

**Ricoh Company, Ltd.**

Condensed Consolidated Financial Statements  
for the Nine Months Ended December 31, 2019

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the nine months ended December 31, 2019 pursuant to the Japanese Financial Instrument and Exchange Law.

# Condensed Consolidated Statement of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries

ASSETS	Millions of Yen	
	As of March 31, 2019	As of December 31, 2019
Current assets:		
Cash and cash equivalents	240,099	229,248
Time deposits	70	64
Trade and other receivables	604,804	584,298
Other financial assets	294,351	301,447
Inventories	207,748	238,885
Other current assets	40,107	43,746
Subtotal	1,387,179	1,397,688
Assets classified as held for sale (Note 4)	2,583	-
Total current assets	1,389,762	1,397,688
Non-current assets:		
Property, plant and equipment	250,287	259,519
Right-of-use assets (Note 3)	-	65,152
Goodwill and intangible assets (Note 7)	219,806	234,423
Other financial assets	708,295	743,969
Investments accounted for using the equity method	12,521	14,286
Other investments	22,443	35,893
Other non-current assets	38,006	36,220
Deferred tax assets	84,012	86,196
Total non-current assets	1,335,370	1,475,658
Total assets	2,725,132	2,873,346

<b>LIABILITIES AND EQUITY</b>	Millions of Yen	
	As of March 31, 2019	As of December 31, 2019
Current liabilities:		
Bonds and borrowings (Note 8)	266,957	260,183
Trade and other payables	306,189	291,426
Lease liabilities (Note 3)	-	31,142
Other financial liabilities	521	858
Income tax payables	15,455	15,374
Provisions	12,277	7,984
Other current liabilities	242,799	236,463
Total current liabilities	844,198	843,430
Non-current liabilities:		
Bonds and borrowings (Note 8)	666,462	773,899
Lease liabilities (Note 3)	-	39,742
Other financial liabilities	3,420	90
Accrued pension and retirement benefits	105,288	103,356
Provisions	6,610	6,480
Other non-current liabilities	77,619	71,432
Deferred tax liabilities	2,547	2,812
Total non-current liabilities	861,946	997,811
Total liabilities	1,706,144	1,841,241
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,086	186,155
Treasury stock	(37,394)	(37,793)
Other components of equity	73,645	64,300
Retained earnings	574,876	595,652
Equity attributable to owners of the parent	932,577	943,678
Non-controlling interests	86,411	88,427
Total equity	1,018,988	1,032,105
Total liabilities and equity	2,725,132	2,873,346

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

# Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Sales (Note 5,6)	1,489,451	1,493,882
Cost of sales	914,382	944,534
Gross profit	575,069	549,348
Selling, general and administrative expenses (Note 11)	518,954	487,259
Other income	23,064	7,326
Operating profit (loss)	79,179	69,415
Finance income	2,346	4,361
Finance costs	5,135	5,551
Share of profit (loss) of investments accounted for using the equity method	507	243
Profit (loss) before income tax expenses	76,897	68,468
Income tax expenses	21,889	22,375
Profit (loss) for the period	55,008	46,093
Profit (loss) attributable to:		
Owners of the parent	50,633	41,469
Non-controlling interests	4,375	4,624

	Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Earnings per share attributable to owners of the parent: (Note 13)		
Basic	69.85	57.23
Diluted	-	57.23

\* Gain on sales of property, plant and equipment was included in "other income." As for the nine months ended December 31, 2018, gain on sales of shares of Ricoh Logistics System Co., Ltd was included in "other income."

Three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Sales (Note 5,6)	501,195	499,103
Cost of sales	310,019	317,128
Gross profit	191,176	181,975
Selling, general and administrative expenses (Note 11)	164,669	163,555
Other income	664	2,347
Operating profit (loss)	27,171	20,767
Finance income	365	1,461
Finance costs	993	747
Share of profit (loss) of investments accounted for using the equity method	277	141
Profit (loss) before income tax expenses	26,820	21,622
Income tax expenses	10,592	7,741
Profit (loss) for the period	16,228	13,881
Profit (loss) attributable to:		
Owners of the parent	14,588	12,211
Non-controlling interests	1,640	1,670

	Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Earnings per share attributable to owners of the parent: (Note 13)		
Basic	20.13	16.86
Diluted	-	16.86

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

\* Gain on sales of property, plant and equipment was included in "other income."

# Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit (loss) for the period	55,008	46,093
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	-	(1,910)
Net changes in fair value of financial assets measured through other comprehensive income	(3,067)	1,348
Total components that will not be reclassified subsequently to profit or loss	(3,067)	(562)
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	52	(455)
Exchange differences on translation of foreign operations	(5,979)	(9,858)
Total components that will be reclassified subsequently to profit or loss	(5,927)	(10,313)
Total other comprehensive income (loss)	(8,994)	(10,875)
Comprehensive income (loss)	46,014	35,218
Comprehensive income (loss) attributable to:		
Owners of the parent	41,704	30,272
Non-controlling interests	4,310	4,946

Three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit (loss) for the period	16,228	13,881
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	-	(1,910)
Net changes in fair value of financial assets measured through other comprehensive income	(3,121)	1,155
Total components that will not be reclassified subsequently to profit or loss	(3,121)	(755)
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	(215)	(693)
Exchange differences on translation of foreign operations	(22,426)	18,773
Total components that will be reclassified subsequently to profit or loss	(22,641)	18,080
Total other comprehensive income (loss)	(25,762)	17,325
Comprehensive income (loss)	(9,534)	31,206
Comprehensive income (loss) attributable to:		
Owners of the parent	(11,021)	29,168
Non-controlling interests	1,487	2,038

# Condensed Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and Consolidated Subsidiaries

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges
Balance as of April 1, 2018	135,364	186,463	(37,329)	-	51,581	(13,261)
Cumulative effects of changes in accounting policy					(41,149)	13,293
Opening Balance reflecting changes in accounting policy	135,364	186,463	(37,329)	-	10,432	32
Profit (loss) for the period						
Other comprehensive income (loss)				-	(2,969)	29
Comprehensive income (loss)	-	-	-	-	(2,969)	29
Net change in treasury stock			(7)			
Dividends declared and approved to owners (Note 9)						
Transfer from other components of equity to retained earnings					(616)	
Equity transactions with non-controlling shareholders		(341)				
Other			(55)			
Total transactions with owners	-	(341)	(62)	-	(616)	-
Balance as of December 31, 2018	135,364	186,122	(37,391)	-	6,847	61



(Millions of Yen)

	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2018	76,634	114,954	510,113	909,565	79,190	988,755
Cumulative effects of changes in accounting policy		(27,856)	33,691	5,835		5,835
Opening Balance reflecting changes in accounting policy	76,634	87,098	543,804	915,400	79,190	994,590
Profit (loss) for the period			50,633	50,633	4,375	55,008
Other comprehensive Income (loss)	(5,989)	(8,929)		(8,929)	(65)	(8,994)
Comprehensive income (loss)	(5,989)	(8,929)	50,633	41,704	4,310	46,014
Net change in treasury stock				(7)		(7)
Dividends declared and approved to owners (Note 9)			(12,685)	(12,685)	(1,101)	(13,786)
Transfer from other components of equity to retained earnings		(616)	616	-		-
Equity transactions with non-controlling shareholders				(341)	2,490	2,149
Other				(55)		(55)
Total transactions with owners	-	(616)	(12,069)	(13,088)	1,389	(11,699)
Balance as of December 31, 2018	70,645	77,553	582,368	944,016	84,889	1,028,905

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges
Balance as of April 1, 2019	135,364	186,086	(37,394)	-	7,815	59
Profit (loss) for the period						
Other comprehensive Income (loss)				(1,910)	1,035	(413)
Comprehensive income (loss)	-	-	-	(1,910)	1,035	(413)
Net change in treasury stock			(399)			
Dividends declared and approved to owners (Note 9)						
Share-based payment transactions		25				
Share-based payment transactions of subsidiaries						
Transfer from other components of equity to retained earnings				1,910	(58)	
Equity transactions with non-controlling shareholders		44				
Total transactions with owners	-	69	(399)	1,910	(58)	-
Balance as of December 31, 2019	135,364	186,155	(37,793)	-	8,792	(354)

(Millions of Yen)

	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2019	65,771	73,645	574,876	932,577	86,411	1,018,988
Profit (loss) for the period			41,469	41,469	4,624	46,093
Other comprehensive Income (loss)	(9,909)	(11,197)		(11,197)	322	(10,875)
Comprehensive income (loss)	(9,909)	(11,197)	41,469	30,272	4,946	35,218
Net change in treasury stock				(399)		(399)
Dividends declared and approved to owners (Note 9)			(18,841)	(18,841)	(1,227)	(20,068)
Share-based payment transactions				25		25
Share-based payment transactions of subsidiaries				-	21	21
Transfer from other components of equity to retained earnings		1,852	(1,852)	-		-
Equity transactions with non-controlling shareholders				44	(1,724)	(1,680)
Total transactions with owners	-	1,852	(20,693)	(19,171)	(2,930)	(22,101)
Balance as of December 31, 2019	55,862	64,300	595,652	943,678	88,427	1,032,105

