

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Nine Months Ended December 31, 2021

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the nine months ended December 31, 2021 pursuant to the Japanese Financial Instrument and Exchange Law.

Condensed Consolidated Statement of Financial Position

Ricoh Company, Ltd. and its Consolidated Subsidiaries

ASSETS	Millions of Yen	
	As of March 31, 2021	As of December 31, 2021
Current assets:		
Cash and cash equivalents (Note 6)	334,810	224,590
Time deposits (Note 6)	238	202
Trade and other receivables	392,132	346,975
Other financial assets	92,823	89,787
Inventories	192,016	228,225
Other current assets	46,725	52,155
Total current assets	1,058,744	941,934
Non-current assets:		
Property, plant and equipment	191,963	182,142
Right-of-use assets	63,653	55,632
Goodwill and intangible assets	225,510	240,111
Other financial assets	136,093	123,317
Investments accounted for using the equity method (Note 14)	79,504	83,574
Other investments	18,504	16,814
Other non-current assets	29,773	29,492
Deferred tax assets	84,124	87,487
Total non-current assets	829,124	818,569
Total assets	1,887,868	1,760,503

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2021	As of December 31, 2021
Current liabilities:		
Bonds and borrowings (Note 8)	82,731	115,511
Trade and other payables	287,160	231,966
Lease liabilities	25,475	22,349
Other financial liabilities	1,669	710
Income tax payables	7,213	5,880
Provisions	12,946	10,776
Other current liabilities (Note 13)	240,322	247,086
Total current liabilities	657,516	634,278
Non-current liabilities:		
Bonds and borrowings (Note 8)	139,676	120,003
Lease liabilities	46,737	42,610
Accrued pension and retirement benefits	70,463	61,314
Provisions	11,413	9,446
Other non-current liabilities (Note 13)	34,469	35,565
Deferred tax liabilities	3,742	3,393
Total non-current liabilities	306,500	272,331
Total liabilities	964,016	906,609
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,231	186,117
Treasury stock (Note 9)	(45,024)	(137,724)
Other components of equity	82,097	94,853
Retained earnings	561,578	571,627
Equity attributable to owners of the parent	920,246	850,237
Non-controlling interests	3,606	3,657
Total equity	923,852	853,894
Total liabilities and equity	1,887,868	1,760,503

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

Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Consolidated Subsidiaries

Nine months ended December 31, 2020 and 2021

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Sales (Note 4,5)	1,193,071	1,276,195
Cost of sales (Note 13)	777,354	814,336
Gross profit	415,717	461,859
Selling, general and administrative expenses (Note 7,12,13,14)	447,038	450,722
Other income * (Note 13)	4,224	14,572
Impairment of goodwill (Note 7)	2,641	-
Operating profit (loss)	(29,738)	25,709
Finance income	3,754	2,318
Finance costs	3,064	2,798
Share of profit (loss) of investments accounted for using the equity method	3,434	5,474
Profit (loss) before income tax expenses	(25,614)	30,703
Income tax expenses	(3,140)	7,374
Profit (loss) for the period	(22,474)	23,329
Profit (loss) attributable to:		
Owners of the parent	(22,471)	23,186
Non-controlling interests	(3)	143

	Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Earnings per share attributable to owners of the parent: (Note 15)		
Basic	(31.02)	34.07
Diluted	(31.02)	34.06

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

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

Three months ended December 31, 2020 and 2021

	Millions of Yen	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Sales (Note 4,5)	431,123	432,732
Cost of sales (Note 13)	277,823	275,831
Gross profit	153,300	156,901
Selling, general and administrative expenses (Note 7,12,13)	151,826	153,698
Other income * (Note 13)	2,047	9,406
Impairment of goodwill (Note 7)	2,641	-
Operating profit (loss)	880	12,609
Finance income	2,308	1,335
Finance costs	874	960
Share of profit (loss) of investments accounted for using the equity method	1,580	1,745
Profit (loss) before income tax expenses	3,894	14,729
Income tax expenses	4,187	2,662
Profit (loss) for the period	(293)	12,067
Profit (loss) attributable to:		
Owners of the parent	(276)	12,029
Non-controlling interests	(17)	38

