

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Three Months Ended June 30, 2022

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the three months ended June 30, 2022 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, 2022	As of June 30, 2022
Current assets:		
Cash and cash equivalents (Note 6)	240,308	252,181
Time deposits (Note 6)	81	88
Trade and other receivables	397,148	387,358
Other financial assets	92,293	94,843
Inventories	232,558	264,563
Other current assets	50,034	65,575
Total current assets	1,012,422	1,064,608
Non-current assets:		
Property, plant and equipment	188,439	188,935
Right-of-use assets	57,730	58,696
Goodwill and intangible assets	259,482	276,807
Other financial assets	128,321	132,125
Investments accounted for using the equity method	81,396	82,082
Other investments	12,329	12,162
Other non-current assets	31,942	33,725
Deferred tax assets	81,193	81,649
Total non-current assets	840,832	866,181
Total assets	1,853,254	1,930,789

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2022	As of June 30, 2022
Current liabilities:		
Bonds and borrowings (Note 7)	114,395	100,436
Trade and other payables	268,534	266,831
Lease liabilities	22,665	23,311
Other financial liabilities	2,079	1,987
Income tax payables	11,143	12,883
Provisions	9,941	10,744
Other current liabilities	264,691	280,867
Total current liabilities	693,448	697,059
Non-current liabilities:		
Bonds and borrowings (Note 7)	121,042	162,262
Lease liabilities	44,444	44,545
Accrued pension and retirement benefits	45,728	45,042
Provisions	9,607	8,981
Other non-current liabilities	29,029	30,395
Deferred tax liabilities	4,131	5,248
Total non-current liabilities	253,981	296,473
Total liabilities	947,429	993,532
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	180,942	180,965
Treasury stock (Note 8)	(460)	(12,263)
Other components of equity	126,341	170,247
Retained earnings	459,855	459,156
Equity attributable to owners of the parent	902,042	933,469
Non-controlling interests	3,783	3,788
Total equity	905,825	937,257
Total liabilities and equity	1,853,254	1,930,789

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, 2021	Three months ended June 30, 2022
Sales (Note 4,5)	424,804	459,341
Cost of sales	272,441	291,336
Gross profit	152,363	168,005
Selling, general and administrative expenses (Note 11)	150,344	159,678
Other income *	3,647	1,299
Operating profit (loss)	5,666	9,626
Finance income	1,071	603
Finance costs	882	1,091
Share of profit (loss) of investments accounted for using the equity method	1,827	2,063
Profit (loss) before income tax expenses	7,682	11,201
Income tax expenses	2,846	3,579
Profit (loss) for the period	4,836	7,622
Profit (loss) attributable to:		
Owners of the parent	4,787	7,591
Non-controlling interests	49	31

	Yen	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Earnings per share attributable to owners of the parent: (Note 12)		
Basic	6.77	11.98
Diluted	6.77	11.98

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, 2021	Three months ended June 30, 2022
Profit (loss) for the period	4,836	7,622
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	981	–
Net changes in fair value of financial assets measured through other comprehensive income	207	(226)
Share of other comprehensive income of investments accounted for using equity method	114	(667)
Total components that will not be reclassified subsequently to profit or loss	1,302	(893)
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	(128)	(77)
Exchange differences on translation of foreign operations	3,810	44,964
Share of other comprehensive income of investments accounted for using equity method	(68)	(64)
Total components that will be reclassified subsequently to profit or loss	3,614	44,823
Total other comprehensive income (loss)	4,916	43,930
Comprehensive income (loss)	9,752	51,552
Comprehensive income (loss) attributable to:		
Owners of the parent	9,695	51,488
Non-controlling interests	57	64

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

Condensed Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and its Consolidated Subsidiaries

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurements of defined benefit plans	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges
Balance as of April 1, 2021	135,364	186,231	(45,024)	—	7,807	(430)
Profit (loss) for the period						
Other comprehensive income (loss)				981	321	(197)
Comprehensive income (loss)	—	—	—	981	321	(197)
Net change in treasury stock (Note 8)			(25,260)			
Dividends declared and approved to owners (Note 9)						
Share-based payment transactions		11	4			
Transfer from other components of equity to retained earnings				(981)	60	
Total transactions with owners	—	11	(25,256)	(981)	60	—
Balance as of June 30, 2021	135,364	186,242	(70,280)	—	8,188	(627)

