

**Ricoh Company, Ltd.**

Condensed Consolidated Financial Statements  
for the Three Months Ended June 30, 2020

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the three months ended June 30, 2020 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, 2020	As of June 30, 2020
Current assets:		
Cash and cash equivalents	262,834	320,015
Time deposits	50	62
Trade and other receivables	392,780	327,569
Other financial assets	87,226	88,272
Inventories	201,248	212,903
Other current assets	36,428	40,016
Subtotal	980,566	988,837
Assets classified as held for sale (Note 4)	1,125,582	-
Total current assets	2,106,148	988,837
Non-current assets:		
Property, plant and equipment	201,569	204,074
Right-of-use assets	59,425	64,825
Goodwill and intangible assets	231,898	231,535
Other financial assets	139,181	134,734
Investments accounted for using the equity method (Note 11)	14,305	76,127
Other investments	14,951	15,708
Other non-current assets	29,550	29,587
Deferred tax assets	70,618	76,442
Total non-current assets	761,497	833,032
Total assets	2,867,645	1,821,869

<b>LIABILITIES AND EQUITY</b>	Millions of Yen	
	As of March 31, 2020	As of June 30, 2020
Current liabilities:		
Bonds and borrowings (Note 7)	51,492	43,479
Trade and other payables	246,055	238,744
Lease liabilities	27,230	28,817
Income tax payables	9,455	6,291
Provisions	11,686	8,548
Other current liabilities	233,909	231,564
Subtotal	579,827	557,443
Liabilities directly related to assets held for sale (Note 4)	969,069	-
Total current liabilities	1,548,896	557,443
Non-current liabilities:		
Bonds and borrowings (Note 7)	128,172	173,832
Lease liabilities	38,741	44,954
Accrued pension and retirement benefits	99,795	97,991
Provisions	6,458	6,429
Other non-current liabilities	34,143	37,428
Deferred tax liabilities	2,913	3,777
Total non-current liabilities	310,222	364,411
Total liabilities	1,859,118	921,854
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,173	186,189
Treasury stock	(37,795)	(37,845)
Other components of equity	41,768	45,872
Other comprehensive income related to disposal group held for sale	130	-
Retained earnings	594,731	566,936
Equity attributable to owners of the parent	920,371	896,516
Non-controlling interests	88,156	3,499
Total equity	1,008,527	900,015
Total liabilities and equity	2,867,645	1,821,869

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

# Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Sales (Note 5,6)	477,605	352,325
Cost of sales	293,196	230,252
Gross profit	184,409	122,073
Selling, general and administrative expenses (Note 10,11)	161,029	144,918
Other income *	4,186	1,573
Operating profit (loss)	27,566	(21,272)
Finance income	1,635	838
Finance costs	3,063	2,668
Share of profit (loss) of investments accounted for using the equity method	(62)	490
Profit (loss) before income tax expenses	26,076	(22,612)
Income tax expenses	8,833	(3,949)
Profit (loss) for the period	17,243	(18,663)
Profit (loss) attributable to:		
Owners of the parent	15,624	(18,659)
Non-controlling interests	1,619	(4)

	Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Earnings per share attributable to owners of the parent: (Note 12)		
Basic	21.55	(25.76)
Diluted	-	(25.76)

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

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

# Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss) for the period	17,243	(18,663)
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	-	-
Net changes in fair value of financial assets measured through other comprehensive income	161	615
Share of other comprehensive income of investments accounted for using equity method	-	19
Total components that will not be reclassified subsequently to profit or loss	161	634
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	237	214
Exchange differences on translation of foreign operations	(18,183)	3,429
Share of other comprehensive income of investments accounted for using equity method	-	24
Total components that will be reclassified subsequently to profit or loss	(17,946)	3,667
Total other comprehensive income (loss)	(17,785)	4,301
Comprehensive income (loss)	(542)	(14,362)
Comprehensive income (loss) attributable to:		
Owners of the parent	(1,976)	(14,403)
Non-controlling interests	1,434	41

*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, 2019	135,364	186,086	(37,394)	-	7,815	59
Profit (loss) for the period						
Other comprehensive income (loss)					167	327
Comprehensive income (loss)	-	-	-	-	167	327
Purchase of treasury stock			(1)			
Dividends declared and approved to owners (Note 8)						
Equity transactions with non-controlling shareholders		44				
Total transactions with owners	-	44	(1)	-	-	-
Balance as of June 30, 2019	135,364	186,130	(37,395)	-	7,982	386