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

# Condensed Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit (loss) for the period	55,008	46,093
Adjustments to reconcile profit (loss) for the period to net cash provided by operating activities -		
Depreciation and amortization	71,333	91,516
Other income	(23,064)	(5,313)
Share of profit (loss) of investments accounted for using the equity method	(507)	(243)
Finance income and costs	2,789	1,190
Income tax expenses	21,889	22,375
(Increase) decrease in trade and other receivables	15,136	20,576
(Increase) decrease in inventories	(40,744)	(31,309)
(Increase) decrease in lease receivables	(1,665)	(23,785)
Increase (decrease) in trade and other payables	(12,908)	(16,115)
Increase (decrease) in accrued pension and retirement benefits	(4,691)	(3,985)
Other, net	(18,634)	(15,195)
Interest and dividends received	1,957	3,928
Interest paid	(3,698)	(3,655)
Income taxes paid	(25,567)	(27,208)
Net cash provided by (used in) operating activities	36,634	58,870
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of property, plant and equipment	9,329	7,272
Expenditures for property, plant and equipment	(50,472)	(61,009)
Proceeds from sales of intangible assets	919	134
Expenditures for intangible assets	(19,736)	(19,898)
Payments for purchases of investment securities	(7,914)	(13,870)
Proceeds from sales of investment securities	63,154	1,006
Net proceeds of time deposits	448	4
Purchase of business, net of cash acquired (Note 7)	(5,080)	(16,118)
Net proceeds due to loss of control of subsidiaries (Note 12)	10,223	-
Other, net	(6,686)	(22,723)
Net cash provided by (used in) investing activities	(5,815)	(125,202)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds of short-term debt	(12,112)	(11,090)
Proceeds from long-term debt	62,627	227,845
Repayments of long-term debt	(59,254)	(154,673)
Proceeds from issuance of bonds (Note 8)	40,000	72,119
Repayments of bonds (Note 8)	(10,000)	(32,148)
Repayments of lease liabilities	-	(22,605)
Dividends paid (Note 9)	(12,685)	(18,841)
Payments for purchase of treasury stock	(7)	(399)
Proceeds from sales of shares of subsidiaries which does not involve changes in the scope of consolidation (Note 12)	3,006	-
Other, net	(1,958)	(2,907)
Net cash provided by (used in) financing activities	9,617	57,301
<b>IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS</b>	<b>286</b>	<b>(1,820)</b>
<b>V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>40,722</b>	<b>(10,851)</b>
<b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>160,568</b>	<b>240,099</b>
<b>VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>201,290</b>	<b>229,248</b>

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

# Notes to Condensed Consolidated Financial Statements

*Ricoh Company, Ltd. and Consolidated Subsidiaries*

## 1. REPORTING ENTITY

Ricoh Co., Ltd. (the “Company”) is a company domiciled in Japan. The condensed consolidated financial statements of the Company as of and for the period ended December 31, 2019 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of Office Printing, including MFPs & copiers, related parts & supplies, services & solutions, Office Service, including personal computers, servers, network related services, Commercial Printing, including cut sheet printers, Industrial Printing, including inkjet heads, Thermal Media, including thermal media and Other, including digital cameras (see Note 5 “Operating Segments”).

## 2. BASIS OF PREPARATION

### (1) Statements of Compliance

The condensed consolidated financial statements meet the requirements set out under Article 1-2, Paragraph 1, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the “Rules on Quarterly Consolidated Financial Statements”) under which the Company is qualified as a “specified company” and duly prepares such summary in accordance with IAS 34 “Interim Financial Reporting”, under the provisions of Article 93 of the Rules on Quarterly Consolidated Financial Statements. As the condensed consolidated financial statements do not contain all the information required in annual consolidated financial statements, it should be read in combination with the consolidated financial statements for the fiscal year ended March 31, 2019, prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The condensed consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All amounts presented in Japanese yen have been rounded to the nearest million.

### (2) Use of Estimates and Judgments

The preparation of condensed consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Estimates and judgments that have significant impact on the amounts in the condensed consolidated financial statements for the nine months ended December 31, 2019 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### Adoption of IFRS 16 ‘Leases’

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

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

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

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

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

Right-of-use assets recognized at the beginning of the current fiscal year were ¥79,807 million. There was no material impact on profit and loss for the nine months ended December 31, 2019 from the changes.

#### 4. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale as of March 31, 2019 consisted mainly of land, buildings and structures in Ricoh Industry Co., Ltd. (former Saitama plant) in the amount of ¥2,150 million. The assets were sold in the nine months ended December 31, 2019.

#### 5. OPERATING SEGMENTS

Ricoh's operating segments are composed of Office Printing, Office Service, Commercial Printing, Industrial Printing, Thermal Media and Other.

The following table presents the content of each operating segment.

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

Segment profit (loss) is based on operating profit (loss) and is used by Ricoh's chief operating decision maker in deciding how to allocate resources and in assessing performance. Segment profit (loss) excludes certain corporate expenses, such as costs related to human resources, legal relations, investor relations, public relations, corporate planning and environmental activities.