(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			4,787	4,787	49	4,836
Other comprehensive income (loss)	3,803	4,908		4,908	8	4,916
Comprehensive income (loss)	3,803	4,908	4,787	9,695	57	9,752
Net change in treasury stock (Note 8)				(25,260)		(25,260)
Dividends declared and approved to owners (Note 9)			(5,387)	(5,387)	(23)	(5,410)
Share-based payment transactions				15		15
Transfer from other components of equity to retained earnings		(921)	921	—		—
Total transactions with owners	—	(921)	(4,466)	(30,632)	(23)	(30,655)
Balance as of June 30, 2021	78,523	86,084	561,899	899,309	3,640	902,949

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurements of defined benefit plans	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges
Balance as of April 1, 2022	135,364	180,942	(460)	—	4,540	246
Profit (loss) for the period						
Other comprehensive income (loss)					(893)	(150)
Comprehensive income (loss)	—	—	—	—	(893)	(150)
Net change in treasury stock (Note 8)			(11,812)			
Dividends declared and approved to owners (Note 9)						
Share-based payment transactions		23	9			
Transfer from other components of equity to retained earnings					9	
Total transactions with owners	—	23	(11,803)	—	9	—
Balance as of June 30, 2022	135,364	180,965	(12,263)	—	3,656	96

(Millions of Yen)

	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2022	121,555	126,341	459,855	902,042	3,783	905,825
Profit (loss) for the period			7,591	7,591	31	7,622
Other comprehensive income (loss)	44,940	43,897		43,897	33	43,930
Comprehensive income (loss)	44,940	43,897	7,591	51,488	64	51,552
Net change in treasury stock (Note 8)				(11,812)		(11,812)
Dividends declared and approved to owners (Note 9)			(8,281)	(8,281)	(59)	(8,340)
Share-based payment transactions				32		32
Transfer from other components of equity to retained earnings		9	(9)	—		—
Total transactions with owners	—	9	(8,290)	(20,061)	(59)	(20,120)
Balance as of June 30, 2022	166,495	170,247	459,156	933,469	3,788	937,257

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, 2021	Three months ended June 30, 2022
I. Cash Flows from Operating Activities:		
Profit (loss) for the period	4,836	7,622
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities -		
Depreciation and amortization	23,477	22,631
Other income	(2,712)	(20)
Share of (profit) loss of investments accounted for using the equity method	(1,827)	(2,063)
Finance income and costs	(189)	488
Income tax expenses	2,846	3,579
(Increase) decrease in trade and other receivables	51,714	28,725
(Increase) decrease in inventories	(1,199)	(20,383)
(Increase) decrease in lease receivables	5,976	7,702
Increase (decrease) in trade and other payables	(35,187)	(7,922)
Increase (decrease) in accrued pension and retirement benefits	(2,833)	(2,556)
Other, net	7,463	(14,527)
Interest and dividends received	1,011	1,212
Interest paid	(845)	(1,177)
Income taxes paid	(4,664)	(3,464)
Net cash provided by (used in) operating activities	47,867	19,847
II. Cash Flows from Investing Activities:		
Proceeds from sales of property, plant and equipment	3,329	1,658
Expenditures for property, plant and equipment	(7,584)	(8,282)
Expenditures for intangible assets	(7,349)	(6,921)
Payments for purchases of investment securities	(169)	(251)
Proceeds from sales of investment securities	13	40
Net (Increase) decrease in time deposits	(36)	(4)
Purchase of business, net of cash acquired	(2,292)	(750)
Net cash provided by (used in) investing activities	(14,088)	(14,510)
III. Cash Flows from Financing Activities:		
Net increase (decrease) of short-term debt	(3,661)	(8,874)
Proceeds from long-term debt	1,134	50,928
Repayments of long-term debt	(927)	(20,991)
Repayments of lease liabilities	(8,906)	(7,950)
Dividends paid (Note 9)	(5,387)	(8,281)
Payments for purchase of treasury stock (Note 8)	(25,260)	(11,812)
Other, net	(23)	(59)
Net cash provided by (used in) financing activities	(43,030)	(7,039)
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	604	11,103
V. Net Increase (decrease) in Cash and Cash Equivalents	(8,647)	9,401
VI. Cash and Cash Equivalents at Beginning of Year	330,344	234,020
VII. Cash and Cash Equivalents at End of Period (Note 6)	321,697	243,421

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

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

Notes to Condensed Consolidated Financial Statements

Ricoh Company, Ltd. and its Consolidated Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the “Company”) is a company domiciled in Japan. The condensed consolidated financial statements of the Company as of and for the period ended June 30, 2022 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates.

