

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Half Year Ended September 30, 2022

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the half year ended September 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 September 30, 2022
Current assets:		
Cash and cash equivalents (Note 7)	240,308	214,647
Time deposits (Note 7)	81	109
Trade and other receivables	397,148	435,497
Other financial assets	92,293	96,321
Inventories	232,558	312,472
Other current assets	50,034	64,719
Total current assets	1,012,422	1,123,765
Non-current assets:		
Property, plant and equipment	188,439	197,970
Right-of-use assets	57,730	60,635
Goodwill and intangible assets	259,482	330,060
Other financial assets	128,321	131,305
Investments accounted for using the equity method	81,396	81,709
Other investments	12,329	12,168
Other non-current assets	31,942	35,480
Deferred tax assets	81,193	86,995
Total non-current assets	840,832	936,322
Total assets	1,853,254	2,060,087

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2022	As of September 30, 2022
Current liabilities:		
Bonds and borrowings (Note 8)	114,395	147,099
Trade and other payables	268,534	275,840
Lease liabilities	22,665	24,453
Other financial liabilities	2,079	1,839
Income tax payables	11,143	12,802
Provisions	9,941	13,131
Other current liabilities	264,691	293,772
Total current liabilities	693,448	768,936
Non-current liabilities:		
Bonds and borrowings (Note 8)	121,042	195,102
Lease liabilities	44,444	45,446
Other financial liabilities	—	26,412
Accrued pension and retirement benefits	45,728	46,028
Provisions	9,607	9,260
Other non-current liabilities	29,029	28,352
Deferred tax liabilities	4,131	5,503
Total non-current liabilities	253,981	356,103
Total liabilities	947,429	1,125,039
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	180,942	160,137
Treasury stock (Note 9)	(460)	(30,448)
Other components of equity	126,341	185,026
Retained earnings	459,855	465,969
Equity attributable to owners of the parent	902,042	916,048
Non-controlling interests	3,783	19,000
Total equity	905,825	935,048
Total liabilities and equity	1,853,254	2,060,087

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

Half year ended September 30, 2021 and 2022

	Millions of Yen	
	Half year ended September 30, 2021	Half year ended September 30, 2022
Sales (Note 4,5)	843,463	973,536
Cost of sales	538,505	627,250
Gross profit	304,958	346,286
Selling, general and administrative expenses (Note 12)	297,024	326,520
Other income *	5,166	3,682
Operating profit (loss)	13,100	23,448
Finance income	983	1,347
Finance costs	1,838	4,082
Share of profit (loss) of investments accounted for using the equity method	3,729	3,891
Profit (loss) before income tax expenses	15,974	24,604
Income tax expenses	4,712	9,262
Profit (loss) for the period	11,262	15,342
Profit (loss) attributable to:		
Owners of the parent	11,157	14,914
Non-controlling interests	105	428

	Yen	
	Half year ended September 30, 2021	Half year ended September 30, 2022
Earnings per share attributable to owners of the parent: (Note 13)		
Basic	16.07	23.87
Diluted	16.06	23.87

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 September 30, 2021 and 2022

	Millions of Yen	
	Three months ended September 30, 2021	Three months ended September 30, 2022
Sales (Note 4,5)	418,659	514,195
Cost of sales	266,064	335,914
Gross profit	152,595	178,281
Selling, general and administrative expenses (Note 12)	146,680	166,842
Other income *	1,519	2,383
Operating profit (loss)	7,434	13,822
Finance income	411	744
Finance costs	1,455	2,991
Share of profit (loss) of investments accounted for using the equity method	1,902	1,828
Profit (loss) before income tax expenses	8,292	13,403
Income tax expenses	1,866	5,683
Profit (loss) for the period	6,426	7,720
Profit (loss) attributable to:		
Owners of the parent	6,370	7,323
Non-controlling interests	56	397

	Yen	
	Three months ended September 30, 2021	Three months ended September 30, 2022
Earnings per share attributable to owners of the parent: (Note 13)		
Basic	9.34	11.89
Diluted	9.34	11.89

