	(637)	(1,211)
Total deferred tax expense	(19,243)	2,348
Total provision for income taxes	(8,364)	13,763

The amount of the benefits arising from previously unrecognized tax losses, tax credit or temporary differences of a prior period that were used to reduce current tax expenses for the year ended March 31, 2021 and 2022 were ¥1,812 million and ¥4,837 million, respectively, and these benefits were included in the current tax expense.

The Company and its domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, represent a statutory income tax rate of approximately 31% for the year ended March 31, 2021 and 2022.

Reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2022
Statutory income tax rate	31%	31%
Nondeductible expenses	(1)	5
Nontaxable income	0	(1)
Changes in unrecognized deferred tax assets in previous years	1	(3)
Income tax exposures	1	(6)
Taxes on undistributed earnings of foreign subsidiaries	(12)	5
Difference in statutory tax rates of foreign subsidiaries	4	(5)
Impairment of goodwill	(3)	0
Share of profit (loss) of investments accounted for using the equity method	3	(4)
Other, net	(4)	9
Effective income tax rate	20	31

Ricoh does not recognize deferred tax liability on undistributed retained earnings of domestic subsidiaries because dividends from domestic subsidiaries are almost tax-free under the domestic tax law. Ricoh does not recognize deferred tax liability on the taxable temporary differences associated with a portion of undistributed retained earnings in foreign subsidiaries because Ricoh is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The amount of those taxable temporary differences as of March 31, 2021 and 2022 were ¥359,101 million and ¥378,696 million, respectively.

23. EMPLOYEE BENEFITS

(1) Defined benefit plans

Ricoh has defined benefit corporate pension plans and lump-sum payment plans. The benefits of these defined benefit plans are provided based on employees' years of service, compensation level and other terms. Contributions to these plans have been made to provide future pension payments in conformity with actuarial calculations determined by the current basic rate of salary.

The Company and certain subsidiaries have contract-type corporate pension plans based on pension provision. The Company and certain subsidiaries have established Ricoh's group corporate pension provisions stipulating the contents of the pension plan such as eligibility requirements, contents and method for determining benefit payments and burden of contributions by agreement with their employees and have had these plans approved by the Minister of Health, Labour and Welfare. The Company and certain subsidiaries maintain plans by exchanging contracts with trust banks and insurance companies for the payment of contributions and the management of accumulated funds. The trust banks maintain and manage the plan assets while they perform actuarial calculation and payments of annual and lump-sum benefits.

The Company and certain subsidiaries are responsible for operations related to the administration and investment of pension reserves for the participants in compliance with laws and regulations and any orders issued by the Minister of Health, Labour and Welfare. Furthermore, the Company and certain subsidiaries are prohibited from engaging in any actions that could hinder proper administration and investment of the pension reserves for the purpose of furthering their own interests or the interests of third parties other than the participants.

For the year ended March 31, 2022, a pension buyout was implemented in the retirement benefit plan of certain overseas subsidiaries. As a result, Ricoh recognized settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2022.

The changes in the defined benefit obligations and plan assets of the pension plans are as follows:

	Millions of Yen	
Domestic plans	For the year ended March 31, 2021	For the year ended March 31, 2022
Net defined benefit obligations at beginning of year:	51,924	30,876
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	219,495	210,118
Current service cost	7,327	6,817
Interest cost	1,077	1,105
Actuarial gain or loss (i)	(1,551)	(1,498)
Benefits paid	(13,601)	(16,327)
Decrease due to disposal of interest in subsidiaries	(2,629)	—
Defined benefit obligations at end of year	210,118	200,215
Changes in plan assets:		
Fair value of plan assets at beginning of year	167,571	179,242
Interest income	746	835
Income related to plan assets (ii)	16,455	4,249
Employer contributions	10,117	12,361
Partial withdrawal of plan assets	(400)	(420)
Benefits paid	(13,601)	(16,327)
Decrease due to disposal of interest in subsidiaries	(1,646)	—
Fair value of plan assets at end of year	179,242	179,940
Net defined benefit obligations at end of year	30,876	20,275

Foreign plans	Millions of Yen For the year ended March 31, 2021	 For the year ended March 31, 2022
Net defined benefit obligations at beginning of year:	49,006	38,686
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	243,376	265,934
Current service cost	1,338	1,438
Past service cost	(136)	(56)
Interest cost	6,176	5,861
Plan participants' contributions	314	324
Actuarial gain or loss (i)	9,665	(19,035)
Settlements	—	(15,025)
Benefits paid	(9,663)	(10,580)
Increase due to acquisitions through business combinations	403	439
Exchange differences and other	14,461	21,812
Defined benefit obligations at end of year	265,934	251,112
Changes in plan assets:		
Fair value of plan assets at beginning of year	194,370	227,248
Interest income	5,296	5,453
Income related to plan assets (ii)	13,533	(5,836)
Employer contributions	10,957	8,545
Plan participants' contributions	314	324
Partial withdrawal of plan assets	(677)	(719)
Settlements	—	(14,181)
Benefits paid	(9,663)	(10,580)
Exchange differences and other	13,118	18,695
Fair value of plan assets at end of year	227,248	228,949
Net defined benefit obligations at end of year	38,686	22,163

(i) Actuarial gain and loss for the year ended March 31, 2021 and 2022 arose mainly from changes in financial assumptions.

(ii) Income related to plan assets excludes interest income.

The weighted average of significant actuarial assumptions used to determine defined benefit obligations are as follows:

	Domestic plans		Foreign plans	
	As of March 31, 2021	As of March 31, 2022	As of March 31, 2021	As of March 31, 2022
Discount rate	0.5%	0.6%	2.4%	3.0%
Rate of compensation increase	2.4%	2.4%	1.8%	1.9%

In situations in which the discount rate changes, the effects on the defined benefit obligation as of March 31, 2021 and 2022 are shown below. The sensitivity analysis is based on the assumption that there are no other changes in the actuarial calculations, but, in fact, other changes in assumptions could possibly affect the defined benefit obligation. Ricoh does not expect any changes in the rate of compensation to increase.

