

Ricoh Company, Ltd.

Condensed Consolidated Financial Statements
for the Half Year Ended September 30, 2024

This is an English translation of the Semi-annual Securities Report (Hanki Hokokusho) for the half year ended September 30, 2024 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, 2024	As of September 30, 2024
Current assets:		
Cash and cash equivalents (Note 7)	177,050	204,993
Time deposits (Note 7)	271	1,591
Trade and other receivables	538,058	487,386
Other financial assets	106,948	103,749
Inventories	300,595	314,732
Other current assets	72,655	77,069
Subtotal	1,195,577	1,189,520
Assets classified as held for sale	7,724	—
Total current assets	1,203,301	1,189,520
Non-current assets:		
Property, plant and equipment	203,568	200,606
Right-of-use assets	62,706	67,822
Goodwill and intangible assets	412,461	421,173
Other financial assets	169,649	173,276
Investments accounted for using the equity method	87,397	90,365
Other investments	17,661	17,834
Other non-current assets	62,877	68,459
Deferred tax assets	66,555	77,448
Total non-current assets	1,082,874	1,116,983
Total assets	2,286,175	2,306,503

LIABILITIES AND EQUITY	Millions of Yen	
	As of March 31, 2024	As of September 30, 2024
Current liabilities:		
Bonds and borrowings (Note 8)	152,592	147,334
Trade and other payables	305,280	298,753
Lease liabilities	22,543	23,725
Other financial liabilities	28,651	29,897
Income tax payables	12,063	19,042
Provisions	10,491	25,561
Other current liabilities	346,225	321,739
Subtotal	877,845	866,051
Liabilities directly related to assets held for sale	1,430	–
Total current liabilities	879,275	866,051
Non-current liabilities:		
Bonds and borrowings (Note 8)	196,974	256,081
Lease liabilities	47,968	50,856
Other financial liabilities	4,309	2,982
Accrued pension and retirement benefits	37,262	39,873
Provisions	7,679	8,144
Other non-current liabilities	28,000	28,965
Deferred tax liabilities	19,581	20,767
Total non-current liabilities	341,773	407,668
Total liabilities	1,221,048	1,273,719
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	158,455	165,112
Treasury stock (Note 9)	(7,926)	(390)
Other components of equity	251,687	219,376
Retained earnings	501,142	470,085
Total equity attributable to owners of the parent	1,038,722	989,547
Non-controlling interests	26,405	43,237
Total equity	1,065,127	1,032,784
Total liabilities and equity	2,286,175	2,306,503

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

Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Millions of Yen	
	Half year ended September 30, 2023	Half year ended September 30, 2024
Sales (Note 4,5)	1,112,590	1,202,588
Cost of sales	726,309	779,304
Gross profit	386,281	423,284
Selling, general and administrative expenses	371,825	418,957
Other income	5,105	2,482
Operating profit (loss)	19,561	6,809
Finance income	8,247	6,225
Finance costs	6,584	3,574
Share of profit (loss) of investments accounted for using the equity method	3,405	3,707
Profit (loss) before income tax expenses	24,629	13,167
Income tax expenses	9,304	3,822
Profit (loss) for the period	15,325	9,345
Profit (loss) attributable to:		
Owners of the parent	15,614	9,268
Non-controlling interests	(289)	77

	Yen	
	Half year ended September 30, 2023	Half year ended September 30, 2024
Earnings per share attributable to owners of the parent: (Note 12)		
Basic	25.63	15.61
Diluted	25.62	15.59

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	
	Half year ended September 30, 2023	Half year ended September 30, 2024
Profit (loss) for the period	15,325	9,345
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	—	—
Net changes in fair value of financial assets measured through other comprehensive income	214	141
Share of other comprehensive income of investments accounted for using equity method	56	5
Total components that will not be reclassified subsequently to profit or loss	270	146
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	—	44
Exchange differences on translation of foreign operations	68,273	(33,504)
Share of other comprehensive income of investments accounted for using equity method	(16)	8
Total components that will be reclassified subsequently to profit or loss	68,257	(33,452)
Total other comprehensive income (loss)	68,527	(33,306)
Comprehensive income (loss)	83,852	(23,961)
Comprehensive income (loss) attributable to:		
Owners of the parent	83,201	(22,493)
Non-controlling interests	651	(1,468)