(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			15,624	15,624	1,619	17,243
Other comprehensive income (loss)	(18,094)	(17,600)		(17,600)	(185)	(17,785)
Comprehensive income (loss)	(18,094)	(17,600)	15,624	(1,976)	1,434	(542)
Purchase of treasury stock				(1)		(1)
Dividends declared and approved to owners (Note 8)			(9,423)	(9,423)	(588)	(10,011)
Equity transactions with non-controlling shareholders				44	(1,726)	(1,682)
Total transactions with owners	-	-	(9,423)	(9,380)	(2,314)	(11,694)
Balance as of June 30, 2019	47,677	56,045	581,077	921,221	85,531	1,006,752

(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)					527	147
Comprehensive income (loss)	-	-	-	-	527	147
Purchase of treasury stock			(1)			
Dividends declared and approved to owners (Note 8)						
Share-based payment transactions		16				
Share-based payment transactions of subsidiaries						
Loss of control of subsidiaries (Note 11)						
Transfer from other components of equity to retained earnings (Note 11)						
Other			(49)			
Total transactions with owners	-	16	(50)	-	-	-
Balance as of June 30, 2020	135,364	186,189	(37,845)	-	5,718	556



(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				(18,659)	(18,659)	(4)	(18,663)
Other comprehensive income (loss)	3,430	4,104	152		4,256	45	4,301
Comprehensive income (loss)	3,430	4,104	152	(18,659)	(14,403)	41	(14,362)
Purchase of treasury stock					(1)		(1)
Dividends declared and approved to owners (Note 8)				(9,418)	(9,418)	(26)	(9,444)
Share-based payment transactions					16		16
Share-based payment transactions of subsidiaries					-	4	4
Loss of control of subsidiaries (Note 11)					-	(84,676)	(84,676)
Transfer from other components of equity to retained earnings (Note 11)			(282)	282	-		-
Other					(49)		(49)
Total transactions with owners	-	-	(282)	(9,136)	(9,452)	(84,698)	(94,150)
Balance as of June 30, 2020	39,598	45,872	-	566,936	896,516	3,499	900,015

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

# Condensed Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit (loss) for the period	17,243	(18,663)
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities -		
Depreciation and amortization	30,179	26,502
Other income	(4,186)	(14)
Share of profit (loss) of investments accounted for using the equity method	62	(490)
Finance income and costs	1,428	1,830
Income tax expenses	8,833	(3,949)
(Increase) decrease in trade and other receivables	28,846	80,692
(Increase) decrease in inventories	(15,117)	(11,165)
(Increase) decrease in lease receivables	(2,705)	9,832
Increase (decrease) in trade and other payables	(28,139)	(47,798)
Increase (decrease) in accrued pension and retirement benefits	(732)	(1,885)
Other, net	(144)	(1,823)
Interest and dividends received	1,622	1,562
Interest paid	(1,406)	(900)
Income taxes paid	(12,422)	(6,373)
Net cash provided by (used in) operating activities	23,362	27,358
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of property, plant and equipment	6,460	44
Expenditures for property, plant and equipment	(14,777)	(12,000)
Proceeds from sales of intangible assets	91	54
Expenditures for intangible assets	(5,608)	(4,913)
Payments for purchases of investment securities	(11,086)	(591)
Proceeds from sales of investment securities	598	17
Net (Increase) decrease in time deposits	(17)	(12)
Purchase of business, net of cash acquired	(1,011)	(1,476)
Net increase (decrease) due to loss of control of subsidiaries (Note 11)	-	7,846
Other, net	(4,053)	(428)
Net cash provided by (used in) investing activities	(29,403)	(11,459)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) of short-term debt	(8,900)	(20,616)
Proceeds from long-term debt	79,111	88,776
Repayments of long-term debt	(46,105)	(10,488)
Repayments of lease liabilities	(7,785)	(7,763)
Dividends paid (Note 8)	(9,423)	(9,418)
Payments for purchase of treasury stock	(1)	(1)
Other, net	(2,281)	(26)
Net cash provided by (used in) financing activities	4,616	40,464
<b>IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS</b>	(4,635)	(36)
<b>V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(6,060)	56,327
<b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	240,099	263,688
<b>VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	234,039	320,015