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Increase of 0.5 of a percentage point	(27,461)	(25,399)
Decrease of 0.5 of a percentage point	29,642	27,851

The fair value of plan assets as of March 31, 2021 by asset class is as follows:

	Millions of Yen		
	As of March 31, 2021		
Domestic plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	19,631	—	19,631
Pooled funds	—	50,095	50,095
Debt securities:			
Domestic bonds	—	—	—
Pooled funds	—	64,809	64,809
Life insurance company general accounts	—	23,381	23,381
Other assets	15	21,311	21,326
Total assets	19,646	159,596	179,242

	Millions of Yen		
	As of March 31, 2021		
Foreign plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	3,904	—	3,904
Pooled funds	—	44,586	44,586
Debt securities:			
Foreign bonds	90,385	—	90,385
Pooled funds	—	77,492	77,492
Life insurance company general accounts	—	23,407	23,407
Other assets (i)	(20,292)	7,766	(12,526)
Total assets	73,997	153,251	227,248

The fair value of plan assets as of March 31, 2022 by asset class is as follows:

Domestic plans	Millions of Yen As of March 31, 2022 Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	18,047	―	18,047
Pooled funds	―	47,053	47,053
Debt securities:			
Domestic bonds	―	―	―
Pooled funds	―	66,590	66,590
Life insurance company general accounts	―	18,988	18,988
Other assets	16	29,246	29,262
Total assets	18,063	161,877	179,940

Foreign plans	Millions of Yen As of March 31, 2022 Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	5,240	―	5,240
Pooled funds	―	39,043	39,043
Debt securities:			
Foreign bonds	101,611	―	101,611
Pooled funds	―	74,103	74,103
Life insurance company general accounts	―	23,579	23,579
Other assets (i)	(22,938)	8,311	(14,627)
Total assets	83,913	145,036	228,949

(i) Assets with quoted market prices in an active market represents a portfolio of investments that primarily consists of Liability Driven Investment（LDI）, designated to match the plan assets with a change in the present value of the defined benefit obligation arising from a change in indices such as interest rates and inflation.

Ricoh’s investment objectives are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and debt and equity securities and prohibit speculative investment in derivative financial instruments. Ricoh addresses diversification by utilizing mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Ricoh’s model portfolio for domestic plans consists of three major components: approximately 35% is invested in equity securities, approximately 40% is invested in debt securities and approximately 25% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Outside of Japan, investment policies vary by country, but the long-term investment objectives and strategies remain consistent. Ricoh's model portfolio for foreign plans has been developed as follows: approximately 20% is invested in equity securities, approximately 75% is invested in debt securities and approximately 5% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Ricoh expects to contribute ¥17,760 million to its pension plans for the year ending March 31, 2023.

The weighted average duration of defined benefit obligations was mainly 11 years as of March 31, 2022.

(2) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2021 and 2022 were ¥ 10,312 million and ¥ 10,861 million, respectively.

(3) Employee benefit expense

The employee benefit expense included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss for the years ended March 31, 2021 and 2022 were ¥ 548,377 million and ¥ 579,830 million, respectively.

24. SHARE-BASED PAYMENT

Share-Based Compensation Plans using Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers of the Company

(a) Details of share-Based compensation plans

The Company has introduced a share-based compensation plan with stock price conditions (hereinafter, "the plan") for the Company's board directors and executive officers (excluding outside board directors; hereafter, "directors and executive officers"). This is aimed at reinforcing common interest between the Company's directors and executive officers and the shareholders. It will also achieve a highly transparent and fair share-based incentive system, with stock price conditions, to show commitment to sustainable development and medium to long-term improvement of our corporate value.

The Company has adopted a Board Incentive Plan trust in which beneficiaries include the directors and executive officers. Under the plan, the Company's shares are acquired through the trust using money contributed by the Company as the source of funds. In accordance with "Rules relating to grand of shares" established by the Company, from the date of commencement of the plan, points (1 point = 1 shares) are granted to the directors and executive officers each month at the end of the month during the period which the plan applies. The plan is designed so that the number of shares granted to the directors and executive officers are based on the comparative result of the growth rate of the Company's stock price and the growth rate of TOPIX (Tokyo stock price index) within a certain time frame. In principle, by carrying out the prescribed beneficiary vesting procedures at the time of retirement for directors and executive officers, those individuals are able to receive shares of the Company, with the number of shares corresponding to the number of points granted.

The plan is accounted for as equity-settled share-based compensation.

(b) Number of points granted during the period and weighed average fair value of points

The fair value of the points on the date of grant is determined by adjusting the market value of the Company's shares taking expected dividends in account.

The number of points granted during the period and the weighted average fair value of the points are as follows:

	For the year ended March 31, 2021	For the year ended March 31, 2022
Number of points granted during the period	57,230	51,585
Weighted average fair value (yen)	1,101	1,047

(c) Share-bases payment expenses

Share-based payment expenses for the year ended March 31, 2021 and 2022 were ¥ 63 million and ¥ 54 million, respectively. This expense was presented within Selling, general and administrative expenses in the consolidated statement of profit or loss.

25. CAPITAL AND RESERVES

(1) Common Stock

The numbers of shares authorized and issued are as follows:

	Number of shares	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Authorized:		
Ordinary shares	1,500,000,000	1,500,000,000
Issued:		
Balance, beginning of year	744,912,078	744,912,078
Adjustment for the year	ー	(107,443,900)
Balance, end of year	744,912,078	637,468,178

The decrease in the total number of shares issued for the year ended March 31, 2022 was due to the retirement of treasury stock.

(2) Reserves

(a) Additional Paid-in Capital

Under the Company Law of Japan (“the Company Law”), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥ 235,913 million and ¥ 110,112 million as of March 31, 2021 and 2022, respectively, were not restricted by the limitations under the Company Law.

(3) Treasury stock

The number of shares of treasury stock as of March 31, 2021 and 2022 included in the number of shares issued shown above were 26,692,132 shares and 468,700 shares, respectively. The Company has established the Board Incentive Plan trust in which beneficiaries include directors and executive officers. The number of the shares in the Company owned by the trust as of March 31, 2021 and 2022 were 415,800 shares and 398,600 shares, respectively. The shares owned by the trust were included in the number of shares of treasury stock.

At the meeting of the Board of Directors of the Company held on March 3, 2021, the Company resolved a share repurchase. The share repurchases for the year ended March 31, 2022 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	Up to ¥ 100 billion
(4) Period	March 4, 2021, through March 3, 2022
(5) Method	Open market purchase on Tokyo Stock Exchange

The Company retired treasury shares, as stated below, following a February 4 Board of Directors resolution.

(1) Share category	Common stock
(2) Number of shares	107,443,900 shares
(3) Retirement date	February 28, 2022

(4) Dividends

Dividends paid are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)	(Yen)		
Ordinary general meeting of shareholders held on June 26, 2020	Ordinary shares	9,423	13.0	March 31, 2020	June 29, 2020
Board of Directors' meeting held on November 4, 2020	Ordinary shares	5,436	7.5	September 30, 2020	December 1, 2020
Ordinary general meeting of shareholders held on June 24, 2021	Ordinary shares	5,391	7.5	March 31, 2021	June 25, 2021
Board of Directors' meeting held on November 4, 2021	Ordinary shares	8,677	13.0	September 30, 2021	December 1, 2021

Note: The total amount of dividends by the resolution of the ordinary general meeting of shareholders held on June 26, 2020 and the board of directors’ meeting held on November 4, 2020 include ¥ 5 million and ¥ 3 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, 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.

Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends (Millions of Yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 24, 2022	Ordinary shares	8,286	Retained earnings	13.0	March 31, 2022	June 27, 2022

Note: The total amount of dividends by the resolution of the board of directors' meeting held on June 24, 2022 includes ¥ 5 million corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Capital risk management

Ricoh's capital management policy is to maintain a strong financial position, which enables us to procure sufficient funds for business expansion and to build an efficient capital structure in order to achieve continuous growth and increase corporate value.

Ricoh manages net interest-bearing debt, where cash and deposits are deducted from interest-bearing debt, capital (equity attributable to owners of the parent company) and the debt-to-equity ratio (ratio of interest-bearing debt to equity). The amounts as of each year end are as set forth in the table below.

In addition, Ricoh manages net interest-bearing debt, excluding debt from sales financing, for managerial purposes.

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Interest-bearing debt	294,619	302,546
Cash and deposit	(335,048)	(240,389)
Net interest-bearing debt	(40,429)	62,157
Capital (equity attributable to owners of the parent)	920,246	902,042
Debt Equity Ratio	(0.04)	0.07

(2) Market risk management

(a) Foreign currency exchange rate risk

(i) Foreign currency exchange rate risk management

The financial results, assets and liabilities are subject to foreign exchange fluctuations because of the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China.

Ricoh enters into foreign currency contracts to hedge against the potentially adverse impact of foreign currency fluctuations on those assets and liabilities denominated in foreign currencies.

(ii) Foreign currency contracts

Foreign currency contracts are as follows:

Foreign Currency Contracts

	As of March 31, 2021		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
Euro/¥	¥ 129.80	42,842	(1,344)
Pound/Euro	€ 1.17	25,442	(81)

	As of March 31, 2022		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
Euro/¥	¥ 136.70	13,670	(710)
Pound/Euro	€ 1.18	46,213	(255)

(iii) Sensitivity analysis for foreign currency risk

The following table represents Ricoh's sensitivity analysis of financial instruments for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before income tax expenses in the consolidated statement of profit or loss that would have resulted from a 1 yen appreciation of the Japanese yen against the U.S. dollar and the euro at the end of the year. The analysis is based on the assumption that such balances and interest rates are constant.

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
U.S. dollar	(47)	94
Euro	(105)	(131)

(b) Interest rate risk

(i) Interest rate risk management

Ricoh's interest-bearing debt is mainly bonds and borrowings with fixed interest rates. At present, the current level of interest rate risk is minor.

(ii) Sensitivity analysis for interest rate

If the interest rate of financial instruments held by Ricoh as of March 31, 2021 and 2022 had increased by 1%, the impact on profit before income tax expenses in the consolidated statement of profit or loss would have been as set forth below.

The analysis assumes interest-bearing debt with floating rates affected by interest rate fluctuation and is based on the assumption that other factors, including the impact of foreign exchange fluctuation, are constant.

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Profit before income tax expenses	(3)	(107)

(3) Credit risk management

(a) Credit risk of financial assets

Trade and other receivables are exposed to customer credit risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As for such risk, Ricoh sets a credit limit, conducts surveys on credit and monitoring of the performance of its business partners on an ongoing basis.

Ricoh adjusts credit limits based on the results of the monitoring procedures in order to minimize potential risks such as the concentration of credit risk and credit default. In addition, Ricoh measures and recognizes an allowance for doubtful receivables by estimating future credit losses with consideration for future situations.

Ricoh considers whether credit risk on that financial instrument has increased significantly since initial recognition by evaluating changes in default risk with reference to factors including the decline of counterparty results and delinquency information. Additionally, Ricoh recognizes credit-impaired financial asset if it experiences serious overdue payment such as over 180 days or more and customers with serious financial difficulties. Ricoh directly reduces the gross carrying amount of a financial asset when there are no reasonable expectations of recovering a financial asset in its entirety, such as when receivables are legally extinguished.

To reduce credit risk in derivative transactions, Ricoh uses only creditworthy financial institutions.

The total carrying amount of financial assets represents the maximum amount of exposure to credit risk.

(i) The measurement of expected credit losses on trade receivables and lease receivables

Ricoh applies the simplified method in which the loss allowance on trade receivables and lease receivables is measured in an amount equal to the lifetime expected credit losses.

(ii) The measurement of expected credit loss on loans and other receivables

When at the end of the reporting period, the credit risk on loans and other receivables has not significantly increased since initial recognition, Ricoh calculates the amount of loss allowance on these financial instruments by estimating the 12-month expected credit loss collectively based upon both historical credit loss experience and forward-looking information such as economic conditions. Ricoh manages loan transactions by ongoing credit evaluations, establishing appropriate credit limits and monitoring accounts periodically to minimize the credit risk of these financial instruments.

(b) Quantitative and qualitative information on expected credit loss

Allowance for doubtful trade receivables and lease receivables is as follows:

	Millions of Yen		
	Non-credit-impaired doubtful receivables	Credit-impaired doubtful receivables	Total
As of April 1, 2020	9,452	4,433	13,885
Provision	1,359	1,123	2,482
Charge-offs	(597)	(1,324)	(1,921)
Exchange differences and other	506	340	846
As of March 31, 2021	10,720	4,572	15,292
Provision	257	3,116	3,373
Charge-offs	(586)	(1,034)	(1,620)
Exchange differences and other	715	610	1,325
As of March 31, 2022	11,106	7,264	18,370

The carrying amount of trade receivables and the allowance for doubtful receivables by the number of days past due is as follows:

(For the year ended March 31, 2021)

	Millions of Yen		
	Carrying amounts of receivables	Expected credit loss	Allowance for doubtful receivables for the entire period
Past due 180 days or less	567,224	1.9%	10,720
Past due 181 days or more	10,016	45.6%	4,572
Total	577,240	2.6%	15,292

(For the year ended March 31, 2022)

	Millions of Yen		
	Carrying amounts of receivables	Expected credit loss	Allowance for doubtful receivables for the entire period
Past due 180 days or less	553,706	2.0%	11,106
Past due 181 days or more	10,389	69.9%	7,264
Total	564,095	3.3%	18,370

(4) Liquidity risk management

Ricoh raises funds through borrowings from financial institutions or issuance of bonds. These liabilities are exposed to the liquidity risk that Ricoh would not be able to repay liabilities on the due date resulting from the deterioration of the financing environment.

The Company and certain subsidiaries have committed limit of borrowing and overdraft facilities with financial institutions as well as commercial paper programs.

Ricoh has implemented a cash management system as a pooling-of-funds arrangement to achieve greater efficiencies in the utilization of liquidity on hand from one group company to another company through finance subsidiaries located in each region.

Ricoh has various funding methods and also has several committed lines of credit with financial institutions in order to reduce the liquidity risk.