	Yen	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Earnings per share attributable to owners of the parent: (Note 15)		
Basic	(0.38)	18.43
Diluted	(0.38)	18.43

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

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

Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and its Consolidated Subsidiaries

Nine months ended December 31, 2020 and 2021

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss) for the period	(22,474)	23,329
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	-	2,612
Net changes in fair value of financial assets measured through other comprehensive income	1,589	(102)
Share of other comprehensive income of investments accounted for using equity method	67	2,324
Total components that will not be reclassified subsequently to profit or loss	1,656	4,834
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	(421)	409
Exchange differences on translation of foreign operations	13,547	10,431
Share of other comprehensive income of investments accounted for using equity method	10	18
Total components that will be reclassified subsequently to profit or loss	13,136	10,858
Total other comprehensive income (loss)	14,792	15,692
Comprehensive income (loss)	(7,682)	39,021
Comprehensive income (loss) attributable to:		
Owners of the parent	(7,750)	38,940
Non-controlling interests	68	81

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

Three months ended December 31, 2020 and 2021

	Millions of Yen	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit (loss) for the period	(293)	12,067
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	-	31
Net changes in fair value of financial assets measured through other comprehensive income	884	(13)
Share of other comprehensive income of investments accounted for using equity method	61	2,174
Total components that will not be reclassified subsequently to profit or loss	945	2,192
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	(179)	4
Exchange differences on translation of foreign operations	6,844	8,531
Share of other comprehensive income of investments accounted for using equity method	32	33
Total components that will be reclassified subsequently to profit or loss	6,697	8,568
Total other comprehensive income (loss)	7,642	10,760
Comprehensive income (loss)	7,349	22,827
Comprehensive income (loss) attributable to:		
Owners of the parent	7,353	22,854
Non-controlling interests	(4)	(27)

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

Condensed Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and its Consolidated Subsidiaries

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				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, 2020	135,364	186,173	(37,795)	-	5,191	409
Profit (loss) for the period						
Other comprehensive income (loss)					1,549	(489)
Comprehensive income (loss)	-	-	-	-	1,549	(489)
Purchase of treasury stock			(3)			
Dividends declared and approved to owners (Note 10)						
Share-based payment transactions		44	5			
Share-based payment transactions of subsidiaries						
Loss of control of subsidiaries (Note 14)						
Transfer from other components of equity to retained earnings (Note 14)					(212)	
Other			61			
Total transactions with owners	-	44	63	-	(212)	-
Balance as of December 31, 2020	135,364	186,217	(37,732)	-	6,528	(80)

(Millions of Yen)

	Other components of equity		Other comprehensive income related to disposal groups held for sale	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, 2020	36,168	41,768	130	594,731	920,371	88,156	1,008,527
Profit (loss) for the period				(22,471)	(22,471)	(3)	(22,474)
Other comprehensive income (loss)	13,509	14,569	152		14,721	71	14,792
Comprehensive income (loss)	13,509	14,569	152	(22,471)	(7,750)	68	(7,682)
Purchase of treasury stock					(3)		(3)
Dividends declared and approved to owners (Note 10)				(14,851)	(14,851)	(34)	(14,885)
Share-based payment transactions					49		49
Share-based payment transactions of subsidiaries					-	4	4
Loss of control of subsidiaries (Note 14)					-	(84,676)	(84,676)
Transfer from other components of equity to retained earnings (Note 14)		(212)	(282)	494	-		-
Other					61		61
Total transactions with owners	-	(212)	(282)	(14,357)	(14,744)	(84,706)	(99,450)
Balance as of December 31, 2020	49,677	56,125	-	557,903	897,877	3,518	901,395