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

# Notes to Condensed Consolidated Financial Statements

*Ricoh Company, Ltd. and its Consolidated Subsidiaries*

## 1. REPORTING ENTITY

Ricoh Co., Ltd. (the “Company”) is a company domiciled in Japan. The condensed consolidated financial statements of the Company as of and for the period ended June 30, 2020 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are comprised of the Office Printing segment, including MFPs and copiers, related parts and supplies, the Office Service segment, including personal computers, servers, network equipment, related service and support, the Commercial Printing segment, including cut sheet printers and continuous feed printers, the Industrial Printing segment, including inkjet heads, imaging systems and industrial printers, the Thermal Media segment, including thermal media and Other, including industrial optical component/module, electronic components and 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, 2020, 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, taking into consideration the impact of the novel coronavirus (the “COVID-19”).

Estimates and judgments that have significant impact on the amounts in the condensed consolidated financial statements for the three months ended June 30, 2020 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

Ricoh has made several assumptions concerning when the impact by the spread of COVID-19 will come to an end. Our performance is expected to recover most likely from the third quarter of FY2020, while also

considering possibilities for a recovery in performance starting from FY2021. Therefore, there is no significant change about above assumptions as of June 30, 2020.

### 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. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE

(For the year ended March 31, 2020)

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”).

This agreement enables Ricoh Leasing to expand its business domain and invest in growth beyond the scope of Ricoh even further than before, while at the same time to enhance the business base of vendor leasing, which is Ricoh Leasing's strength. In addition, the Company will improve its asset efficiency and while maintaining its relationship with Ricoh Leasing, reduce risks arising from financial assets on the balance sheet. This will enable flexible financing and proactive investment in growth areas.

Along with the agreement, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, Ricoh reclassified assets and liabilities owned by Ricoh Leasing and its subsidiaries to “Assets classified as held for sale” and “Liabilities directly related to assets held for sale”. Ricoh measured the disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The reportable segments in which the assets and the liabilities are presented are the Office Printing segment, the Office Service segment, the Commercial Printing and the Other segment.

The details of the disposal group are as follows.

	Millions of Yen
	<u>As of March 31, 2020</u>
Assets classified as held for sale	
Current Assets :	
Cash and cash equivalents	854
Time deposits	3
Trade and other receivables	189,971
Other financial assets	209,875
Other current assets	13,871
Subtotal	<u>414,574</u>
Non-current assets :	
Property, plant and equipment	60,856
Right-of-use assets	2,402
Goodwill and intangible assets	2,060
Other financial assets	618,677
Other investments	15,664
Other non-current assets	9,309
Deferred tax assets	2,040
Subtotal	<u>711,008</u>
Total	<u>1,125,582</u>

		Millions of Yen
		<u>As of March 31, 2020</u>
Liabilities directly related to assets held for sale		
Current Liabilities :		
Bonds and borrowings		217,650
Trade and other payables		41,595
Lease liabilities		483
Other financial liabilities		261
Income tax payables		4,079
Other current liabilities		30,876
Subtotal		<u>294,944</u>
Non-current Liabilities :		
Bonds and borrowings		661,277
Lease liabilities		1,900
Other financial liabilities		80
Accrued pension and retirement benefits		978
Other non-current liabilities		9,890
Subtotal		<u>674,125</u>
	Total	<u>969,069</u>

Cumulative other comprehensive income (net of taxes) related to disposal group held for sale amounted to ¥130 million (credit) and were included in equity in the consolidated statements of financial position as of March 31, 2020. Net changes in fair value of financial assets measured through other comprehensive income amounted to ¥225 million (credit) are directly reclassified to retained earnings and net changes in fair value of cash flow hedges amounted to ¥95 million (debit) are reclassified to profit or loss when the asset is sold.

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

As for the impacts of loss of control on assets and liabilities as of June 30, 2020 and on profit and loss for the three months ended June 30, 2020, please refer to Note 11 "LOSS OF CONTROL OF SUBSIDIARY."