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the nine months and three months ended December 31, 2018 and 2019. Intersegment transactions are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the nine months and three months ended December 31, 2018 and 2019.

## (1) Operating Segment Information

Nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Segment sales:		
Office Printing	809,213	760,966
Office Service	348,835	408,653
Commercial Printing	135,147	133,375
Industrial Printing	15,614	17,794
Thermal Media	50,608	47,896
Other	165,170	144,814
Intersegment sales	(35,136)	(19,616)
Total segment sales	1,489,451	1,493,882
Segment profit (loss):		
Office Printing	90,248	78,971
Office Service	9,412	18,927
Commercial Printing	20,236	18,055
Industrial Printing	(2,999)	(2,560)
Thermal Media	2,638	2,929
Other	17,063	2,999
Total segment profit (loss)	136,598	119,321
Reconciling items:		
Corporate expenses and elimination	(57,419)	(49,906)
Finance income	2,346	4,361
Finance costs	(5,135)	(5,551)
Share of profit (loss) of investments accounted for using equity method	507	243
Profit (loss) before income tax expenses	76,897	68,468



Three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Segment sales:		
Office Printing	270,636	251,493
Office Service	117,468	138,128
Commercial Printing	48,634	45,838
Industrial Printing	5,828	6,068
Thermal Media	17,538	16,198
Other	48,085	47,970
Intersegment sales	(6,994)	(6,592)
<b>Total segment sales</b>	<b>501,195</b>	<b>499,103</b>
Segment profit (loss):		
Office Printing	33,009	23,599
Office Service	3,189	5,522
Commercial Printing	9,046	6,413
Industrial Printing	(979)	(511)
Thermal Media	885	1,349
Other	1,268	400
<b>Total segment profit (loss)</b>	<b>46,418</b>	<b>36,772</b>
Reconciling items:		
Corporate expenses and elimination	(19,247)	(16,005)
Finance income	365	1,461
Finance costs	(993)	(747)
Share of profit (loss) of investments accounted for using equity method	277	141
<b>Profit (loss) before income tax expenses</b>	<b>26,820</b>	<b>21,622</b>

## (2) Geographic Information

Sales based on the location of customers are as follows:

Nine months ended December 31, 2018 and 2019

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Sales:		
Japan	587,705	637,113
The Americas	420,364	402,810
Europe, Middle East and Africa	340,727	321,835
Other	140,655	132,124
Consolidated	1,489,451	1,493,882
The United States (included in The Americas)	346,756	335,972

Three months ended December 31, 2018 and 2019

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Sales:		
Japan	192,610	207,522
The Americas	141,879	133,762
Europe, Middle East and Africa	117,374	113,335
Other	49,332	44,484
Consolidated	501,195	499,103
The United States (included in The Americas)	117,566	111,615

## 6. SALES

As described in Note 5 “Operating Segments,” operating segments of Ricoh comprise “the Office Printing segment,” “the Office Service segment,” “the Commercial Printing segment,” “the Industrial Printing segment,” “the Thermal Media segment,” “the Other segment.” In addition, Sales are classified by region based on the location of customers.

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

Nine months ended December 31, 2018 and 2019

Nine months ended December 31, 2018	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	255,679	245,167	222,956	85,411	809,213
Office Service	192,076	83,655	59,465	13,639	348,835
Commercial Printing	19,462	70,052	36,627	9,006	135,147
Industrial Printing	2,023	4,539	4,014	5,038	15,614
Thermal Media	10,492	14,713	13,296	12,107	50,608
Other	107,973	2,238	4,369	15,454	130,034
Total segment sales	587,705	420,364	340,727	140,655	1,489,451

Note:

1. Intersegment transactions were excluded in the table above.
2. Revenues recognized in accordance with IFRS15 ‘Revenue from contracts with customers’ as well as revenues from leases recognized in accordance with IFRS16 ‘Leases’ were included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥211,030 million which was mainly composed of Office Printing.

Nine months ended December 31, 2019	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	254,187	231,243	196,470	79,066	760,966
Office Service	245,592	80,526	70,130	12,405	408,653
Commercial Printing	18,823	69,411	35,928	9,213	133,375
Industrial Printing	3,116	4,902	3,446	6,330	17,794
Thermal Media	10,017	14,510	11,990	11,379	47,896
Other	105,378	2,218	3,871	13,731	125,198
Total segment sales	637,113	402,810	321,835	132,124	1,493,882

Note:

1. Intersegment transactions were excluded in the table above.
2. Revenues recognized in accordance with IFRS15 ‘Revenue from contracts with customers’ as well as revenues from leases recognized in accordance with IFRS16 ‘Leases’ were included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥225,942 million which was mainly composed of Office Printing.