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

(Millions of Yen)

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

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

Condensed Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
I. Cash Flows from Operating Activities:		
Profit (loss) for the period	(22,474)	23,329
Adjustments to reconcile profit for the period to net cash provided by operating activities:		
Depreciation and amortization	79,670	67,997
Impairment of property, plant and equipment and intangible assets (Note 7)	7,745	-
Impairment of goodwill (Note 7)	2,641	-
Other income	(1,221)	(11,954)
Share of (profit) loss of investments accounted for using the equity method	(3,434)	(5,474)
Finance income and costs	(690)	480
Income tax expenses	(3,140)	7,374
(Increase) decrease in trade and other receivables	67,500	50,855
(Increase) decrease in inventories	(1,750)	(32,230)
(Increase) decrease in lease receivables	13,061	18,965
Increase (decrease) in trade and other payables	(33,268)	(57,771)
Increase (decrease) in accrued pension and retirement benefits	(5,559)	(7,596)
Other, net	(13,092)	(913)
Interest and dividends received	3,393	2,362
Interest paid	(1,861)	(1,740)
Income taxes paid	(14,832)	(15,081)
Net cash provided by (used in) operating activities	72,689	38,603
II. Cash Flows from Investing Activities:		
Proceeds from sales of property, plant and equipment	2,427	13,352
Expenditures for property, plant and equipment	(29,941)	(22,685)
Proceeds from sales of intangible assets	60	-
Expenditures for intangible assets	(16,796)	(24,527)
Payments for purchases of investment securities	(594)	(440)
Proceeds from sales of investment securities	336	4,103
Net (increase) decrease in time deposits	(89)	40
Purchase of business, net of cash acquired	(8,431)	(3,837)
Net increase (decrease) due to loss of control of subsidiaries (Note 14)	7,846	-
Other, net	(280)	-
Net cash provided by (used in) investing activities	(45,462)	(33,994)
III. Cash Flows from Financing Activities:		
Net increase (decrease) of short-term debt	2,871	6,431
Proceeds from long-term debt	97,037	16,143
Repayments of long-term debt	(11,554)	(15,712)
Repayments of bonds (Note 8)	(12,413)	-
Repayments of lease liabilities	(26,293)	(23,382)
Dividends paid (Note 10)	(14,851)	(14,058)
Payments for purchase of treasury stock (Note 9)	(3)	(92,716)
Other, net	(34)	(230)
Net cash provided by (used in) financing activities	34,760	(123,524)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	212	3,070
V. Net Increase (decrease) in Cash and Cash Equivalents	62,199	(115,845)
VI. Cash and Cash Equivalents at Beginning of Year	263,688	330,344
VII. Cash and Cash Equivalents at End of Period (Note 6)	325,887	214,499

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

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

Notes to Condensed Consolidated Financial Statements

Ricoh Company, Ltd. and its Consolidated Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the “Company”) is a company domiciled in Japan. The condensed consolidated financial statements of the Company as of and for the period ended December 31, 2021 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates.

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

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

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, 2021, prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

(2) Use of Estimates and Judgments

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

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

Estimates and judgments that have significant impact on the amounts in the condensed consolidated financial statements for the period ended December 31, 2021 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

Ricoh assumes that the re-expansion of COVID-19 by new variants continues to affect its business results after the period ended December 31, 2021, however the impact on economic activity is expected to be limited because of the progress of vaccination and other factors, and the situation will gradually improve in the future. Therefore, there is no significant change about above assumptions as of December 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. OPERATING SEGMENTS

Ricoh 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. Intersegment sales are primarily for Digital Services.

The following table presents the content of change in 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	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.

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

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the nine months ended December 31, 2020 and 2021. Intersegment transactions are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the nine months ended December 30, 2020 and 2021.