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

2. BASIS OF PREPARATION

(1) Statements of Compliance

The condensed consolidated financial statements meet the requirements set out under Article 1-2, Paragraph 1, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the “Rules on Quarterly Consolidated Financial Statements”) under which the Company is qualified as a “specified company” and duly prepares such summary in accordance with IAS 34 “Interim Financial Reporting”, under the provisions of Article 93 of the Rules on Quarterly Consolidated Financial Statements. As the condensed consolidated financial statements do not contain all the information required in annual consolidated financial statements, it should be read in combination with the consolidated financial statements for the fiscal year ended March 31, 2022, prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

(2) Use of Estimates and Judgments

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

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

Estimates and judgments that have significant impact on the amounts in the condensed consolidated financial statements for the three months ended June 30, 2022 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 the same as those in the previous fiscal year.

4. OPERATING SEGMENTS

Ricoh's operating segments are composed of Digital Services, Digital Products, Graphic Communications, Industrial Solutions and Other.

The following table presents the content of each operating segment.

Segments	Business Domains
Digital Services	Sales of MFPs (multifunctional printers), laser printers, digital duplicators, wide format printers, facsimile machine, scanners, personal computers, servers, network equipment, related parts & supplies, services, support and service & solutions related to documents
Digital Products	Production and OEM of MFPs (multifunctional printers), laser printers, digital duplicators, wide format printers, facsimile machine, scanners, network equipment, and related parts & supplies
Graphic Communications	Production and sales of cut sheet printers, continuous feed printers, inkjet heads, imaging systems, industrial printers, related parts & supplies, services, support and software
Industrial Solutions	Production and sales of thermal paper and thermal media, industrial optical component/module, electronic components and precision mechanical component
Other	Digital cameras, 360°cameras, environment, healthcare

*Digital services as a business segment is mainly limited to the office services business and the office printing sales business. This segment does not include all digital services, which Ricoh aims to transform into "a digital services company" that connects workplaces and support worker's creativity. "Digital Services" provided as "a digital services company" is included in all the business segments as well as Digital Services business segment.

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

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the three months ended June 30, 2021 and 2022. Intersegment transactions are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the three months ended June 30, 2021 and 2022.

(1) Operating Segment Information

	Millions of Yen	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Segment sales:		
Digital Services	346,395	368,579
Digital Products	89,483	99,427
Graphic Communications	42,550	51,899
Industrial Solutions	28,678	32,089
Other	8,452	8,412
Intersegment sales	(90,754)	(101,065)
Total segment sales	424,804	459,341
Segment profit (loss):		
Digital Services	1,331	2,930
Digital Products	9,023	12,227
Graphic Communications	1,048	2,450
Industrial Solutions	(973)	(737)
Other	(3,264)	(3,022)
Total segment profit (loss)	7,165	13,848
Reconciling items:		
Corporate expenses and elimination	(1,499)	(4,222)
Finance income	1,071	603
Finance costs	(882)	(1,091)
Share of profit of investments accounted for using equity method	1,827	2,063
Profit (loss) before income tax expenses	7,682	11,201

Intersegment sales are primarily from Digital Products to Digital Services.

(2) Geographic Information

Sales based on the location of customers are as follows:

	Millions of Yen	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Sales:		
Japan	171,317	163,764
The Americas	106,416	132,591
Europe, Middle East and Africa	106,310	121,064
Other	40,761	41,922
Consolidated	424,804	459,341
The United States (included in The Americas)	89,029	110,365

5. SALES

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

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

Three months ended June 30, 2021	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	148,219	80,727	90,420	27,029	346,395
Digital Products	1,527	170	—	1,700	3,397
Graphic Communications	6,638	19,569	10,705	5,638	42,550
Industrial Solutions	12,260	4,726	4,164	5,776	26,926
Other	2,673	1,224	1,021	618	5,536
Total segment sales	171,317	106,416	106,310	40,761	424,804

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 ¥38,897 million which was mainly composed of Digital Services.

Three months ended June 30, 2022	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	142,861	97,730	101,544	26,444	368,579
Digital Products	1,800	261	—	1,731	3,792
Graphic Communications	6,578	25,116	13,138	7,067	51,899
Industrial Solutions	10,774	8,328	5,492	5,730	30,324
Other	1,751	1,156	890	950	4,747
Total segment sales	163,764	132,591	121,064	41,922	459,341

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 ¥41,098 million which was mainly composed of Digital Services.

6. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of June 30, 2021	As of June 30, 2022
Cash and deposits	328,945	252,269
Time deposits with a maturity of more than three months	(275)	(88)
Cash and cash equivalents in Condensed Consolidated Statement of Financial Position	328,670	252,181
Bank overdrafts	(6,973)	(8,760)
Cash and cash equivalents in Condensed Consolidated Statement of Cash Flows	321,697	243,421

7. BONDS

No issuance or repayment of bonds was noted for the first quarter ended June 30, 2021 and 2022.

8. CAPITAL AND RESERVES

(For the three months ended June 30, 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 first quarter ended June 30, 2021. is as follows.

(1) Share category	Common stock
(2) Number of shares	20,509,700 shares
(3) Repurchase cost	¥ 25,257,419,700
(4) Period	April 1, 2021, through June 30, 2021
(5) Method	Open market purchase on Tokyo Stock Exchange

(Reference)

1. 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

(For the three months ended June 30, 2022)

At the meeting of the Board of Directors of the Company held on May 10, 2022, the Company resolved a share repurchase. The share repurchase for the first quarter ended June 30, 2022, is as follows.

- (1) Share category Common stock
- (2) Number of shares 10,968,200 shares
- (3) Repurchase cost ¥ 11,811,048,200
- (4) Period May 11, 2022, through June 30, 2022
- (5) Method Open market purchase on Tokyo Stock Exchange

(Reference)

1. The matters for resolution at the Board of Directors meeting held on May 10, 2022

- (1) Share category Common stock
- (2) Number of shares Up to 48,000,000 shares
(representing 7.5% of issued and outstanding shares excluding treasury shares)
- (3) Repurchase ceiling ¥30 billion
- (4) Period May 11, 2022, through September 30, 2022
- (5) Method Open market purchase on Tokyo Stock Exchange

9. DIVIDENDS

(1) Dividends paid during the three months ended June 30, 2021 and 2022 are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Source of dividends
		(Millions of Yen)	(Yen)			
Ordinary general meeting of shareholders held on June 24, 2021	Ordinary shares	5,390	7.5	March 31, 2021	June 25, 2021	Retained earnings
Ordinary general meeting of shareholders held on June 24, 2022	Ordinary shares	8,286	13.0	March 31, 2022	June 27, 2022	Retained earnings

Note: The total amount of dividends paid during the three months ended June 30, 2021 and 2022 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 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, 2021 and 2022.

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, 2022		As of June 30, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Lease receivables	220,467	224,834	226,648	231,315
Derivative assets	147	147	320	320
Securities and equity interests	11,841	11,841	11,678	11,678
Bonds	488	488	484	484
Total	232,943	237,310	239,130	243,797
Liabilities:				
Derivative liabilities	2,079	2,079	1,987	1,987
Bonds and borrowings	121,042	117,985	162,262	157,583
Total	123,121	120,064	164,249	159,570

Note:

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

These financial instruments are not included in the table above, as the carrying amounts approximate the fair values due to 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. Any other receivables that are not material are not included in the table above.

(iii) Lease receivables

The fair value of lease receivables is calculated per each receivable classified per certain period based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk. Lease receivables using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iv) Derivatives

Derivative instruments include foreign currency contracts. These derivative instruments are classified as Level 2 since the fair values of these instruments are measured mainly by obtaining quotes from brokers or proper valuation methods based on available information.

(v) Securities, equity interests and bonds

Securities, equity interests and bonds include mainly marketable securities and bonds, as well as unlisted securities and equity interests. As the fair value of marketable securities and bonds is measured using quoted prices of identical assets in an active market and is therefore observable, their fair value is classified as Level 1. As the fair value of unlisted securities and equity interests is measured based on valuation techniques using observable indicators such as market prices of comparable companies, as well as unobservable indicators, their fair value is classified as Level 3.

(vi) Bonds and borrowings

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

The fair value of bonds and borrowings are calculated from estimated present values using year-end borrowing rates applied to borrowings with similar maturities derived from future cash flows on a per-loan basis as well as calculated based on market prices. Bonds and borrowings using inputs described above are

classified as Level 2 under the fair value measurement and disclosure framework, since they are valued using observable market data.

(vii) Measurement of financial instruments

Measurement methods for the financial instruments in accordance with IFRS9 'Financial Instruments' were as follows.

At amortized cost: trade receivables, bonds (as a liability) and borrowings.

At fair value through profit or loss: derivative assets, liabilities, securities and equity interests.