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

Half year ended September 30, 2021 and 2022

	Millions of Yen	
	Half year ended September 30, 2021	Half year ended September 30, 2022
Profit (loss) for the period	11,262	15,342
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	2,581	(570)
Net changes in fair value of financial assets measured through other comprehensive income	(89)	(143)
Share of other comprehensive income of investments accounted for using equity method	150	(768)
Total components that will not be reclassified subsequently to profit or loss	2,642	(1,481)
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	405	(147)
Exchange differences on translation of foreign operations	1,900	59,936
Share of other comprehensive income of investments accounted for using equity method	(15)	66
Total components that will be reclassified subsequently to profit or loss	2,290	59,855
Total other comprehensive income (loss)	4,932	58,374
Comprehensive income (loss)	16,194	73,716
Comprehensive income (loss) attributable to:		
Owners of the parent	16,086	73,080
Non-controlling interests	108	636

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

Three months ended September 30, 2021 and 2022

	Millions of Yen	
	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit (loss) for the period	6,426	7,720
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	1,600	(570)
Net changes in fair value of financial assets measured through other comprehensive income	(296)	83
Share of other comprehensive income of investments accounted for using equity method	36	(101)
Total components that will not be reclassified subsequently to profit or loss	1,340	(588)
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	533	(70)
Exchange differences on translation of foreign operations	(1,910)	14,972
Share of other comprehensive income of investments accounted for using equity method	53	130
Total components that will be reclassified subsequently to profit or loss	(1,324)	15,032
Total other comprehensive income (loss)	16	14,444
Comprehensive income (loss)	6,442	22,164
Comprehensive income (loss) attributable to:		
Owners of the parent	6,391	21,592
Non-controlling interests	51	572

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)				2,581	61	387
Comprehensive income (loss)	—	—	—	2,581	61	387
Net change in treasury stock (Note 9)		(69)	(60,311)			
Dividends declared and approved to owners (Note 10)						
Share-based payment transactions		15	14			
Transfer from other components of equity to retained earnings				(2,581)	183	
Other						
Total transactions with owners	—	(54)	(60,297)	(2,581)	183	—
Balance as of September 30, 2021	135,364	186,177	(105,321)	—	8,051	(43)

(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			11,157	11,157	105	11,262
Other comprehensive income (loss)	1,900	4,929		4,929	3	4,932
Comprehensive income (loss)	1,900	4,929	11,157	16,086	108	16,194
Net change in treasury stock (Note 9)				(60,380)		(60,380)
Dividends declared and approved to owners (Note 10)			(5,387)	(5,387)	(30)	(5,417)
Share-based payment transactions				29		29
Transfer from other components of equity to retained earnings		(2,398)	2,398	—		—
Other			(2,077)	(2,077)		(2,077)
Total transactions with owners	—	(2,398)	(5,066)	(67,815)	(30)	(67,845)
Balance as of September 30, 2021	76,620	84,628	567,669	868,517	3,684	872,201

(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)				(570)	(907)	(71)
Comprehensive income (loss)	—	—	—	(570)	(907)	(71)
Net change in treasury stock (Note 9)		(21)	(30,003)			
Dividends declared and approved to owners (Note 10)						
Share-based payment transactions		45	15			
Change in scope of consolidation (Note 6)						
Written put options over non-controlling interests (Note 6)		(20,829)				
Transfer from other components of equity to retained earnings				570	(51)	
Total transactions with owners	—	(20,805)	(29,988)	570	(51)	—
Balance as of September 30, 2022	135,364	160,137	(30,448)	—	3,582	175

(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			14,914	14,914	428	15,342
Other comprehensive income (loss)	59,714	58,166		58,166	208	58,374
Comprehensive income (loss)	59,714	58,166	14,914	73,080	636	73,716
Net change in treasury stock (Note 9)				(30,024)		(30,024)
Dividends declared and approved to owners (Note 10)			(8,281)	(8,281)	(75)	(8,356)
Share-based payment transactions				60		60
Change in scope of consolidation (Note 6)				—	14,656	14,656
Written put options over non-controlling interests (Note 6)				(20,829)		(20,829)
Transfer from other components of equity to retained earnings		519	(519)	—		—
Total transactions with owners	—	519	(8,800)	(59,074)	14,581	(44,493)
Balance as of September 30, 2022	181,269	185,026	465,969	916,048	19,000	935,048