(1) Operating Segment Information

Nine months ended December 31, 2020 and 2021

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Segment sales:		
Digital Services	970,723	1,037,069
Digital Products	255,339	273,050
Graphic Communications	115,184	135,548
Industrial Solutions	82,019	83,495
Other	30,513	24,904
Intersegment sales	(260,707)	(277,871)
Total segment sales	1,193,071	1,276,195
Segment profit (loss):		
Digital Services	(1,454)	8,782
Digital Products	7,437	33,050
Graphic Communications	(27,825)	1,890
Industrial Solutions	(2,330)	(1,002)
Other	(9,414)	(11,117)
Total segment profit (loss)	(33,586)	31,603
Reconciling items:		
Corporate expenses and elimination	3,848	(5,894)
Finance income	3,754	2,318
Finance costs	(3,064)	(2,798)
Share of profit of investments accounted for using equity method	3,434	5,474
Profit (loss) before income tax expenses	(25,614)	30,703

Three months ended December 31, 2020 and 2021

	Millions of Yen	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Segment sales:		
Digital Services	351,369	348,599
Digital Products	94,094	94,352
Graphic Communications	41,972	48,518
Industrial Solutions	29,946	29,280
Other	8,729	8,203
Intersegment sales	(94,987)	(96,220)
Total segment sales	431,123	432,732
Segment profit (loss):		
Digital Services	8,470	3,944
Digital Products	7,253	15,933
Graphic Communications	(13,517)	1,559
Industrial Solutions	67	(239)
Other	(2,685)	(3,700)
Total segment profit (loss)	(412)	17,497
Reconciling items:		
Corporate expenses and elimination	1,292	(4,888)
Finance income	2,308	1,335
Finance costs	(874)	(960)
Share of profit of investments accounted for using equity method	1,580	1,745
Profit (loss) before income tax expenses	3,894	14,729

(2) Geographic Information

Sales based on the location of customers are as follows:

Nine months ended December 31, 2020 and 2021

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Sales:		
Japan	516,789	502,110
The Americas	284,675	323,231
Europe, Middle East and Africa	281,792	328,977
Other	109,815	121,877
Consolidated	1,193,071	1,276,195
The United States (included in The Americas)	243,245	268,794

Three months ended December 31, 2020 and 2021

	Millions of Yen	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Sales:		
Japan	181,372	165,954
The Americas	97,978	108,559
Europe, Middle East and Africa	112,311	116,655
Other	39,462	41,564
Consolidated	431,123	432,732
The United States (included in The Americas)	82,408	89,620

5. SALES

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

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

Nine months ended December 31, 2020 and 2021

Nine months ended December 31, 2020	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	443,009	215,592	240,401	71,721	970,723
Digital Products	4,761	359	-	4,152	9,272
Graphic Communications	19,311	53,068	28,241	14,564	115,184
Industrial Solutions	37,982	13,303	10,855	15,346	77,486
Other	11,726	2,353	2,295	4,032	20,406
Total segment sales	516,789	284,675	281,792	109,815	1,193,071

Nine months ended December 31, 2021	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	439,134	241,092	278,125	78,718	1,037,069
Digital Products	5,129	528	-	4,696	10,353
Graphic Communications	19,301	62,557	35,297	18,393	135,548
Industrial Solutions	31,473	15,888	12,839	17,964	78,164
Other	7,073	3,166	2,716	2,106	15,061
Total segment sales	502,110	323,231	328,977	121,877	1,276,195

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 in the nine months ended December 31, 2020 and 2021 were ¥118,978 million and ¥115,613 million respectively, which were mainly composed of Digital Services.
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.