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, 2023	135,364	158,529	(427)	—	4,847	240
Profit (loss) for the period						
Other comprehensive income (loss)					254	(16)
Comprehensive income (loss)	—	—	—	—	254	(16)
Net change in treasury stock			(5)			
Dividends declared and approved to owners (Note 10)						
Share-based payment transactions		(137)	34			
Transfer from other components of equity to retained earnings					859	
Equity transactions with non-controlling shareholders						
Total transactions with owners	—	(137)	29	—	859	—
Balance as of September 30, 2023	135,364	158,392	(398)	—	5,960	224

(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, 2023	162,281	167,368	470,722	931,556	26,526	958,082
Profit (loss) for the period			15,614	15,614	(289)	15,325
Other comprehensive income (loss)	67,349	67,587		67,587	940	68,527
Comprehensive income (loss)	67,349	67,587	15,614	83,201	651	83,852
Net change in treasury stock				(5)		(5)
Dividends declared and approved to owners (Note 10)			(10,354)	(10,354)	(1,372)	(11,726)
Share-based payment transactions				(103)		(103)
Transfer from other components of equity to retained earnings		859	(859)	—		—
Equity transactions with non-controlling shareholders				—	152	152
Total transactions with owners	—	859	(11,213)	(10,462)	(1,220)	(11,682)
Balance as of September 30, 2023	229,630	235,814	475,123	1,004,295	25,957	1,030,252

(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, 2024	135,364	158,455	(7,926)	—	5,512	206
Profit (loss) for the period						
Other comprehensive income (loss)					148	55
Comprehensive income (loss)	—	—	—	—	148	55
Net change in treasury stock (Note 9)		(38)	(22,461)			
Retirement of treasury Stock (Note 9)			29,980			
Dividends declared and approved to owners (Note 10)						
Share-based payment transactions		54	17			
Change in scope of consolidation (Note 6)						
Transfer from other components of equity to retained earnings					(550)	
Transfer from retained earnings to additional paid-in capital		38				
Equity transactions with non-controlling shareholders (Note 6)		6,603				
Total transactions with owners	—	6,657	7,536	—	(550)	—
Balance as of September 30, 2024	135,364	165,112	(390)	—	5,110	261

(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, 2024	245,969	251,687	501,142	1,038,722	26,405	1,065,127
Profit (loss) for the period			9,268	9,268	77	9,345
Other comprehensive income (loss)	(31,964)	(31,761)		(31,761)	(1,545)	(33,306)
Comprehensive income (loss)	(31,964)	(31,761)	9,268	(22,493)	(1,468)	(23,961)
Net change in treasury stock (Note 9)				(22,499)		(22,499)
Retirement of treasury stock (Note 9)			(29,980)	—		—
Dividends declared and approved to owners (Note 10)			(10,857)	(10,857)	(559)	(11,416)
Share-based payment transactions				71		71
Change in scope of consolidation (Note 6)				—	1,657	1,657
Transfer from other components of equity to retained earnings		(550)	550	—		—
Transfer from retained earnings to additional paid-in capital			(38)	—		—
Equity transactions with non-controlling shareholders (Note 6)				6,603	17,202	23,805
Total transactions with owners	—	(550)	(40,325)	(26,682)	18,300	(8,382)
Balance as of September 30, 2024	214,005	219,376	470,085	989,547	43,237	1,032,784