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)	
	Half year ended September 30, 2021	Half year ended September 30, 2022
I. Cash Flows from Operating Activities:		
Profit (loss) for the period	11,262	15,342
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities -		
Depreciation and amortization	46,503	45,052
Other income	(3,043)	(42)
Share of (profit) loss of investments accounted for using the equity method	(3,729)	(3,891)
Finance income and costs	855	2,735
Income tax expenses	4,712	9,262
(Increase) decrease in trade and other receivables	50,715	4,245
(Increase) decrease in inventories	(13,933)	(36,995)
(Increase) decrease in lease receivables	12,985	11,949
Increase (decrease) in trade and other payables	(46,575)	(15,926)
Increase (decrease) in accrued pension and retirement benefits	(6,205)	(4,795)
Other, net	(3,098)	(19,570)
Interest and dividends received	1,341	2,074
Interest paid	(1,140)	(2,245)
Income taxes paid	(9,903)	(10,910)
Net cash provided by (used in) operating activities	40,747	(3,715)
II. Cash Flows from Investing Activities:		
Proceeds from sales of property, plant and equipment	3,400	1,773
Expenditures for property, plant and equipment	(15,209)	(18,494)
Expenditures for intangible assets	(16,069)	(16,496)
Payments for purchases of investment securities	(185)	(255)
Proceeds from sales of investment securities	1,025	396
Net (Increase) decrease in time deposits	(36)	(27)
Purchase of business, net of cash acquired (Note6)	(2,805)	(48,626)
Net cash provided by (used in) investing activities	(29,879)	(81,729)
III. Cash Flows from Financing Activities:		
Net increase (decrease) of short-term debt	7,954	26,019
Proceeds from long-term debt	16,055	108,091
Repayments of long-term debt	(14,827)	(21,999)
Repayments of bonds (Note 8)	—	(13,725)
Repayments of lease liabilities	(16,800)	(15,917)
Dividends paid (Note 10)	(5,387)	(8,281)
Payments for purchase of treasury stock (Note 9)	(60,311)	(30,003)
Other, net	(30)	(105)
Net cash provided by (used in) financing activities	(73,346)	44,080
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(87)	11,539
V. Net Increase (decrease) in Cash and Cash Equivalents	(62,565)	(29,825)
VI. Cash and Cash Equivalents at Beginning of Year	330,344	234,020
VII. Cash and Cash Equivalents at End of Period (Note 7)	267,779	204,195

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 September 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 half year ended September 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, software 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 and healthcare

* Sales, profit and loss of PFU are included in Other.

(Note) 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 half year ended September 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 half year ended September 30, 2021 and 2022.

(1) Operating Segment Information

Half year ended September 30, 2021 and 2022

	Millions of Yen	
	Half year ended September 30, 2021	Half year ended September 30, 2022
Segment sales:		
Digital Services	688,470	768,240
Digital Products	178,698	212,417
Graphic Communications	87,030	108,882
Industrial Solutions	54,215	66,362
Other	16,701	33,718
Intersegment sales	(181,651)	(216,083)
Total segment sales	843,463	973,536
Segment profit (loss):		
Digital Services	4,838	9,892
Digital Products	17,117	22,007
Graphic Communications	331	3,864
Industrial Solutions	(763)	(374)
Other	(7,417)	(4,011)
Total segment profit (loss)	14,106	31,378
Reconciling items:		
Corporate expenses and elimination	(1,006)	(7,930)
Finance income	983	1,347
Finance costs	(1,838)	(4,082)
Share of profit of investments accounted for using equity method	3,729	3,891
Profit (loss) before income tax expenses	15,974	24,604

Intersegment sales are primarily from Digital Products to Digital Services.