An analysis of the contractual maturities of financial liabilities other than guarantee liabilities (including derivative financial instruments) is as follows:

	Millions of Yen							
	As of March 31, 2021							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	287,160	287,160	287,160	—	—	—	—	—
Short-term borrowings	36,620	36,706	36,706	—	—	—	—	—
Long-term borrowings	148,948	149,527	46,391	32,934	28,723	41,121	313	45
Bonds	36,839	38,912	368	13,329	10,335	320	1,855	12,705
Lease liabilities	72,212	76,947	25,955	16,047	10,716	7,155	4,201	12,873
Subtotal	581,779	589,252	396,580	62,310	49,774	48,596	6,369	25,623
Derivative financial liabilities								
Foreign currency contracts	1,669	1,669	1,669	—	—	—	—	—
Subtotal	1,669	1,669	1,669	—	—	—	—	—
Total	583,448	590,921	398,249	62,310	49,774	48,596	6,369	25,623

	Millions of Yen							
	As of March 31, 2022							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	268,534	268,534	268,534	—	—	—	—	—
Short-term borrowings	67,003	67,195	67,195	—	—	—	—	—
Long-term borrowings	130,491	131,037	33,961	30,016	55,633	1,033	10,361	33
Bonds	37,943	39,793	14,049	10,364	349	2,050	233	12,748
Lease liabilities	67,109	71,342	23,614	15,260	10,151	6,415	5,293	10,609
Subtotal	571,080	577,901	407,353	55,640	66,133	9,498	15,887	23,390
Derivative financial liabilities								
Foreign currency contracts	2,079	2,079	2,079	—	—	—	—	—
Subtotal	2,079	2,079	2,079	—	—	—	—	—
Total	573,159	579,980	409,432	55,640	66,133	9,498	15,887	23,390

The Company and its certain subsidiaries enter into limit of borrowing and overdrafts arrangements with financial institutions. These financial institutions also hold the commercial paper issued by the Company and certain subsidiaries.

The total of credit facilities are as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Limit of borrowing and overdrafts		
Used	265	300
Unused	347,404	232,300
Total	347,669	232,600
Issue limit of commercial paper		
Used	—	—
Unused	133,213	136,717
Total	133,213	136,717

(5) 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, 2021		As of March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Lease receivables	228,509	234,007	220,467	224,834
Derivative assets	407	407	147	147
Securities and equity interests	17,770	17,770	11,841	11,841
Bonds	734	734	488	488
Total	247,420	252,918	232,943	237,310
Liabilities:				
Derivative liabilities	1,669	1,669	2,079	2,079
Bonds and borrowings	139,676	136,416	121,042	117,985
Total	141,345	138,085	123,121	120,064

Note:

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

These financial instruments are not included in the table above as the carrying amounts approximate the fair values due to their relatively short-term nature.

(ii) Trade and other receivables

Trade and other receivables settled in a short period 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 under the fair value measurement and disclosure framework.

(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 under the fair value measurement and disclosure framework, since they are valued using observable market data.

(vii) Measurement of financial instruments

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

At amortized cost: trade receivables, bonds (as liabilities) and borrowings.
At fair value through profit or loss: derivative assets, liabilities, securities and equity interests.
At fair value through other comprehensive income: securities, equity interests and bonds (as assets).

Ricoh classifies the equity securities it holds to maintain and strengthen relationships with the companies as the financial assets measured at fair value through other comprehensive income.

The names of the companies whose securities represent the largest holdings of such securities by the company and their fair value were as follows:

(For the year ended March 31, 2021)

Company name	Fair value (Millions of Yen)
SAN-AI OIL CO.,LTD.	4,415
OTSUKA CORPORATION	2,020
NIDEC CORPORATION	1,638
Sindoh Co., Ltd	941
WACUL INC.	904
HISAMITSU PHARMACEUTICAL CO., INC.	851
MAX Co., Ltd.	818
Ushio Inc.	730
Central Japan Railway Company	662
Sumitomo Mitsui Trust Holdings, Inc.	433
Others	4,358
Total	17,770

(For the year ended March 31, 2022)

Company name	Fair value (Millions of Yen)
OTSUKA CORPORATION	1,694
NIDEC CORPORATION	1,189
SAN-AI OIL CO.,LTD.	1,045
Sindoh Co., Ltd	1,010
Ushio Inc.	913
Central Japan Railway Company	638
HISAMITSU PHARMACEUTICAL CO., INC.	432
XAVIS.co.,Ltd.	343
Tokio Marine Holdings, Inc.	245
Evixar Inc.	240
Others	4,092
Total	11,841

Ricoh sold and derecognized some of its financial assets measured at fair value through other comprehensive income in consideration for improving assets efficiency as well as revising business relationships with the companies. The total amounts of the fair value of such financial assets at the time of sale and the cumulative gains or losses on the sales are as follows:

	For the year ended March 31, 2021 (Millions of Yen)	For the year ended March 31, 2022 (Millions of Yen)
Fair value	443	3,803
Cumulative gains (losses)	344	2,250
Dividend income	11	98

The dividends related to held investments in equity instruments designated at fair value through other comprehensive income for the year ended March 31, 2021 and 2022 were ¥505 million and ¥875 million, respectively.

Ricoh transfers to retained earnings the cumulative gains or losses arising from changes in the fair value if financial assets measured at fair value through other comprehensive income recognized in other components of equity when it disposes of an investment or when the fair value declines significantly. Cumulative gains or losses of other comprehensive income, net of tax, that were transferred to retained earnings for the year ended March 31, 2021 and 2022 were ¥264 million and ¥1,547 million, respectively.

(6) Fair value measurement applied in consolidated statement of financial position

The analysis of financial instruments subsequently measured at fair value is shown below. The fair value hierarchy of financial instruments is categorized as follows from Level 1 to Level 3:

Reclassification among the levels in the fair value hierarchy is recognized upon the date when the event or change in circumstances causing the reclassification 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

The following tables present the fair-value hierarchy of financial assets and liabilities that are measured at fair value in the consolidated statement of financial position.

	Millions of Yen			
	As of March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	—	407	—	407
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	15,317	—	2,453	17,770
Bonds	734	—	—	734
Total assets	16,051	407	2,453	18,911
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	1,669	—	1,669
Total liabilities	—	1,669	—	1,669

	Millions of Yen			
	As of March 31, 2022			
	Level 1	Level 2	Level 3	Total
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

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.

As to financial assets categorized at Level 3, significant changes in fair value are not expected in case that an unobservable input is replaced by a reasonable alternative assumption.