Three months ended December 31, 2020 and 2021

Three months ended December 31, 2020	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	155,571	73,773	96,625	25,400	351,369
Digital Products	2,280	111	-	1,575	3,966
Graphic Communications	6,619	18,871	10,885	5,597	41,972
Industrial Solutions	14,309	4,490	3,905	5,598	28,302
Other	2,593	733	896	1,292	5,514
Total segment sales	181,372	97,978	112,311	39,462	431,123

Three months ended December 31, 2021	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	144,822	79,387	98,068	26,322	348,599
Digital Products	1,708	229	-	1,333	3,270
Graphic Communications	6,631	21,894	13,218	6,775	48,518
Industrial Solutions	10,589	5,988	4,455	6,409	27,441
Other	2,204	1,061	914	725	4,904
Total segment sales	165,954	108,559	116,655	41,564	432,732

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 in the three months ended December 31, 2020 and 2021 were ¥38,739 million and ¥38,059 million respectively, which were mainly composed of Digital Services.
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.

6. CASH AND CASH EQUIVALENTS

Details of Cash and cash equivalents are as follows:

	Millions of Yen	
	As of December 31, 2020	As of December 31, 2021
Cash and deposits	328,708	224,792
Time deposits with a maturity of more than three months	(146)	(202)
Cash and cash equivalents in Condensed Consolidated Statement of Financial Position	328,562	224,590
Bank overdrafts	(2,675)	(10,091)
Cash and cash equivalents in Condensed Consolidated Statement of Cash Flows	325,887	214,499

7. IMPAIRMENT LOSSES

(For the nine months ended December 31, 2020)

Ricoh recognized impairment losses on some of goodwill, property, plant and equipment and intangible assets in commercial printing business for the nine months ended December 31, 2020. The carrying amount of these assets was written down to the recoverable amount which was determined based on value in use. The value in use was calculated by discounting the estimated cash flows based on the projection approved by management and the growth rate using the pre-tax weighted average cost 10%. Impairment losses for the nine months ended December 31, 2020 were included in “Selling, general and administrative expenses” in the amount of ¥7,745 million and “Impairment of goodwill” in the amount of ¥2,641 million in the condensed consolidated statement of profit or loss for the nine months ended December 31, 2020. Details of impaired assets were ¥5,861 million in intangible assets consisting primarily of development assets, ¥2,641 million in goodwill and ¥1,884 million in property, plant and equipment.

We have focused our investment on commercial printing business's future business expansion, where the impairment losses were recognized. However, commercial printing business was affected by the decline in customers' willingness to invest due to the uncertainty over the future of their business caused by the spread of COVID-19. As a result of incorporating investment for growth for future business expansion and formulating a future plan that carefully considers the COVID-19 impact on business performance in the impairment test, the expected timing of contribution would be later than initially expected. As a result, we recorded impairment losses on some of our assets, including goodwill recorded from past acquisitions.

(For the nine months ended December 31, 2021)

There was no impairment loss.

8. BONDS

No issuance of bonds was noted for the nine months ended December 31, 2020.

Details of bonds repaid during the nine months ended December 31, 2020 are as follows:

Issuer	Bond name	Issue date	Total amount	Interest Rate (%)	Collateral	Maturity date
Ricoh Company, Ltd.	The 2nd series of unsecured straight bonds of EURO	July 27, 2017	100 million Euro	0.350	None	July 27, 2020

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

9. CAPITAL AND RESERVES

(For the nine months ended December 31, 2020)

There was no significant transaction.

(For the nine months ended December 31, 2021)

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

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

(Reference)

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

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

10. DIVIDENDS

(1) Dividends paid during the nine months ended December 31, 2020 and 2021 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 26, 2020	Ordinary shares	9,423 (Note)	13.0	March 31, 2020	June 29, 2020	Retained earnings
Board of Directors' meeting held on November 4, 2020	Ordinary shares	5,436 (Note)	7.5	September 30, 2020	December 1, 2020	Retained earnings
Ordinary general meeting of shareholders held on June 24, 2021	Ordinary shares	5,390 (Note)	7.5	March 31, 2021	June 25, 2021	Retained earnings
Board of Directors' meeting held on November 4, 2021	Ordinary shares	8,677 (Note)	13.0	September 30, 2021	December 1, 2021	Retained earnings

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.

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

None Noted.