Three months ended December 31, 2018 and 2019

Three months ended December 31, 2018	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	85,605	80,730	75,677	28,624	270,636
Office Service	62,497	28,303	21,555	5,113	117,468
Commercial Printing	6,644	25,571	12,957	3,462	48,634
Industrial Printing	452	1,652	1,279	2,445	5,828
Thermal Media	3,814	4,933	4,434	4,357	17,538
Other	33,598	690	1,472	5,331	41,091
<b>Total segment sales</b>	<b>192,610</b>	<b>141,879</b>	<b>117,374</b>	<b>49,332</b>	<b>501,195</b>

Note:

1. Intersegment transactions were excluded in the table above.
2. Revenues recognized in accordance with IFRS15 'Revenue from contracts with customers' as well as revenues from leases recognized in accordance with IFRS16 'Leases' were included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥69,623 million which was mainly composed of Office Printing.

Three months ended December 31, 2019	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	81,100	76,032	67,371	26,990	251,493
Office Service	79,836	26,782	27,043	4,467	138,128
Commercial Printing	6,424	23,766	12,598	3,050	45,838
Industrial Printing	1,229	1,511	1,177	2,151	6,068
Thermal Media	3,507	4,938	3,741	4,012	16,198
Other	35,426	733	1,405	3,814	41,378
<b>Total segment sales</b>	<b>207,522</b>	<b>133,762</b>	<b>113,335</b>	<b>44,484</b>	<b>499,103</b>

Note:

1. Intersegment transactions were excluded in the table above.
2. Revenues recognized in accordance with IFRS15 'Revenue from contracts with customers' as well as revenues from leases recognized in accordance with IFRS16 'Leases' were included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥75,767 million which was mainly composed of Office Printing.

## 7. BUSINESS COMBINATIONS

On August 5, 2019, Ricoh acquired DocuWare GmbH ("DocuWare"), which provides cloud and on-premise CSP (Contents Service Platform) to support document management and workflow automation, through the Company's wholly owned Europe holding subsidiary, Ricoh Europe Holdings, Plc., for a total cash consideration of ¥18,667 million, including transaction costs. With this acquisition, Ricoh aims to expand its Digital business. Ricoh applied the acquisition method to account for the acquisition and the acquisition cost has been allocated to the assets acquired and the liabilities assumed based on the acquisition-date fair values. The amount of consideration paid in excess of the estimated fair values of the identifiable assets acquired and liabilities assumed was ¥17,000 million which was recorded as goodwill. The initial accounting for the business combination is incomplete as of December 31, 2019 and therefore, the provisional amounts of intangible assets and goodwill could possibly be adjusted upon the completion of the purchase price allocation. The operating results of DocuWare have been included in the accompanying condensed consolidated financial statements since the acquisition date.

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

	Millions of Yen
Fair value of the consideration transferred	18,532
Cash and cash equivalents	4,881
Trade receivables and other assets	1,795
Liabilities	(5,144)
Net assets	1,532
Goodwill	17,000
Total	18,532

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

Sales and profit for the period generated by DocuWare since the acquisition date amounted to ¥2,927 million and ¥310 million, respectively. Assuming the business combination was conducted at the beginning of the period, its effect on the condensed consolidated statement of profit or loss for the nine months ended December 31, 2019 would be ¥1,610 million in sales and ¥99 million in profit for the period and the pro-forma information would be ¥1,495,492 million in sales and ¥46,192 million in profit for the period, respectively. The amounts are unaudited by the independent auditor.

## 8. BONDS

As for the nine months ended December 31, 2018, there were issuances of straight bonds of ¥10,000 million (0.05% per annum, due September 2021), ¥10,000 million (0.19% per annum, due September 2023), ¥10,000 million (0.20% per annum, due December 2023) and ¥10,000 million (0.46% per annum, due December 2028). There was a repayment of straight bonds of ¥10,000 million (0.47% per annum, due July 2018).

As for the nine months ended December 31, 2019, there were issuances of straight bonds of EURO 100 million (0.22% per annum, due July 2022), ¥25,000 million (0.04% per annum, due July 2022), ¥5,000 million (0.29% per annum, due July 2029), ¥20,000 million (0.02% per annum, due October 2022) and ¥10,000 million (0.12% per annum, due October 2024). There were repayments of straight bonds of EURO 100 million (0.37% per annum, due July 2019), ¥10,000 million (0.27% per annum, due July 2019) and ¥10,000 million (0.001% per annum, due September 2019).