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

(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
	Level 1	Level 2	Level 3	
As of March 31, 2022				
Financial assets at fair value through profit or loss:				
Derivative assets	—	147	—	147
Securities and equity interests	—	—	1,259	1,259
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	8,830	—	1,752	10,582
Bonds	488	—	—	488
Total assets	9,318	147	3,011	12,476
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	2,079	—	2,079
Total liabilities	—	2,079	—	2,079

	Millions of Yen			
	As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	—	320	—	320
Securities and equity interests	—	—	1,469	1,469
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	8,489	—	1,720	10,209
Bonds	484	—	—	484
Total assets	8,973	320	3,189	12,482
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	1,987	—	1,987
Total liabilities	—	1,987	—	1,987

Note:

(i) Derivative instruments include foreign currency contracts. These derivative instruments are classified as Level 2 since the fair values of these instruments are measured mainly by obtaining quotes from brokers or proper valuation methods based on available information.

(ii) Securities, equity interests and bonds include mainly marketable securities and bonds, as well as unlisted securities and equity interests. As the fair value of marketable securities and bonds is measured using quoted prices of identical assets in an active market and is therefore observable, their fair value is classified as Level 1. As the fair value of unlisted securities and equity interests is measured based on valuation techniques using observable indicators such as market prices of comparable companies, as well as unobservable indicators, their fair value is classified as Level 3.

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

	Millions of Yen	
	Three months ended	Three months ended
	June 30, 2021	June 30, 2022
Beginning balance	2,453	3,011
Total gains and losses:		
- in other comprehensive income (Note)	(94)	—
Purchases	102	250
Sales	—	(83)
Others	83	11
Ending balance	2,544	3,189

Note:

Total gains and losses included in other comprehensive income relate to financial assets at fair value through other comprehensive income held at the end of the period. These are included in “Net changes in fair value of financial assets measured through other comprehensive income” in the condensed consolidated statement of comprehensive income.

11. 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, 2021 and 2022:

	Millions of Yen	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Research and development expenses	18,592	18,368
Shipping and handling expenses	6,476	7,863
Advertising expenses	854	696

12. EARNINGS PER SHARE

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

(1) Basic earnings per share

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	4,787	7,591
Weighted average number of ordinary shares outstanding (thousands of shares)	706,901	633,526
Basic earnings per share (yen)	6.77	11.98

(2) Diluted earnings per share

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	4,787	7,591
Adjustments (millions of yen)	—	—
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	4,787	7,591
Weighted average number of ordinary shares outstanding (thousands of shares) (*1)	706,901	633,526
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	39	128
Weighted-average number of ordinary shares diluted (thousands of shares)	706,941	633,654
Diluted earnings per share (yen)	6.77	11.98

(*1) The shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers are deducted from weighted average number of ordinary shares outstanding during the period for the purpose of calculation of basic earnings per share and diluted earnings per share, because those shares are accounted as treasury shares.

13. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2022 and June 30, 2022, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥7,662 million and ¥9,238 million, respectively.

As of March 31, 2022 and June 30, 2022, there were no significant contingent liabilities.

As of June 30, 2022, 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

(Share Repurchase)

At the meeting of the Board of Directors of the Company held on May 10, 2022, the Company resolved a share repurchase. The status of share repurchase after June 30, 2022 is as follows.

The status of share repurchase

- | | |
|----------------------|--|
| (1) Share category | Common stock |
| (2) Number of shares | 9,462,600 shares |
| (3) Repurchase cost | ¥9,979,522,200 |
| (4) Period | July 1, 2022, through August 4, 2022 |
| (5) Method | Open market purchase on Tokyo Stock Exchange |

(Reference)

1. The matters for resolution at the Board of Directors meeting held on May 10, 2022

- | | |
|------------------------|---|
| (1) Share category | Common stock |
| (2) Number of shares | Up to 48,000,000 shares
(representing 7.5% of issued and outstanding shares excluding treasury shares) |
| (3) Repurchase ceiling | ¥30 billion |
| (4) Period | May 11, 2022, through September 30, 2022 |
| (5) Method | Open market purchase on Tokyo Stock Exchange |

2. Total number of shares repurchase (as of August 4, 2022)

- | | |
|---------------------------------------|-------------------|
| (1) Total number of shares repurchase | 20,430,800 shares |
| (2) Total repurchase cost | ¥21,790,570,400 |

15. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Takashi Kawaguchi, Corporate Officer, on August 5, 2022.