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

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Beginning balance	16,509	2,453
Total gains and losses:		
- in profit or loss (i)	—	161
- in other comprehensive income (ii)	(165)	93
Purchases	564	369
Sales	(119)	(64)
Decrease due to deconsolidation	(14,142)	—
Reclassified to Level 1 due to listing (iii)	(330)	(100)
Others	136	99
Ending balance	2,453	3,011

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 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 consolidated statement of comprehensive income (see Note 33, “Other Comprehensive Income”).

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

(7) Derivative financial instruments and hedging activities

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

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh determines as to whether or not the hedging relationship meets the hedge effectiveness requirements.

In general, a derivative instrument may be designated as either a hedge of the exposure to change in the fair value of a recognized asset or liability or an unrecognized firm commitment (“fair value hedge”) or a hedge of the exposure to change in the variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction (“cash flow hedge”).

The periods in which the cash flows associated with the cash flow hedge derivatives are expected to occur and the periods in which the cash flows are expected to enter into the determination of profit or loss are within 1 year.

Gains and losses resulting from the fair values of derivatives not designated as hedging instruments were ¥2,907 million (loss) and ¥670 million (loss) for the years ended March 31, 2021 and 2022, respectively, and are included in "Finance income" and "Finance costs" in the consolidated statement of profit or loss. The gains and losses as noted above were due mainly to the impact of foreign exchange fluctuation.

For the year ended March 31, 2021 and 2022, hedging instruments designated as cash flow hedges were as follows:
(For the year ended March 31, 2021)

	Millions of Yen			Presentation in the consolidated statement of financial position
	Contract amounts	Carrying amount		
		Asset	Liability	
Cash flow hedges				
Foreign currency contracts	32,457	—	724	Other financial liabilities

(For the year ended March 31, 2022)
Not applicable.

For the year ended March 31, 2021 and 2022, cash flow hedge reserves were as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Cash flow hedge		
Foreign currency contracts	(513)	—

The ineffective portion recognized in profit or loss is not significant, and thus a description of changes in fair value is omitted for the hedging instruments which were used as a basis to recognize the ineffective portion.

(8) Liquidated financial assets not qualifying for derecognition criteria

Certain foreign subsidiaries of the Company transferred lease receivables with recourse. Ricoh recognized receivables subject to these transfers as well as relevant liabilities as “Borrowings” since the risks and economic values were retained and these transactions did not meet the derecognition criteria for financial assets.
The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	Millions of Yen		Millions of Yen	
	As of March 31, 2021		As of March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance lease receivables, net	507	557	260	282
Borrowings	507	507	260	260

27. OTHER INCOME

The components of other incomes are as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Gain on sale of tangible assets and intangible assets	1,420	14,004
Government grants	1,360	1,142
Others	3,011	2,814
Total	5,791	17,960

28. LOSS OF CONTROL OF SUBSIDIARY

(For the year ended March 31, 2021)

1. Overview of loss of control

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

On April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, Ricoh's voting rights in Ricoh Leasing changed to the ownership ratio of 33.7%, and Ricoh Leasing, which used to be a consolidated subsidiary of the Company, became an affiliate accounted for under the equity method.

2. Assets and liabilities as of the date which control was lost were as follows:

	Millions of Yen
	Carrying amount
Cash and cash equivalents	28,954
Trade and other receivables	219,572
Other financial assets	824,971
Property, plant and equipment	63,855
Other assets	46,144
Bonds and borrowings	(907,957)
Trade and other payables	(40,824)
Other liabilities	(51,229)
Net assets removed	183,486

Note: Assets and liabilities included in the derecognized subsidiary were the amounts before elimination of inter-company transactions.

3. Gain or loss arising from the sale of the subsidiary with loss of control was as follows:

	Millions of Yen
	For the year ended March 31, 2021
Cash received	36,800
Net assets removed	(183,486)
Non-controlling interests	84,676
Retained investment in former subsidiary	62,010
Gain or loss arising from the deconsolidation	—

Note: The loss amounting to ¥2,539 million from measuring the disposal group classified as held for sale at fair value less costs to sell was included in selling, general and administrative expenses.

4. Cash flows resulting from the sale of subsidiary were as follows:

	Millions of Yen For the year ended March 31, 2021
Cash received from the sale of subsidiary	36,800
Cash and cash equivalents of derecognized subsidiary	(28,954)
Net proceeds from the sale of subsidiary	7,846

(For the year ended March 31, 2022)
Not applicable.

29. SALES

1. Disaggregation of sales

As described in Note 5, Operating Segments, Ricoh Group has five business units as reportable segments, namely Digital Services, Digital Products, Graphic Communications, Industrial Solutions, and Other. Sales are based on the location of customers and are disaggregated by geographic region. The relationship between these disaggregated sales and each reportable segment is as follows:

	Millions of Yen				
For the year ended March 31, 2021	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	651,116	293,814	335,151	96,532	1,376,613
Digital Products	5,917	456	—	5,738	12,111
Graphic Communications	26,699	72,188	40,093	20,929	159,909
Industrial Solutions	55,675	17,254	15,006	20,943	108,878
Other	13,634	2,897	3,159	4,868	24,558
Total segment sales	753,041	386,609	393,409	149,010	1,682,069
Revenue from contracts with customers	739,473	343,481	316,944	124,281	1,524,179
Revenue from other sources	13,568	43,128	76,465	24,729	157,890

*1 Figures exclude intersegment sales.

*2 Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

*3 Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh changed Operating Segment Information from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

For the year ended March 31, 2022	Millions of Yen Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	615,808	329,961	380,384	102,039	1,428,192
Digital Products	6,603	639	3	5,927	13,172
Graphic Communications	26,381	86,820	48,520	25,361	187,082
Industrial Solutions	47,779	22,145	17,663	23,204	110,791
Other	8,671	4,082	3,608	2,989	19,350
Total segment sales	705,242	443,647	450,178	159,520	1,758,587
Revenue from contracts with customers	700,574	391,073	376,145	134,665	1,602,457
Revenue from other sources	4,668	52,574	74,033	24,855	156,130

*1 Figures exclude intersegment sales.

*2 Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

The timing of revenue recognition is as follows:

	Millions of Yen					
	For the year ended March 31, 2021			For the year ended March 31, 2022		
	Goods or services transferred at a point in time	Goods or services transferred over time	Total	Goods or services transferred at a point in time	Goods or services transferred over time	Total
Digital Services	705,744	670,869	1,376,613	703,444	724,748	1,428,192
Digital Products	12,111	—	12,111	13,172	—	13,172
Graphic Communications	102,069	57,840	159,909	114,818	72,264	187,082
Industrial Solutions	108,659	219	108,878	110,548	243	110,791
Other	18,695	5,863	24,558	18,902	448	19,350
Total segment sales	947,278	734,791	1,682,069	960,884	797,703	1,758,587

Note: The above revenue includes revenue from other sources than IFRS 15, mainly lease revenue in accordance with IFRS 16.