## 9. DIVIDENDS

Dividends paid during the nine months ended December 31, 2018 and 2019 are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Source of dividends
		(Millions of Yen)	(Yen)			
Ordinary general meeting of shareholders held on June 22, 2018	Ordinary shares	5,437	7.5	March 31, 2018	June 25, 2018	Retained earnings
Board of Directors' meeting held on October 26, 2018	Ordinary shares	7,249	10.0	September 30, 2018	December 3, 2018	Retained earnings
Ordinary general meeting of shareholders held on June 21, 2019	Ordinary shares	9,423	13.0	March 31, 2019	June 24, 2019	Retained earnings
Board of Directors' meeting held on November 1, 2019	Ordinary shares	9,423 (Note)	13.0	September 30, 2019	December 2, 2019	Retained earnings

Note: The total amount of dividends by the resolution of the board of directors' meeting held on November 1, 2019 includes ¥5 million 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 third quarter but whose effective date is in the following quarter are as follows:

None noted.

## 10. FINANCIAL INSTRUMENTS

### (1) Fair value of financial instruments by type

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

	Millions of Yen			
	As of March 31, 2019		As of December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets:</b>				
Trade receivables	132,365	138,060	149,656	156,095
Lease receivables	848,234	863,268	868,743	884,060
Installment loans	153,126	153,325	176,290	176,519
Derivative assets	1,286	1,286	383	383
Securities	22,092	22,092	34,981	34,981
Bonds	1,032	1,032	912	912
<b>Total</b>	<b>1,158,135</b>	<b>1,179,063</b>	<b>1,230,965</b>	<b>1,252,950</b>
<b>Liabilities:</b>				
Derivative liabilities	544	544	948	948
Loans and borrowings	666,462	666,283	773,899	766,672
<b>Total</b>	<b>667,006</b>	<b>666,827</b>	<b>774,847</b>	<b>767,620</b>

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 fair values due to the relatively short-term nature.

#### (ii) Trade and other receivables

The 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.

The fair value of the receivables expected not to be recovered or settled in a short period per each receivable classified per certain business type is calculated based on the present value of such receivables discounted by the interest rate which takes into account the period to maturity and the credit risk.

Trade and other receivables are classified as Level 3 under the fair value measurement and disclosure framework, since they are valued using inputs not based on observable market data.

#### (iii) Lease receivables and installment loans

The fair value of lease receivables and installment loans per each receivable classified per certain period is calculated based on the present value of such receivables discounted by the interest rate which takes into account the period to maturity and the credit risk. Lease receivables and installment loans are classified as Level 3 under the fair value measurement and disclosure framework, since they are valued using inputs not based on observable market data.

#### (iv) Derivatives

Derivative instruments consist of interest rate swap agreements and foreign currency contracts. These derivative instruments are classified as Level 2 in the fair value hierarchy, since they are valued using observable market data such as LIBOR-based yield curves.

#### (v) Securities and bonds

Securities and bonds include marketable securities, bonds and unlisted securities. Marketable securities and bonds are held at fair value using quoted prices in an active market. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and therefore unlisted securities are classified as Level 3.

(vi) Loans and borrowings

Loans 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 maturities of these instruments.

The fair value of loans and borrowings is 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. Loans 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 the financial instruments in accordance with IFRS9 'Financial Instruments' were as follows.

At amortized cost: Trade receivables, Installment loans, Loans (as a liability) and borrowings.

At fair value through profit or loss: Derivative assets and Derivative liabilities.

At fair value through other comprehensive income: Securities and Bonds (as an asset).

**(2) Fair value measurement applied in condensed consolidated statement of financial position**

The analysis of financial instruments subsequently measured at fair value is shown below. The fair value hierarchy of financial instruments is categorized as follows from Level 1 to Level 3:

Reclassification among the levels in the fair value hierarchy is recognized upon the date when the event or change in circumstances causing the reclassification first come into being.

Level 1: Fair values measured using quoted prices in active markets with respect to identical assets or liabilities

Level 2: Fair values measured using inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Fair values measured using inputs not based on observable market data

	Millions of Yen			
	As of March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	1,286	-	1,286
Financial assets at fair value through other comprehensive income:				
Securities	17,207	-	4,885	22,092
Bonds	1,032	-	-	1,032
Total assets	18,239	1,286	4,885	24,410
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	544	-	544
Total liabilities	-	544	-	544



	Millions of Yen			
	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	383	-	383
Financial assets at fair value through other comprehensive income:				
Securities	19,304	-	15,677	34,981
Bonds	912	-	-	912
<b>Total assets</b>	<b>20,216</b>	<b>383</b>	<b>15,677</b>	<b>36,276</b>
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	948	-	948
<b>Total liabilities</b>	<b>-</b>	<b>948</b>	<b>-</b>	<b>948</b>

Note:

Securities and Bonds include marketable equity securities, bonds and unlisted securities. Marketable equity securities and bonds are observable and valued using a market approach based on the quoted market prices of identical instruments in active markets, and therefore marketable equity securities and bonds are classified as Level 1. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and therefore unlisted securities are classified as Level 3.