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, 2023	Half year ended September 30, 2024
I. Cash Flows from Operating Activities:		
Profit (loss) for the period	15,325	9,345
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities -		
Depreciation and amortization	53,031	57,381
Other income	(37)	(407)
Share of (profit) loss of investments accounted for using the equity method	(3,405)	(3,707)
Finance income and costs	(1,663)	(2,651)
Income tax expenses	9,304	3,822
(Increase) decrease in trade and other receivables	35,255	49,557
(Increase) decrease in inventories	(6,129)	(13,112)
(Increase) decrease in lease receivables	(7,439)	(8,920)
Increase (decrease) in trade and other payables	(41,570)	(25,922)
Increase (decrease) in accrued pension and retirement benefits	(1,932)	1,773
Other, net	(8,495)	(3,336)
Interest and dividends received	5,676	3,648
Interest paid	(4,243)	(4,282)
Income taxes paid	(12,277)	(10,983)
Net cash provided by (used in) operating activities	31,401	52,206
II. Cash Flows from Investing Activities:		
Proceeds from sales of property, plant and equipment	334	157
Expenditures for property, plant and equipment	(21,940)	(22,170)
Expenditures for intangible assets	(16,892)	(15,764)
Payments for purchases of investment securities	(12)	(651)
Proceeds from sales of investment securities	26	710
Net (increase) decrease of time deposits	4	(1,378)
Purchase of business, net of cash acquired (Note 6)	(13,132)	3,880
Sale of business, net of cash transferred	—	7,926
Other, net	1,239	—
Net cash provided by (used in) investing activities	(50,373)	(27,290)
III. Cash Flows from Financing Activities:		
Net increase (decrease) of short-term debt	(27,227)	27,666
Proceeds from long-term debt	43,364	106,909
Repayments of long-term debt	(38,498)	(77,526)
Repayments of lease liabilities	(15,383)	(16,475)
Dividends paid (Note 10)	(10,354)	(10,857)
Payments for purchase of treasury stock (Note 9)	(5)	(22,461)
Other, net	(1,220)	(554)
Net cash provided by (used in) financing activities	(49,323)	6,702
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	10,355	(3,549)
V. Net Increase (decrease) in Cash and Cash Equivalents	(57,940)	28,069
VI. Cash and Cash Equivalents at Beginning of Year	210,884	169,639
VII. Cash and Cash Equivalents at End of Period (Note 7)	152,944	197,708

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, 2024 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, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Consolidated Financial Statements (Ministry of Finance of Japan Regulation No. 28, 1976; hereinafter referred to as the “Rules on 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 312 of the Rules on 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, 2024, prepared in accordance with IFRS Accounting Standards.

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 IFRS Accounting Standards 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, 2024 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Material accounting policy information which applies in the condensed consolidated financial statements is same as previous fiscal year excepting the table below.

Standards	Title	Summaries of new Standards/amendments
IAS 1	Presentation of Financial Statements	Improved information about covenanted long-term debt. Classification of liabilities as current or non-current
IFRS 16	Leases	Additional requirements for subsequent measurement of lease liabilities arising from sale and leaseback transactions

The effect of adoption of above standards is minor.

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, network equipment, and related parts & supplies, production and sales of scanners, related parts & supplies, auto ID systems and electronic components
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 and precision mechanical component
Other	Digital cameras, 360°cameras, environment and healthcare

(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 supports workers' creativity and provides services to meet changing workplaces. "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, 2023 and 2024. 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, 2023 and 2024.

(1) Operating Segment Information

	Millions of Yen	
	Half year ended September 30, 2023	Half year ended September 30, 2024
Segment sales:		
Digital Services	883,374	923,703
Digital Products	234,463	275,409
Graphic Communications	120,407	140,238
Industrial Solutions	52,632	58,198
Other	20,151	25,415
Intersegment sales	(198,437)	(220,375)
Total segment sales	1,112,590	1,202,588
Segment profit (loss):		
Digital Services	18,908	3,004
Digital Products	1,828	14,033
Graphic Communications	6,029	10,847
Industrial Solutions	(1,067)	(1,905)
Other	(5,277)	(2,952)
Total segment profit (loss)	20,421	23,027
Reconciling items:		
Corporate expenses and elimination	(860)	(16,218)
Finance income	8,247	6,225
Finance costs	(6,584)	(3,574)
Share of profit of investments accounted for using equity method	3,405	3,707
Profit (loss) before income tax expenses	24,629	13,167

Intersegment sales are primarily from Digital Products to Digital Services.