The Ricoh Group's business consists of Digital Services, Digital Products, Graphic Communications, Industrial Solutions, and Other, and sells products and provides services in each business.

Sales are measured at the amount of consideration promised in a contract with the customer, after deducting the amount of discounts, rebates based on the volume of purchases, etc. For variable consideration, including variable discounts and rebates, Ricoh estimates the amount of consideration to which it is entitled using all reasonably available information, including historical, current, and projected estimates, and recognizes revenue only to the extent that it is highly probable that a significant reversal will not occur.

In Digital Services and Other, revenue from sales of merchandise in which Ricoh is an agent is recognized at the net amount.

With respect to product warranties, Ricoh accounts for such warranties as a provision, since the customer does not have the option to independently purchase such warranties and Ricoh does not provide services to the customer in addition to the warranty that the finished goods comply with the agreed-upon specifications. There are no significant return and refund obligations and other similar obligations.

Revenue from products in Digital Services (equipment such as multifunctional printers, printers, personal computers and servers), Digital Products (OEM of multifunctional printers and printers) and Graphic Communications (production printer, inkjet heads, imaging systems and industrial printers, etc.) is recognized typically when they have been installed and accepted by the customer, and revenue from related consumables related to these equipment is recognized at the time of delivery, as delivery represent the timing at which legal title and physical possession of the product, significant risks associated with ownership of the product, and economic value are transferred to the customer, and performance obligation of Ricoh is deemed to have been satisfied.

Revenue from the sales of Industrial Solutions (thermal paper, industrial optical components, etc.) and major products of Other is recognized at the time when such equipment, etc., is delivered to the customer, as the customer acquires control over the equipment, etc., at the time of delivery of the equipment, etc., and performance obligation of Ricoh is deemed to have been satisfied.

In the office printing business in Digital Services and the commercial printing business of Graphic Communications, revenue is recognized from maintenance contracts that charge a metered fee based on the customer’s equipment usage, a fixed fee, or a base fee plus a metered fee based on usage. Ricoh has determined that its performance obligation under maintenance contracts is to provide the customer with equipment available at all times in accordance with the contract, and revenue is recognized over a certain period of time as the relevant performance obligation is satisfied. Revenue from maintenance contracts based on a fixed fee is recognized equally over the contract period for the transaction amount related to the contract with the customer. Revenue from maintenance contracts that charge a metered fee based on usage and that charge a base fee plus a metered fee based on usage are recognized based on the amount invoiced to the customer.

In the office services business of Digital Services, sales of software services are mainly divided into two types: license-based services with maintenance services, and cloud-based services. Revenue from license-based services is recognized when the software is provided according to the customer’s specifications and the customer acquires control over the software at the time of delivery, and performance obligation of Ricoh is deemed to have been satisfied. On the other hand, revenue from maintenance services is recognized over time, as maintenance and support services for products are provided over a certain period of time and performance obligation of Ricoh is satisfied over a certain period of time. Similarly, revenue from cloud-based services is recognized over time, as services are provided through applications according to customer’s specifications over a certain period of time.

As receivables under installment sales contracts are billed monthly over the installment payment period, Ricoh makes adjustments with respect to the financing component. For other contracts, Ricoh receives consideration generally within one year after performance obligation of Ricoh is satisfied, and they do not contain a significant financing component.

2. Receivables and liabilities from contracts with customers

The ending balance of receivables and liabilities from contracts with customers were as follows:

	Millions of Yen	
	As of April 1, 2021	As of March 31, 2022
Receivables from contracts with customers	370,667	372,249
Contract liabilities	59,669	68,366

Liabilities from contracts with customers are recognized in other current liabilities and other non-current liabilities on the consolidated statements of financial position. Contract liabilities are mainly related to advanced payments from customers for maintenance contracts. For revenues recognized for the year ended March 31, 2021 and 2022, amounts included in liabilities from contracts with customers at the beginning of the fiscal year were ¥18,873 million and ¥28,030 million, respectively. For the year ended March 31, 2021 and 2022, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in the previous period was not material.

3. Transaction price allocated to the remaining performance obligation

As of March 31, 2021 and 2022, the remaining performance obligation of the contracts with an initial service period of more than one year at the end of reporting period was ¥196,143 million and ¥198,575 million, respectively. These amounts related mainly to maintenance contracts of machines and included a fixed fee in the contract in which the customer pays a stated fixed fee or a stated base fee plus a variable amount. The transaction price allocated to the remaining contracts is expected to be recognized as revenue mostly over one to five years. Ricoh does not disclose information about remaining performance obligations that have original expected durations of one year or less.

4. Assets recognized from the costs to obtain or fulfill contracts with customers

Ricoh capitalizes the incremental costs of obtaining contracts with customers as an asset if those costs are expected to be recoverable and records them in “other current assets” and “other non-current assets” in the consolidated statements of financial position. Incremental costs of obtaining contracts are those costs that Ricoh incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Incremental costs of obtaining contracts recognized as assets by Ricoh are mainly the initial costs incurred related to sales commissions. The related assets are amortized on a straight-line basis over the estimated contract terms.

There are no assets recognized from the cost to fulfill contracts with customers.

	Millions of Yen	
	As of April 1, 2021	As of March 31, 2022
Assets recognized from costs to obtain a contract with customers	6,314	6,727

For the years ended March 31, 2021 and 2022, amortization associated with the assets recognized from the costs to obtain contracts with customers were ¥4,219 million and ¥4,232 million, respectively.

30. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Details of selling, general and administrative expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Personnel expenses	381,898	403,240
Depreciation and amortization expenses	54,422	50,334
Shipping and handling expenses	24,287	27,557
Rental payments	7,452	8,661
Advertising expenses	4,013	4,206
Restructuring expenses	22,471	2,096
Impairment losses of property, plant and equipment and intangible assets	24,879	762
Others	100,318	103,413
Total	619,740	600,269

31. RESEARCH AND DEVELOPMENT

Research and development expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Research and development expenses	79,193	75,724

32. FINANCE INCOME AND FINANCE COSTS

Details of finance income and finance costs are as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Finance income		
Dividend income		
Financial assets measured at fair value through other comprehensive income	516	973
Interest income		
Financial assets measured at amortized cost	1,597	1,116
Financial assets measured at fair value through other comprehensive income	27	22
Foreign currency exchange gain, net	2,213	ー
Other finance income	20	421
Total finance income	4,373	2,532
Finance costs		
Interest costs		
Financial liabilities measured at amortized cost	1,841	2,188
Lease liabilities	1,149	1,049
Provisions	53	22
Foreign currency exchange loss, net	ー	10
Other finance costs	574	531
Total finance costs	3,617	3,800

33. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income are as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Remeasurements of defined benefit plans		
Gain (loss) arising during the year	13,804	14,515
Total	13,804	14,515
Net changes in fair value of financial assets measured through other comprehensive income		
Gain (loss) arising during the year	2,868	(1,851)
Total	2,868	(1,851)
Net changes in fair value of cash flow hedges		
Gain (loss) arising during the year	(1,042)	(133)
Reclassification adjustments to profit or loss for the year	215	723
Total	(827)	590
Exchange differences on translation of foreign operations		
Gain (loss) arising during the year	38,594	46,775
Reclassification adjustments to profit or loss for the year	—	—
Total	38,594	46,775
Share of other comprehensive income of investments accounted for using equity method		
Gain (loss) arising during the year	313	305
Reclassification adjustments to profit or loss for the year	(35)	(19)
Total	278	286

Tax effects of other comprehensive income (including those attributable to noncontrolling interests) are as follows:

	Millions of Yen					
	For the year ended March 31, 2021			For the year ended March 31, 2022		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurements of defined benefit plans	21,874	(8,070)	13,804	18,946	(4,431)	14,515
Net changes in fair value of financial assets measured through other comprehensive income	4,173	(1,305)	2,868	(2,695)	844	(1,851)
Net changes in fair value of cash flow hedges	(1,041)	214	(827)	728	(138)	590
Exchange differences on translation of foreign operations	38,594	—	38,594	46,775	—	46,775
Share of other comprehensive income of investments accounted for using equity method	278	—	278	286	—	286
Total other comprehensive income (loss)	63,878	(9,161)	54,717	64,040	(3,725)	60,315

34. EARNINGS PER SHARE

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

(1) Basic earnings per share

	For the year ended March 31, 2021	For the year ended March 31, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	(32,730)	30,371
Weighted average number of ordinary shares outstanding (thousands of shares)	724,175	669,698
Basic earnings (loss) per share (yen)	(45.20)	45.35

(2) Diluted earnings per share

	For the year ended March 31, 2021	For the year ended March 31, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	(32,730)	30,371
Adjustments (millions of yen)	—	—
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	(32,730)	30,371
Weighted average number of ordinary shares outstanding (thousands of shares) (*1)	724,175	669,698
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares) (*2)	—	100
Weighted-average number of ordinary shares diluted (thousands of shares)	724,175	669,799
Diluted earnings (loss) per share (yen)	(45.20)	45.34

(*1) For the purpose of calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers are accounted as treasury shares and the number of those shares are deducted from weighted-average number of ordinary shares outstanding during the year.

(*2) For the year ended March 31, 2021, since an increase in the number of ordinary shares due to share-based payment reduces loss per share, potential shares have no dilutive effect.

35. RELATED PARTIES

1. Transactions with related parties

Related-party transactions (except for transactions that were offset in the consolidated financial statements) during the year are as follows:

(For the year ended March 31, 2021)

Type	Name	Transactions	Transaction volume (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Associates	Ricoh Leasing Co., Ltd.	Transfer of trade and other payables by factoring	76,749	Trade and other payables	27,576

(For the year ended March 31, 2022)

Type	Name	Transactions	Transaction volume (Millions of Yen)	Account	Outstanding balance (Millions of Yen)
Associates	Ricoh Leasing Co., Ltd.	Transfer of trade and other payables by factoring	86,172	Trade and other payables	31,030

Note:

Transactions with related parties are determined after price negotiations in consideration of market prices and other factors. As of March 31, 2021 and 2022, there were no collateral or guarantee transactions.

2. Remuneration of key management personnel

Directors' remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Remuneration, including bonuses	254	326
Compensation for acquiring stock	9	11
Stock-based compensation with stock price conditions	14	17
Total	277	354

36. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2021 and 2022, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating to ¥ 5,956 million and ¥ 7,662 million, respectively.

As of March 31, 2021 and 2022, there were no significant financial guarantee.

37. GROUP ENTITIES

Refer to “4. Information on Affiliates” in “I. Overview of the Company”.

38. ASSOCIATES

1. Material associates

Ricoh’s material associate is Ricoh Leasing Co., Ltd. (referred to as “Ricoh Leasing”) (reporting date: March 31).

Ricoh Leasing is engaged in the general leasing business in Japan. In addition to leasing Ricoh’s products to customers, Ricoh Leasing conducts factoring transactions with Ricoh group companies in Japan.

The following table reconciles summarized financial statements of Ricoh Leasing to the carrying amounts of Ricoh’s equity interests.

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Current assets	649,689	665,836
Non-current assets	556,329	557,959
Current liabilities	311,964	284,164
Non-current liabilities	703,583	737,808
Total equity	190,471	201,823
Percentage ownership interest	33.7%	33.7%
Total equity attributable to Ricoh	64,189	68,014
Consolidation adjustments	400	361
Carrying amount of equity	64,589	68,375

The amount calculated by multiplying the number of shares of Ricoh Leasing held by Ricoh by the market prices on the same day were ¥36,019 million and ¥34,565 million for the year ended March 31, 2021 and 2022, respectively.

On April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing Company, Ltd. As a result of the share transfer, Ricoh’s voting rights in Ricoh Leasing changed to the ownership ratio of 33.7%, and Ricoh Leasing, which used to be a consolidated subsidiary of the Company, became an affiliate accounted for under the equity method.

At the date of loss of control on April 23, 2020, residual investments were valued at fair value based on the dividend discounted model. The main inputs used to measure fair value at the date of loss of control were the dividends which are cash flows attributable to shareholders and the discount rate of 10%, with a fair value of ¥62,010 million. The fair value is calculated by multiplying the number of shares held by the quoted market prices, reflecting the premium on significant influence.

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Sales	60,592	71,897
Profit	10,626	14,196
Other comprehensive income	697	691
Share of:		
Profit	3,581	4,784
Other comprehensive income	235	233
Total comprehensive income	3,816	5,017
Dividends received by Ricoh Leasing	1,211	1,138

2. Individually immaterial associates

Carrying amounts of Ricoh's equity interests in individually immaterial associates were as follows:

	Millions of Yen	
	As of March 31, 2021	As of March 31, 2022
Associates	14,915	13,021

Ricoh's share of total comprehensive income in individually immaterial associates was as follows:

	Millions of Yen	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Share of:		
Profit	64	820
Other comprehensive income	43	53
Total comprehensive income	107	873

39. SUBSEQUENT EVENTS

(Business Combination)
At the meeting of the Board of Directors of the Company held on April 28, 2022, the Company concluded the partial acquisition of common shares in Fujitsu Limited subsidiary, PFU Limited (referred to as “PFU”) and executed a share purchase agreement. Ricoh will acquire 80% of the shares of PFU and make it a consolidated subsidiary of the Company.

1. 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

2. 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 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.

3. Acquisition date
The Company plans to acquire immediately after the Company receives the Japan Fair Trade Commission notification of this change not applicable of cease and desist order and acquisition preparation is completed.