Three months ended September 30, 2021 and 2022

	Millions of Yen	
	Three months ended September 30, 2021	Three months ended September 30, 2022
Segment sales:		
Digital Services	342,075	399,661
Digital Products	89,215	112,990
Graphic Communications	44,480	56,983
Industrial Solutions	25,537	34,273
Other	8,249	25,306
Intersegment sales	(90,897)	(115,018)
Total segment sales	418,659	514,195
Segment profit (loss):		
Digital Services	3,507	6,962
Digital Products	8,094	9,780
Graphic Communications	(717)	1,414
Industrial Solutions	210	363
Other	(4,153)	(989)
Total segment profit (loss)	6,941	17,530
Reconciling items:		
Corporate expenses and elimination	493	(3,708)
Finance income	411	744
Finance costs	(1,455)	(2,991)
Share of profit of investments accounted for using equity method	1,902	1,828
Profit (loss) before income tax expenses	8,292	13,403

Intersegment sales are primarily from Digital Products to Digital Services.

(2) Geographic Information

Sales based on the location of customers are as follows:

Half year ended September 30, 2021 and 2022

	Millions of Yen	
	Half year ended September 30, 2021	Half year ended September 30, 2022
Sales:		
Japan	336,156	351,586
The Americas	214,672	283,674
Europe, Middle East and Africa	212,322	248,344
Other	80,313	89,932
Consolidated	843,463	973,536
The United States (included in The Americas)	179,174	237,261

Three months ended September 30, 2021 and 2022

	Millions of Yen	
	Three months ended September 30, 2021	Three months ended September 30, 2022
Sales:		
Japan	164,839	187,822
The Americas	108,256	151,083
Europe, Middle East and Africa	106,012	127,280
Other	39,552	48,010
Consolidated	418,659	514,195
The United States (included in The Americas)	90,145	126,896

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.

Half year ended September 30, 2021 and 2022

Half year ended September 30, 2021	Millions of Yen				Total
	Japan	The Americas	Europe, Middle East and Africa	Other	
Digital Services	294,312	161,705	180,057	52,396	688,470
Digital Products	3,421	299	—	3,363	7,083
Graphic Communications	12,670	40,663	22,079	11,618	87,030
Industrial Solutions	20,884	9,900	8,384	11,555	50,723
Other	4,869	2,105	1,802	1,381	10,157
Total segment sales	336,156	214,672	212,322	80,313	843,463

Half year ended September 30, 2022	Millions of Yen				Total
	Japan	The Americas	Europe, Middle East and Africa	Other	
Digital Services	299,770	205,710	206,013	56,747	768,240
Digital Products	4,017	538	—	3,952	8,507
Graphic Communications	13,103	54,410	27,502	13,867	108,882
Industrial Solutions	22,530	16,121	11,550	12,221	62,422
Other	12,166	6,895	3,279	3,145	25,485
Total segment sales	351,586	283,674	248,344	89,932	973,536

Note:

1. Intersegment transactions are excluded in the table above.
2. Sales of PFU are included in Other segment.
3. Revenues recognized in accordance with IFRS15 ‘Revenue from contracts with customers’ as well as revenues from leases recognized in accordance with IFRS16 ‘Leases’ are included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥77,554 million and ¥85,525 million for the half year ended September 30, 2021 and 2022 respectively, which was mainly composed of Digital Services.

Three months ended September 30, 2021 and 2022

Three months ended September 30, 2021	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	146,093	80,978	89,637	25,367	342,075
Digital Products	1,894	129	—	1,663	3,686
Graphic Communications	6,032	21,094	11,374	5,980	44,480
Industrial Solutions	8,624	5,174	4,220	5,779	23,797
Other	2,196	881	781	763	4,621
Total segment sales	164,839	108,256	106,012	39,552	418,659

Three months ended September 30, 2022	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	156,909	107,980	104,469	30,303	399,661
Digital Products	2,217	277	—	2,221	4,715
Graphic Communications	6,525	29,294	14,364	6,800	56,983
Industrial Solutions	11,756	7,793	6,058	6,491	32,098
Other	10,415	5,739	2,389	2,195	20,738
Total segment sales	187,822	151,083	127,280	48,010	514,195