Corporate expenses and elimination include temporary expenses associated with the implementation of the “Second Career Support Program” in Japan.

(2) Geographic Information

Sales based on the location of customers are as follows:

	Millions of Yen	
	Half year ended September 30, 2023	Half year ended September 30, 2024
Sales:		
Japan	404,127	439,930
The Americas	320,281	337,350
Europe, Middle East and Africa	292,070	312,987
Other	96,112	112,321
Consolidated	1,112,590	1,202,588
The United States (included in The Americas)	270,124	284,509

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, 2023	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	347,474	229,098	245,833	60,969	883,374
Digital Products	21,446	14,070	4,839	4,235	44,590
Graphic Communications	12,331	60,170	30,766	17,140	120,407
Industrial Solutions	18,334	14,444	8,633	10,455	51,866
Other	4,542	2,499	1,999	3,313	12,353
Total segment sales	404,127	320,281	292,070	96,112	1,112,590

Half year ended September 30, 2024	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Digital Services	367,278	233,214	260,249	62,962	923,703
Digital Products	33,601	16,050	4,523	10,205	64,379
Graphic Communications	12,022	69,030	36,460	22,726	140,238
Industrial Solutions	21,120	16,034	8,953	11,338	57,445
Other	5,909	3,022	2,802	5,090	16,823
Total segment sales	439,930	337,350	312,987	112,321	1,202,588

Note:

- (i) Intersegment transactions are excluded in the table above.
- (ii) 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 ¥106,119 million and ¥109,297 million for the half year ended September 30, 2023 and 2024 respectively, which was mainly composed of Digital Services.

6. BUSINESS COMBINATIONS

(For the half year ended September 30, 2023)
(PFH Technology Group Unlimited Company)

1. Outline of business combination

(i) Name and description of acquired business

Name of acquired business: PFH Technology Group Unlimited Company (hereinafter “PFH”)

Description of business: IT infrastructure, cloud and managed workplace services

(ii) Reason for the acquisition of shares

Ricoh Europe Holdings PLC, a wholly owned subsidiary of the Company, acquired all shares of PFH, a leading provider of IT infrastructure, cloud and managed workplace services in Ireland, in order to expand digital services. By acquiring the shares, Ricoh develops IT services based in Ireland, the business hub of Europe and the center of the IT industry, and intends to achieve digital transformation (DX) for customers and expand Ricoh’s office services business, which is positioned as an area of accelerated growth in its business portfolio management, in pan-Europe.

(iii) Acquisition date

June 1, 2023

(iv) Percentage of voting equity interests acquired

100%

2. Consideration transferred and each major class of consideration

	Millions of Yen
Cash	13,123
Contingent consideration	4,275
Total	17,398

(Note) The contingent consideration is calculated on the basis of agreed-upon conditions depending on the achievement of PFH’s performance targets and recognized a potential payment of 28.75 million EURO.

3. Acquisition-related costs

The acquisition-related costs of ¥188 million were included in “Selling, general and administrative expenses” in the condensed consolidated statement of profit or loss.

4. Assets acquired, liabilities assumed and goodwill

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

	Millions of Yen
Fair value of the consideration transferred	17,398
Cash and cash equivalents	2,499
Trade and other receivables	4,117
Inventories	3,870
Other assets	1,667
Trade and other payables	(1,540)
Other liabilities	(9,465)
Net assets	1,148
Goodwill	16,250
Total	17,398

Goodwill arising from the acquisition of PFH 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, 2023 and therefore, the provisional amounts of intangible assets and goodwill may be adjusted upon the completion of the purchase price allocation. The operating results have been included in the accompanying condensed consolidated financial statements since the acquisition date.