4. Contingent consideration
Approximately ¥84 billion
(Note) The actual value of the share acquisition will be adjusted based on the balance sheet of PFU and other factors at the acquisition date and may therefore be subject to change.

(Share Repurchase and Retirement)
At the meeting of the Board of Directors of the Company held on May 10, 2022, the Company resolved some shares in accordance with Article 156 of the Companies Act of Japan and pursuant to Article 165, Paragraph 3, of the Companies Act. The Board also decided to retire treasury shares under Article 178 of the Companies Act.

1. Reason for share repurchase and share retirement
To improve shareholder return and capital efficiency.

2. Share repurchase

(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	Up to ¥30 billion
(4) Period	May 11, 2022, through September 30, 2022
(5) Method	Open market purchase on Tokyo Stock Exchange

3. Share retirement

(1) Share category	Common stock
(2) Number of shares	all shares repurchased
(3) Retirement date	October 31, 2022

4. Total number of shares repurchase (as of June 24, 2022)

(1) Total number of shares repurchase	10,565,400 shares
(2) Total repurchase cost	¥ 11,378,518,300

(Reference) Treasury stock as of March 31, 2022

(1) Number of issued and outstanding shares (excluding treasury shares)	636,999,478 shares
(2) Number of treasury shares	468,700 shares

(Borrowing of large amounts of funds)

The Company has executed the following syndicated loan agreement to secure business funds.

(1) Arranger and agent	MUFG Bank, Ltd.
(2) Borrowing type	Syndication term loan
(3) Amount of borrowing	¥50 billion
(4) Interest rate	Base rate plus spread
(5) Borrowing date	June 20, 2022
(6) Repayment date	From June 21, 2027 to June 21, 2032
(7) Collateral and guarantee	None

40. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Takashi Kawaguchi, Corporate Officer, on June 27, 2022.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ricoh Company, Ltd.:

Opinion

We have audited the consolidated financial statements of Ricoh Company, Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill related to Office Printing (Europe, Middle East and Africa sales group)	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 13 to the consolidated financial statements, the Group recorded goodwill related to Office Printing (Europe, Middle East and Africa sales group) in the amount of 51,187 million yen at the end of the current fiscal year. The goodwill arose from the past acquisition, aiming to expand the Group's sales and services network and customer base in the Office Printing business, and there is a risk that expected cash flows are not generated due to deviations from the business plan, changes in the market environment, and other adverse changes. In testing goodwill for impairment, the Group measures the recoverable amount of the Group of cash-generating units, including goodwill, based on the value in use. The value in use is the present value of the estimated future cash flows based on the business plan prepared by management and the expected growth rate after the periods covered by the business plan. In estimating the value in use, the Group uses the following as significant underlying assumptions: • The estimated number of units sold, print output volume and sales price of multi-function printers during the periods covered by the business plan • The expected growth rate after the periods covered by the business plan • The discount rate These assumptions can be affected by the global resurgence of new variants of COVID-19 in Europe, changes in office attendance rate, the recovery status from the supply constraints due to component shortages and logistics issues, and fluctuations in sales price caused by the response to rising costs of components, etc., and involve significant judgments made by management and uncertainties. Therefore, we identified the valuation of goodwill related to Office Printing (Europe, Middle East and Africa sales group) as a key audit matter.	In testing the valuation of goodwill related to Office Printing (Europe, Middle East and Africa sales group), we mainly performed the following procedures. These include procedures performed by component auditors of consolidated subsidiaries under our instructions: 1. Evaluation of Internal Controls • We tested the design and operating effectiveness of internal controls over the processes related to the valuation of goodwill, and mainly focused on the internal controls that evaluate the reasonableness of significant assumptions used in the business plan. 2. Evaluation of the Reasonableness of Value in Use • We discussed with management regarding the estimated number of units sold, print volume and sales price of multi-function printers and the expected growth rate, as well as the effects of the global resurgence of new variants of COVID-19 and the recovery status from the supply constraints due to component shortages and logistics issues, and performed a trend analysis using historical results. We also compared the estimated number of units sold and print volume and the expected growth rate with available external information regarding the market forecast. In addition, we evaluated the consistency of estimated sale price with historical results and relevant information and evaluated its feasibility. • We evaluated the accuracy of the business plan by comparing the business plan prepared in the past with historical results. • With the assistance of our network firm's fair value specialist, we evaluated the appropriateness of the valuation method and discount rate used by management in estimating the value in use. • We evaluated the effect on the recoverable amount using alternative assumptions which reflected estimation uncertainty in the estimated future cash flows, expected growth rate and discount rate.

Valuation of deferred tax assets for the national tax filing group in Japan	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Ricoh Company, Ltd. and some of its Japanese subsidiaries (collectively, the "national tax filing group") utilize the consolidated taxation system in Japan. As described in Note 22 to the consolidated financial statements, deferred tax assets, before offsetting against deferred tax liabilities, was 119,884 million yen at the end of the current fiscal year, and are mostly attributable to the national tax filing group in Japan. The Group recognizes deferred tax assets for deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards to the extent that it is probable that future taxable profits will be available against which they can be utilized. The future taxable profits of the national tax filing group in Japan are estimated based on the business plan prepared by management. Significant assumptions, including the estimated number of units sold and sales price of multi-function printers and consumables, such as toner, are used in preparing the business plan. These assumptions can be affected by the global resurgence of new variants of COVID-19, the recovery status from the supply constraints due to component shortages and logistics issues, and fluctuations in sales price caused by the response to rising costs of components, etc., and involve significant judgments made by management and uncertainties. Therefore, we identified the valuation of deferred tax assets for the national tax filing group in Japan as a key audit matter.	In testing the valuation of deferred tax assets for the national tax filing group in Japan, we mainly performed the following procedures: 1. Evaluation of Internal Controls • We tested the design and operating effectiveness of internal controls over the process of evaluation of deferred tax assets related to the national tax filing group in Japan and focused on the internal controls that evaluate the reasonableness of significant assumptions used in the business plan. 2. Evaluation of the Reasonableness of Future Taxable Profits • We discussed with management regarding the estimated number of units sold and sale price of multi-function printers and consumables, such as toner, as well as effects of the global resurgence of new variants of COVID-19, and the recovery status from the supply constraints due to component shortages and logistics issues, performed a trend analysis using historical results, and compared the estimated number of units sold and print volume and the expected growth rate with available external information regarding the market forecast. In addition, we evaluated the consistency of estimated sales price with historical results and relevant information and evaluated its feasibility. • We evaluated the accuracy of the business plan by comparing the business plan prepared in the past with historical results. • We evaluated the effect on the recoverability of deferred tax assets using alternative assumptions which reflected estimation uncertainty in the estimates of future taxable profits.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 27, 2022