11. FINANCIAL INSTRUMENTS

(1) Fair value of financial instruments by type

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

	Millions of Yen			
	As of March 31, 2021		As of December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Lease receivables	228,509	234,007	212,840	217,943
Derivative assets	407	407	264	264
Securities	17,770	17,770	16,311	16,311
Bonds	734	734	503	503
Total	247,420	252,918	229,918	235,021
Liabilities:				
Derivative liabilities	1,669	1,669	710	710
Bonds and borrowings	139,676	136,416	120,003	117,390
Total	141,345	138,085	120,713	118,100

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

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 is calculated per each receivable classified per certain business type based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk.

Trade and other receivables using the inputs not based on observable market data described above are classified as Level 3 under the fair value measurement and disclosure framework. Trade and other receivables that are not material are not included in the table above.

(iii) Lease receivables

The fair value of lease receivables 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 using the inputs not based on observable market data 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 and bonds

Securities and bonds include mainly marketable securities, bonds and unlisted securities. Marketable securities and bonds are held at fair value using quoted prices in an active market. Unlisted securities are classified as Level 3 since the fair value of unlisted securities is measured using comparable companies' analyses or other reasonable valuation methods.

(vi) Bonds and borrowings

Bonds and borrowings expected to be settled in less than 12 months are not included in the table above as the carrying amounts approximate fair values due to the short-term maturities of these instruments.

The fair value of bonds, borrowings and lease liabilities are calculated from estimated present values using year-end borrowing rates applied to borrowings with similar maturities derived from future cash flows on a per-loan basis as well as calculated based on market prices. Bonds and borrowings using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework, since they are valued using observable market data.

(vii) Measurement of financial instruments

Measurement methods for the 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 and liabilities.

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

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

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

Reclassification among the levels in the fair value hierarchy is recognized upon the date when the event or change in circumstances causing the reclassification to occur.

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

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

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

	Millions of Yen			Total
	As of March 31, 2021			
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Derivative assets	-	407	-	407
Financial assets at fair value through other comprehensive income:				
Securities	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 December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	264	-	264
Financial assets at fair value through other comprehensive income:				
Securities	13,569	-	2,742	16,311
Bonds	503	-	-	503
Total assets	14,072	264	2,742	17,078
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	710	-	710
Total liabilities	-	710	-	710

Note:

(i) Derivative instruments include foreign currency contracts. These derivative instruments are classified as Level 2 in the fair value hierarchy 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 and Bonds classified as Level 1 in the fair value hierarchy contains marketable equity securities and bonds. Marketable equity securities and bonds are valued using a market approach based on the quoted market prices of identical instruments in active markets. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as comparable companies' share prices and unobservable inputs, therefore, unlisted securities are classified as Level 3.

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, 2020	December 31, 2021
Beginning balance	16,509	2,453
Gains and losses:		
- in other comprehensive income (i)	(252)	(45)
Purchases	559	369
Sales	(84)	(21)
Decrease due to deconsolidation	(14,142)	-
Reclassified to Level 1 due to listing (ii)	-	(100)
Others	(36)	86
Ending balance	2,554	2,742

Note:

(i) 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.

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

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

The following amounts were charged to selling, general and administrative expenses for the nine months and three months ended December 31, 2020 and 2021:

	Millions of Yen	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Research and development expenses	58,479	55,255
Shipping and handling expenses	17,987	20,127
Advertising expenses	3,044	3,185

	Millions of Yen	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Research and development expenses	18,182	17,261
Shipping and handling expenses	6,366	6,887
Advertising expenses	1,059	1,291

13. 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. In the case of 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, 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 nine months ended December 31, 2020 and 2021, government grants related to income were mainly employment grants relating 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 nine months ended December 31, 2020, the amount of government grants recognized in the consolidated statement of profit or loss was ¥15,057 million, which were deducted by ¥5,367 million in "Cost of sales" and ¥8,931 million in "Selling, general and administrative expenses", and were included by ¥759 million in "Other income".