Note:

1. Intersegment transactions are excluded in the table above.
2. Sales of PFU are included in Other segment.
3. Revenues recognized in accordance with IFRS15 'Revenue from contracts with customers' as well as revenues from leases recognized in accordance with IFRS16 'Leases' are included in Sales. The amount of revenue recognized in accordance with IFRS16 was ¥38,657 million and ¥44,427 million for the three months ended September 30, 2021 and 2022 respectively, which was mainly composed of Digital Services.

6. BUSINESS COMBINATIONS

(For the half year ended September 30, 2021)

There was no significant business combination.

(For the half year ended September 30, 2022)

1. Outline of business combination

(i) Name and description of acquired business

Name of acquired business : PFU Limited

Description of business : Document scanners, industrial computing products and other hardware; security and document management and other software & services; configuration of IT infrastructure; and multivendor services provided in cooperation with third-party companies

(ii) Reason for the acquisition of shares

This share acquisition is a part of the growth investments outlined in the medium- to long-term plan through FY2025. PFU has the No. 1 share in the global market for document scanners and offers cloud construction and managed security services in Japan. By making PFU a subsidiary of the Company, the Company intends to strengthen edge devices that support digital services by acquiring industry and business scanners that serve as entry points for business workflows, and also intends to fortify its human capital through acquiring software engineers and digital professionals in the field, close to its customers and edge devices including construction and operation of multi-cloud environments and security services. In doing so, the Company intends to achieve digital transformation (DX) for customers and expand Ricoh's the office services business, which is positioned as an area of accelerated growth in its business portfolio management. In addition, PFU has the No. 1 share in the Japanese market for industrial computer boards and boasts an extensive product lineup. The combination of PFU's strengths and the Company's electronics business will create synergies in production, purchasing, and development to increase cost competitiveness, strengthen the industrial computer business, and develop new edge devices that will advance the digitalization of frontlines in fields such as logistics and manufacturing.

(iii) Acquisition date

September 1, 2022

(iv) Percentage of voting equity interests acquired

80 %

2. Consideration transferred and each major class of consideration

Cash ¥84,000 million

(Note) Since price adjustments after acquisition have not yet been finalized, the final acquisition cost is yet undetermined.

3. Acquisition-related costs

The acquisition-related costs of ¥236 million were included in "Selling, general and administrative expenses" in the condensed consolidated statement of profit or loss.

4. Assets acquired, liabilities assumed, non-controlling interests and goodwill

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

	Millions of Yen
Fair value of the consideration transferred	84,000
Cash and cash equivalents	42,060
Trade and other receivables	19,698
Inventories	24,322
Property, plant and equipment	7,482
Intangible assets	6,631
Other assets	13,885
Trade and other payables	(13,575)
Other liabilities	(29,344)
Net assets	71,159
Non-controlling interests	(14,487)
Goodwill	27,328
Total	84,000

Non-controlling interests are measured by the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. Goodwill arising from the acquisition of PFU consists primarily of future economic benefits and synergies with existing operations. Ricoh applied the acquisition method to account for the acquisition and the acquisition cost has been allocated to the assets acquired and the liabilities assumed based on the acquisition-date fair values. The initial accounting for the business combination was incomplete as of September 30, 2022 and therefore, the provisional amounts of intangible assets and goodwill may be adjusted upon the completion of the purchase price allocation. The operating results of PFU have been included in the accompanying condensed consolidated financial statements since the acquisition date.

The Company granted written put options to sell the subsidiary shares to the non-controlling shareholder of the acquired company. The present value of the written put options granted to the non-controlling shareholder was recognized as financial liabilities in the amount of ¥20,829 million at the acquisition date, and the same amounts were deducted from additional paid-in capital. The amount of the financial liabilities related to the written put options may be subject to change as a result of adjustments to the actual purchase price.