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

	Millions of Yen	
	Nine months ended	Nine months ended
	December 31, 2018	December 31, 2019
<b>Beginning balance</b>	<b>3,624</b>	<b>4,885</b>
Gains and losses:		
- in other comprehensive income (Note)	580	(26)
Purchases	315	11,240
Sales	(6)	(412)
Others	(45)	(10)
<b>Ending balance</b>	<b>4,468</b>	<b>15,677</b>

Note:

Total gains and losses included in other comprehensive income relate to the shares not traded in the market. Related gains and losses are included in "Net changes in fair value of financial assets measured through other comprehensive income" in the condensed consolidated statement of comprehensive income.

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

The following amounts were charged to expenses for the nine months and three months ended December 31, 2018 and 2019:

	Millions of Yen	
	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Research and development expenses	67,963	63,953
Shipping and handling costs	20,252	20,359
Advertising costs	4,748	4,490

	Millions of Yen	
	Three months ended December 31, 2018	Three months ended December 31, 2019
Research and development expenses	20,755	19,952
Shipping and handling costs	6,896	7,201
Advertising costs	1,176	1,890

## 12. LOSS OF CONTROL OF SUBSIDIARY

Nine months ended December 31, 2018

### (1) Ricoh India Limited

On January 29, 2018, our consolidated subsidiary Ricoh India Limited ("Ricoh India"), with headquarters in New Delhi and listed on the Bombay Stock Exchange, filed a petition with the National Company Law Tribunal (NCLT) pursuant to Section 10 of the Insolvency and Bankruptcy Code, 2016 of India, to initiate corporate insolvency resolution process (\*1). The petition had been admitted in May 2018. Along with this, a moratorium (\*2) was issued by the NCLT, and an interim resolution professional was appointed.

Ricoh had a majority of the voting rights of Ricoh India, whereas Ricoh India was excluded from the scope of consolidation in the first quarter ended June 30, 2018 based on our judgement that Ricoh lost control of Ricoh India in the situation above-mentioned where Ricoh India was under the control of the resolution professional.

There was no material impact on profit and loss of the nine months of the current fiscal year from the exclusion.

A creditors committee, composed of Ricoh India's financial creditors, decided whether or not the current interim resolution professional would continue or be replaced and thereby the creditor committee appointed the current interim resolution professional as the official resolution professional in June 2018.

Public offering to the parties concerned in the corporate insolvency resolution called as Expression of Interest was announced in July 2018. The participants in the offering called as Resolution Prospective Applicants prepare a reorganization plan. Accordingly, the creditors committee is going to examine the reorganization plan and make decisions.

There is a risk of additional losses as Ricoh may be required to waive loans to Ricoh India or for other reasons depending on the reorganization plan to be adopted by the creditors committee.

\*1...Reconstruction process based on the Insolvency and Bankruptcy Code of India:

After the NCLT admits an application filed under Section 10 of the Code, it appoints a resolution professional to be vested with the management of Ricoh India, and there is a prescribed time period during which a resolution plan is to be prepared and submitted to the creditors committee and to the

NCLT for their respective approval. In the event a resolution plan is not submitted to the NCLT within the period or if other events set out in the Code occur, the NCLT will pass an order requiring the corporate debtor to be liquidated.

\*2...About the moratorium:

The NCLT issues a moratorium simultaneously with the decision to commence insolvency proceedings. By issuing the moratorium, actions such as the recovery of assets owned by debtors, judicial or other procedures against debtors, the granting of security interest, and the disposal of debtors' assets or rights are prohibited. The moratorium continues until the NCLT approves a resolution plan or a liquidation order is given.

## (2) Ricoh Logistics System Co., Ltd.

### 1. Overview of loss of control

Ricoh concluded an agreement to sell approximately 66.6% of the Company's shares in Ricoh Logistics System Co., Ltd. ("Ricoh Logistics"), to SBS Holdings Co., Ltd ("SBS Holdings") on May 18, 2018 and completed the transfer on August 1, 2018.

In conjunction with this, Ricoh transferred all its remaining shares in Ricoh Logistics after the share transfer transaction to SBS Holdings representing approximately a 33.3% stake, to a new joint venture, RO Holdings Co., Ltd ("RO Holdings").

Following that transfer, Ricoh transferred ordinary shares equivalent to 33.4% of RO Holdings to Otsuka Corporation.

Along with the series of transactions, Ricoh Logistics becomes an affiliated company accounted for by the equity method.