For the nine months ended December 31, 2021, the amount of government grants recognized in the consolidated statement of profit or loss was ¥5,809 million, which were deducted by ¥2,861 million in "Cost of sales" and ¥2,048 million in "Selling, general and administrative expenses", and were included by ¥900 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 December 31, 2021 were ¥3,844 million and ¥3,503 million, respectively.

There are no unfulfilled conditions or contingencies related to government grants recognized as deferred income.

14. LOSS OF CONTROL OF SUBSIDIARY

(For the nine months ended December 31, 2020)

1. Overview of loss of control

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

As of April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, Ricoh’s voting rights in Ricoh Leasing changed to the ownership ratio of 33.7%, and Ricoh Leasing, which used to be a consolidated subsidiary of the Company, became an affiliate accounted for under the equity method.

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
	Nine months ended December 31, 2020
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
	Nine months ended December 31, 2020
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 nine months ended December 31, 2021)

There was no loss of control of subsidiary.

15. EARNINGS PER SHARE

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

(1) Basic earnings per share

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss) attributable to owners of the parent (millions of yen)	(22,471)	23,186
Weighted average number of ordinary shares outstanding (thousands of shares)	724,434	680,598
Basic earnings per share (yen)	(31.02)	34.07

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit (loss) attributable to owners of the parent (millions of yen)	(276)	12,029
Weighted average number of ordinary shares outstanding (thousands of shares)	724,435	652,818
Basic earnings per share (yen)	(0.38)	18.43

(2) Diluted earnings per share

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss) attributable to owners of the parent (millions of yen)	(22,471)	23,186
Adjustments (millions of yen)	-	-
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	(22,471)	23,186
Weighted average number of ordinary shares outstanding (thousands of shares) (*1)	724,434	680,598
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares) (*2)	-	97
Weighted-average number of ordinary shares diluted (thousands of shares)	724,434	680,695
Diluted earnings per share (yen)	(31.02)	34.06

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit (loss) attributable to owners of the parent (millions of yen)	(276)	12,029
Adjustments (millions of yen)	-	-
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	(276)	12,029
Weighted average number of ordinary shares outstanding (thousands of shares) (*1)	724,435	652,818
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares) (*2)	-	4
Weighted-average number of ordinary shares diluted (thousands of shares)	724,435	652,823
Diluted earnings per share (yen)	(0.38)	18.43

(*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 period.

(*2) For the nine months ended December 31, 2020 and three months ended December 31, 2020, since an increase in the number of ordinary shares due to share-based payment reduces loss per share for the period, potential shares have no dilutive effect.

16. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2021 and December 31, 2021, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥5,956 million and ¥8,488 million, respectively.

As of March 31, 2021 and December 31, 2021, there were no significant contingent liabilities.

As of December 31, 2021, 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.

17. SUBSEQUENT EVENTS

(Retirement of treasury shares)

At the meeting of the Board of Directors of the Company held on March 3, 2021, the Company resolved a retirement of treasury shares pursuant to Article 178 of the Companies Act of Japan. However, at the meeting of the Board of Directors of the Company held on February 4, 2022, the Company partially revised the resolution.

Revisions to treasury share retirement plan

	Before changes	After changes (underlined)
(1) Share class	Common shares of Ricoh	Common shares of Ricoh
(2) Number of shares to be retired	20,000,000 shares and all shares repurchased under March 3, 2021, resolution of Board of Directors	<u>107,443,900</u>
(3) Scheduled retirement date	April 30, 2022	<u>February 28, 2022</u>

(Reference)

Number of issued and outstanding shares after retirement: 637,468,178

Number of treasury shares after retirement : 69,075

Note: The number of treasury shares above excludes Ricoh shares in board, executive officer, and other benefit trusts. The number of shares to be retired is deducted from the number of treasury shares as of December 31, 2021.

18. 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 Executive Corporate Officer, on February 10, 2022.