## 5. OPERATING SEGMENTS

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

Some of the business in the Office Service segment have been reclassified into the Office Printing segment and Other segment from this fiscal year. In addition, some corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

The following table presents the content of each operating segment.

Segments	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 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, thermal media
Other	Optical equipment, electronic components, semiconductor devices, digital cameras, industrial cameras, 3D printing, environment, healthcare solutions and financial services

Segment profit (loss) is based on operating profit 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 three months ended June 30, 2019 and 2020. Intersegment transactions are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the three months ended June 30, 2019 and 2020.

## (1) Operating Segment Information

	Millions of Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Segment sales:		
Office total	370,760	278,168
Office Printing	257,547	174,786
Office Service	113,213	103,382
Commercial Printing	43,056	27,794
Industrial Printing	5,969	4,295
Thermal Media	16,134	13,791
Other	47,263	32,560
Intersegment sales	(5,577)	(4,283)
Total segment sales	477,605	352,325
Segment profit (loss):		
Office total	34,728	(4,168)
Office Printing	29,676	(8,032)
Office Service	5,052	3,863
Commercial Printing	5,723	818
Industrial Printing	(562)	(1,298)
Thermal Media	926	525
Other	357	(6,499)
Total segment profit (loss)	41,172	(10,622)
Reconciling items:		
Corporate expenses and elimination	(13,606)	(10,650)
Finance income	1,635	838
Finance costs	(3,063)	(2,668)
Share of profit of investments accounted for using equity method	(62)	490
Profit (loss) before income tax expenses	26,076	(22,612)

## (2) Geographic Information

Sales based on the location of customers are as follows:

	Millions of Yen	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Sales:		
Japan	193,902	159,305
The Americas	133,048	85,750
Europe, Middle East and Africa	106,047	74,232
Other	44,608	33,038
Consolidated	477,605	352,325
The United States (included in The Americas)	110,807	74,775

## 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.

Three months ended June 30, 2019	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Total	148,837	104,240	87,371	30,312	370,760
Office Printing	85,494	77,493	67,356	27,204	257,547
Office Service	63,343	26,747	20,015	3,108	113,213
Commercial Printing	6,433	21,645	11,865	3,113	43,056
Industrial Printing	765	1,527	1,122	2,555	5,969
Thermal Media	3,299	4,851	4,384	3,600	16,134
Other	34,568	785	1,305	5,028	41,686
Total segment sales	193,902	133,048	106,047	44,608	477,605

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 ¥71,951 million which was mainly composed of Office Printing.
3. Some of the business in the Office Service segment have been reclassified into the Office Printing segment and Other segment from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

Three months ended June 30, 2020	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Total	126,851	65,363	62,902	23,052	278,168
Office Printing	71,364	44,545	39,110	19,767	174,786
Office Service	55,487	20,818	23,792	3,285	103,382
Commercial Printing	5,441	13,918	6,405	2,030	27,794
Industrial Printing	685	1,134	688	1,788	4,295
Thermal Media	3,093	4,409	3,382	2,907	13,791
Other	23,235	926	855	3,261	28,277
Total segment sales	159,305	85,750	74,232	33,038	352,325

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 ¥40,402 million which was mainly composed of Office Printing.



## 7. BONDS

No issuance or repayment of bonds was noted for the first quarter ended June 30, 2019 and 2020.

## 8. DIVIDENDS

(1) Dividends paid during the three months ended June 30, 2019 and 2020 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 21, 2019	Ordinary shares	9,423	13.0	March 31, 2019	June 24, 2019	Retained earnings
Ordinary general meeting of shareholders held on June 26, 2020	Ordinary shares	9,423	13.0	March 31, 2020	June 29, 2020	Retained earnings

Note: The total amount of dividends paid during the three months ended June 30, 2020 includes ¥5 million corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers.

(2) Dividends whose record date is in the current quarter but whose effective date is in the following quarter

No such dividend was noted for the first quarter ended June 30, 2019 and 2020.

## 9. FINANCIAL INSTRUMENTS

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

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

The table below includes the carrying amount included in “Assets classified as held for sale” and “Liabilities directly related to assets held for sale.”