### 2. Assets and liabilities included in the derecognized subsidiary were as follows:

	Millions of Yen
	Nine months ended December 31, 2018
	Carrying amount
Cash and cash equivalents	4,663
Trade and other receivables	11,774
Property, plant and equipment	7,233
Goodwill and intangible assets	1,281
Trade and other payables	(10,520)
Accrued pension and retirement benefits	(1,485)
Other liabilities	(173)
Net assets removed	12,773

### 3. Gain arising from the sale of the subsidiary with loss of control was as follows:

	Millions of Yen
	Nine months ended December 31, 2018
Cash received	18,000
Net assets removed	(12,773)
Retained investment in former subsidiary	9,000
Gain arising from the sale of subsidiaries with loss of control	14,227

Note: Gain arising from the sale of the subsidiary with loss of control was included in "Other income". The gain amounting to ¥4,742 million from measuring the retained investment in the former subsidiary at fair value at the date of loss of control was included in gain arising from the sale of subsidiaries with loss of control.

4. Cash flows resulting from the sale of subsidiary were as follows:

	Millions of Yen
	Nine months ended December 31, 2018
Cash received from the sale of subsidiary	18,000
Cash and cash equivalents of derecognized subsidiary	(4,663)
Net proceeds from the sale of subsidiary	13,337

Note: The received consideration from Otsuka Corporation for the transfer of ordinary shares equivalent to 33.4% of RO Holdings was included in “Proceeds from sales of shares of subsidiaries which does not involve changes in the scope of consolidation” in the condensed consolidated statement of cash flows.

Nine months ended December 31, 2019

There is no loss of control of subsidiary.

### 13. EARNINGS PER SHARE

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

Diluted earnings per share for the nine months and three months ended December 31, 2018 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

(1) Basic earnings per share

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit attributable to owners of the parent (millions of yen)	50,633	41,469
Weighted average number of ordinary shares outstanding (thousands of shares)	724,868	724,649
Basic earnings per share (yen)	69.85	57.23

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit attributable to owners of the parent (millions of yen)	14,588	12,211
Weighted average number of ordinary shares outstanding (thousands of shares)	724,865	724,436
Basic earnings per share (yen)	20.13	16.86

(2) Diluted earnings per share

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit attributable to owners of the parent (millions of yen)	-	41,469
Adjustments (millions of yen)	-	—
Profit used for calculation of diluted earnings per share (millions of yen)	-	41,469
Weighted average number of ordinary shares outstanding (thousands of shares)	-	724,649
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	-	9
Weighted-average number of ordinary shares diluted (thousands of shares)	-	724,658
Diluted earnings per share (yen)	-	57.23

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit attributable to owners of the parent (millions of yen)	-	12,211
Adjustments (millions of yen)	-	—
Profit used for calculation of diluted earnings per share (millions of yen)	-	12,211
Weighted average number of ordinary shares outstanding (thousands of shares)	-	724,436
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	-	6
Weighted-average number of ordinary shares diluted (thousands of shares)	-	724,443
Diluted earnings per share (yen)	-	16.86

Note: For the purpose of calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers are accounted as treasury shares and the number of those shares are deducted from weighted-average number of ordinary shares outstanding during the period.

#### 14. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2019, and December 31, 2019, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥9,884 million and ¥8,356 million.

As of March 31, 2019, and December 31, 2019, there were no significant contingent liabilities.

As of December 31, 2019, the Company and certain subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the financial position or the results of operations of Ricoh.

## **15. SUBSEQUENT EVENTS**

Rebuilding manufacturing base in China

### (1) Details of the rebuilding

January 9, 2020, Ricoh announced the start of operation of the new manufacturing organization, “Rico Manufacturing (China) Ltd.” in April 2020.

This company was established as part of Ricoh's strategy to strengthen its global production capability. As a central production site for Ricoh's office printing machines, it will also contribute to further enhancing our accuracy of production planning by using advanced analytics of sales and production data through the IoT (Internet of Things), and installing cutting-edge robots and factory automation to enhance our manufacturing process.

With the start of production at the new manufacturing organization, existing production sites in China will be reorganized. Production at Ricoh Asia Industry (Shenzhen) Ltd. will end in the spring of 2020 and production at Ricoh Components & Products (Shenzhen) Ltd. will end in the fall of 2020.

### (2) Future outlook

In the year ending March 31, 2020 and 2021, in addition to the suspension of operations at Ricoh Asia Industry (Shenzhen) Ltd. and Ricoh Components & Products (Shenzhen) Ltd., the impact of a series of reorganizations such as the transfer of the production line to Rico Manufacturing (China) Ltd. is expected.

The impact on profit before income tax expenses for the year ending March 31, 2020 and 2021 is currently estimated to be around 670 million CNY (approximately 10.5 billion JPY).

## **16. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Hidetaka Matsuishi Director and Corporate Executive Vice President, on February 13, 2020.