5. Impact on Ricoh's business results

Sales and profit for the period generated by PFU since the acquisition date amounted to ¥15,234 million and ¥1,651 million, respectively. Assuming the business combination had been conducted at the beginning of the period, the pro-forma information for the half year ended September 30, 2022 would have been ¥1,020,621 million in sales and ¥15,251 million in profit for the period, respectively. The amounts are unaudited by the independent auditor.

The information on the business combinations other than the above is omitted as it is immaterial both individually and in the aggregate.

7. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of September 30, 2021	As of September 30, 2022
Cash and deposits	276,084	214,756
Time deposits with a maturity of more than three months	(270)	(109)
Cash and cash equivalents in Condensed Consolidated Statement of Financial Position	275,814	214,647
Bank overdrafts	(8,035)	(10,452)
Cash and cash equivalents in Condensed Consolidated Statement of Cash Flows	267,779	204,195

8. BONDS

No issuance or repayment of bonds was noted for the half year ended September 30, 2021.

No issuance of bonds was noted for the half year ended September 30, 2022.

Details of bonds repaid during the half year ended September 30, 2022 are as follows:

Issuer	Bond name	Issue date	Total amount	Interest Rate (%)	Collateral	Maturity date
Ricoh Company, Ltd.	The 3rd series of unsecured straight bonds of EURO	July 29, 2019	100 million Euro	0.220	None	July 29, 2022

9. CAPITAL AND RESERVES

(For the half year ended September 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 half year ended September 30, 2021, is as follows.

(1) Share category	Common stock
(2) Number of shares	51,195,100 shares
(3) Repurchase cost	¥ 60,306,109,700
(4) Period	April 1, 2021, through September 30, 2021
(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

(For the half year ended September 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 half year ended September 30, 2022, is as follows and has been completed on September 27, 2022 (on delivery date basis).

(1) Share category	Common stock
(2) Number of shares	27,946,200 shares
(3) Repurchase cost	¥ 29,999,937,700
(4) Period	May 11, 2022, through September 27, 2022 (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 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

10. DIVIDENDS

(1) Dividends paid during the half year ended September 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 (Note)	7.5	March 31, 2021	June 25, 2021	Retained earnings
Ordinary general meeting of shareholders held on June 24, 2022	Ordinary shares	8,286 (Note)	13.0	March 31, 2022	June 27, 2022	Retained earnings

Note: The total amount of dividends paid during the half year ended September 30, 2021 and 2022 includes ¥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 second quarter but which effective date is in the following quarter are as follows:

Resolution	Class of shares	Amount of Dividends	Dividends per share	Record date	Effective date	Source of dividends
		(Millions of Yen)	(Yen)			
Board of Directors' meeting held on November 4, 2021	Ordinary shares	8,677 (Note)	13.0	September 30, 2021	December 1, 2021	Retained earnings
Board of Directors' meeting held on November 4, 2022	Ordinary shares	10,361 (Note)	17.0	September 30, 2022	December 1, 2022	Retained earnings

Note: The total amount of dividends during the half year ended September 30, 2021 and 2022 includes ¥5 million and ¥7 million respectively corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include directors and executive officers.

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, 2022		As of September 30, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Lease receivables	220,467	224,834	226,268	231,087
Derivative assets	147	147	1,358	1,358
Securities and equity interests	11,841	11,841	11,725	11,725
Bonds	488	488	443	443
Total	232,943	237,310	239,794	244,613
Liabilities:				
Derivative liabilities	2,079	2,079	1,012	1,012
Contingent consideration	–	–	6,403	6,403
Written put option liabilities over non-controlling interests	–	–	20,836	20,836
Bonds and borrowings	121,042	117,985	195,102	189,283
Total	123,121	120,064	223,353	217,534

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.

(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, since they are valued using observable market data.

(vii) Contingent consideration

Contingent consideration is classified as Level 3, since the fair value of contingent consideration is calculated taking into account future performance of acquired companies and payment amounts.