	Millions of Yen			
	As of March 31, 2020		As of June 30, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Trade receivables	150,891	156,381	-	-
Lease receivables	872,031	887,174	221,198	224,387
Installment loans	180,586	181,368	-	-
Derivative assets	2,342	2,342	1,808	1,808
Securities	29,760	29,760	14,861	14,861
Bonds	855	855	847	847
<b>Total</b>	<b>1,236,465</b>	<b>1,257,880</b>	<b>238,714</b>	<b>241,903</b>
Liabilities:				
Derivative liabilities	341	341	-	-
Bonds and borrowings	789,449	786,493	173,832	169,479
<b>Total</b>	<b>789,790</b>	<b>786,834</b>	<b>173,832</b>	<b>169,479</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

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 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 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 using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

#### (iv) Derivatives

Derivative instruments include foreign currency contracts and interest rate swap agreements. 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, installment loans, bonds (as a liability) 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 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

The following tables present the fair-value hierarchy of financial assets and liabilities that are measured at fair value in the consolidated statement of financial position, which includes the carrying amount included in "Assets classified as held for sale" and "Liabilities directly related to assets held for sale."

	Millions of Yen			Total
	As of March 31, 2020			
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Derivative assets	-	2,342	-	2,342
Financial assets at fair value through other comprehensive income:				
Securities	13,251	-	16,509	29,760
Bonds	855	-	-	855
<b>Total assets</b>	<b>14,106</b>	<b>2,342</b>	<b>16,509</b>	<b>32,957</b>
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	341	-	341
<b>Total liabilities</b>	<b>-</b>	<b>341</b>	<b>-</b>	<b>341</b>

	Millions of Yen			
	As of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	1,808	-	1,808
Financial assets at fair value through other comprehensive income:				
Securities	11,953	-	2,908	14,861
Bonds	847	-	-	847
<b>Total assets</b>	<b>12,800</b>	<b>1,808</b>	<b>2,908</b>	<b>17,516</b>

Note:

(i) Derivative instruments consist of foreign currency contracts and interest rate swap agreements. 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.

(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	
	Three months ended	Three months ended
	June 30, 2019	June 30, 2020
Beginning balance	4,885	16,509
Purchases	8,558	558
Sales	(29)	(18)
Decrease due to disposal of interest in subsidiaries	-	(14,142)
Others	(1)	1
<b>Ending balance</b>	<b>13,413</b>	<b>2,908</b>

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

The following amounts were charged to selling, general and administrative expenses for the three months ended June 30, 2019 and 2020:

	Millions of Yen	
	Three months ended	Three months ended
	June 30, 2019	June 30, 2020
Research and development expenses	19,820	19,381
Shipping and handling expenses	6,673	5,275
Advertising expenses	1,299	758

## 11. LOSS OF CONTROL OF SUBSIDIARY

(For the three months ended June 30, 2019)

There was no loss of control of subsidiary.

(For the three months ended June 30, 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
	Three months ended
	June 30, 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
	Three months ended June 30, 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

## 12. EARNINGS PER SHARE

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

Diluted earnings per share for the three months ended June 30, 2019 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

(1) Basic earnings per share

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss) attributable to owners of the parent (millions of yen)	15,624	(18,659)
Weighted average number of ordinary shares outstanding (thousands of shares)	724,862	724,433
Basic earnings per share (yen)	21.55	(25.76)

(2) Diluted earnings per share

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit (loss) attributable to owners of the parent (millions of yen)	-	(18,659)
Adjustments (millions of yen)	-	-
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	-	(18,659)
Weighted average number of ordinary shares outstanding (thousands of shares)	-	724,433
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	-	22
Weighted-average number of ordinary shares diluted (thousands of shares)	-	724,455
Diluted earnings per share (yen)	-	(25.76)

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.

### **13. CAPITAL COMMITMENTS AND CONTINGENCIES**

As of March 31, 2020 and June 30, 2020, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥6,378 million and ¥7,478 million, respectively.

As of March 31, 2020 and June 30, 2020, there were no significant contingent liabilities.

As of June 30, 2020, the Company and certain subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the financial position or the results of operations of Ricoh.

### **14. SUBSEQUENT EVENTS**

There were no material subsequent events.

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

The condensed consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Hidetaka Matsuishi Director and Corporate Executive Vice President, on August 7, 2020.