(viii) Written put option liabilities over non-controlling interests

The amount stated as the fair value of written put option liabilities over non-controlling interests is determined by discounting future cash flows at the interest rate taking into account the credit risk at the period to the date of exercise and as of September 30, 2022. Written put option liabilities over non-controlling interests using inputs described above are classified as Level 2, since they are valued using observable market data.

(ix) 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, written put option liabilities over non-controlling interests.

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

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
	As of March 31, 2022			
	Level 1	Level 2	Level 3	
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 September 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	—	1,358	—	1,358
Securities and equity interests	—	—	1,341	1,341
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	8,600	—	1,784	10,384
Bonds	443	—	—	443
Total assets	9,043	1,358	3,125	13,526
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	1,012	—	1,012
Contingent consideration	—	—	6,403	6,403
Total liabilities	—	1,012	6,403	7,415

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.

(iii) Contingent consideration is classified as Level 3, since the fair value of contingent consideration is calculated taking into account future performance of acquired companies and payment amounts.

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

	Millions of Yen	
	Half year ended	Half year ended
	September 30, 2021	September 30, 2022
Beginning balance	2,453	3,011
Total gains and losses:		
- in profit or loss (i)	—	(128)
- in other comprehensive income (ii)	(48)	7
Purchases	116	250
Sales	(6)	(184)
Increase due to acquisitions through business combinations	—	160
Others	81	9
Ending balance	2,596	3,125

Note:

(i) Total gains and losses included in net profit or loss relate to financial assets held at the end of the period that are restated to fair value through net profit or loss. These are included in “Finance income” and “Finance costs” in the condensed consolidated statement of profit or loss.

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

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

	Millions of Yen
	Half year ended September 30, 2022
Beginning balance	—
Increase due to acquisitions through business combinations and other	6,360
Others	43
Ending balance	6,403

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 half year and three months ended September 30, 2021 and 2022:

	Millions of Yen	
	Half year ended September 30, 2021	Half year ended September 30, 2022
Research and development expenses	37,994	38,680
Shipping and handling expenses	13,240	15,930
Advertising expenses	1,894	2,000

	Millions of Yen	
	Three months ended September 30, 2021	Three months ended September 30, 2022
Research and development expenses	19,402	20,312
Shipping and handling expenses	6,764	8,067
Advertising expenses	1,040	1,304

13. EARNINGS PER SHARE

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

(1) Basic earnings per share

	Half year ended September 30, 2021	Half year ended September 30, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	11,157	14,914
Weighted average number of ordinary shares outstanding (thousands of shares)	694,487	624,766
Basic earnings per share (yen)	16.07	23.87

	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	6,370	7,323
Weighted average number of ordinary shares outstanding (thousands of shares)	682,073	616,006
Basic earnings per share (yen)	9.34	11.89

(2) Diluted earnings per share

	Half year ended September 30, 2021	Half year ended September 30, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	11,157	14,914
Adjustments (millions of yen)	—	—
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	11,157	14,914
Weighted average number of ordinary shares outstanding (thousands of shares) (*1)	694,487	624,766
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	94	139
Weighted-average number of ordinary shares diluted (thousands of shares)	694,582	624,905
Diluted earnings per share (yen)	16.06	23.87

	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit (loss) attributable to owners of the parent (millions of yen)	6,370	7,323
Adjustments (millions of yen)	—	—
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	6,370	7,323
Weighted average number of ordinary shares outstanding (thousands of shares) (*1)	682,073	616,006
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	96	143
Weighted-average number of ordinary shares diluted (thousands of shares)	682,170	616,149
Diluted earnings per share (yen)	9.34	11.89

(*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.

14. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2022 and September 30, 2022, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥7,662 million and ¥9,885 million, respectively.

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

As of September 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.

15. SUBSEQUENT EVENTS

(Retirement of Treasury Shares)

The Company has retired treasury shares under Article 178 of the Companies Act of Japan, as stated below, following an October 4, 2022 Board of Directors resolution.

- | | |
|------------------------------|-------------------|
| (1) Class of shares retired | Common stock |
| (2) Number of shares retired | 27,946,200 shares |
| (3) Retirement date | October 31, 2022 |

16. 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 November 9, 2022.