5. Impact on Ricoh's business results

Profit or loss information after the acquisition date, as well as the pro-forma information calculated as if the business combination had been conducted at the beginning of the fiscal year are omitted because the business combination has an insignificant impact on condensed consolidated statement of profit or loss.

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

(For the half year ended September 30, 2024)

(Joint Venture Company ETRIA CO., LTD.)

The Company and Toshiba Tec Corporation (“Toshiba Tec”) concluded an agreement to set the terms and conditions for integrating businesses of the development and manufacturing of MFPs and other products (the “Business Integration”) on May 19, 2023.

Based on this agreement, the Company and Toshiba Tec integrated their businesses of the development and manufacturing of MFPs and other products on July 1, 2024 and entered into a joint venture company ETRIA CO., LTD. (“ETRIA”), which Ricoh Technologies Co., Ltd. became the successor company with Ricoh and Toshiba Tec as shareholders to develop and manufacture MFPs and other products.

As a result, ETRIA became a consolidated subsidiary of the Company, and Ricoh acquired Toshiba Tec's businesses of the development and manufacturing of MFPs and other products.

1. Outline of business combination

(i) Description of acquired business

Description of business: Development, manufacturing of MFPs, Auto ID system, and those related products

(ii) Purpose of the business combination

The Company is committed to transforming itself into a digital services company with its mission and vision of “Fulfillment through Work” to achieve sustainable growth and further development. The Company is working closely with its customers to contribute to the transformation of their business processes and the creation of new value by combining various edge devices and optimal applications. Toshiba Tec aims to become “a global top solutions partner” that co-creates solutions leading to new value and resolving social issues together with its customers and partners by practicing its corporate philosophy, “Create with You”.

To respond to the office printing market changes, the two companies entered into a joint venture that takes on the role of MFPs' development and manufacturing to realize strengthening competitiveness and business foundations of office printing device manufacturing and collaborating on the planning and development of new solutions in the frontlines utilizing the technologies and resources of the two companies.

The two companies will provide competitive, high-quality, and high-value-added products created through co-creation to the global market through their respective branded products that pursue their unique user experience. Each of the two companies will provide solutions combined with various software and services through their respective sales channels to help customers enhance their productivity by digitalizing and improving workflows tailored to the needs of each of their operations. Thus, each of

the two companies will contribute to resolving social issues by helping customers realize DX in their workplaces.

(iii) Acquisition date
July 1, 2024

(iv) Percentage of voting equity interests for ETRIA
85 %

2. Summary of the Business Integration and the Absorption-type Split

(i) Method of the Business Integration and the Absorption-type Split

The Business Integration covers MFPs' development and the manufacturing operations of the two companies in Japan and overseas. The Business Integration was implemented mainly by an absorption-type split in order to succeed the two company's covered Business to ETRIA.

Ricoh Absorption-type Split is an absorption-type split in which the Company will be the absorption-type split company, and ETRIA will be the successor company in the absorption-type split. Toshiba Tec Absorption-type Split is an absorption-type split in which Toshiba Tec will be the absorption-type split company, and ETRIA will be the successor company in the absorption-type split.

(ii) Details of the allotment related to the Absorption-type Split

ETRIA will allotted and delivered 55 shares of its newly-issued common shares to the Company as consideration for ETRIA's assumption of rights and obligations upon the Ricoh Absorption-type Split becoming effective and 45 shares of its newly-issued common shares to Toshiba Tec as consideration for the assumption of rights and obligations upon the Toshiba Tec Absorption-type Split becoming effective. As a result, the total number of ETRIA shares held by the Company, including the common shares previously held, is 255 shares, and the investment ratio in ETRIA after the Business Integration is 85% by the Company and 15% by Toshiba Tec.

3. Consideration transferred and each major class of consideration

ETRIA shares ¥23,800 million

(Note) The fair value of the consideration is yet undetermined.

4. Acquisition-related costs

The acquisition-related costs of ¥202 million were included in "Selling, general and administrative expenses" in the condensed consolidated statement of profit or loss.

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

	Millions of Yen
Fair value of the consideration transferred	23,800
Cash and cash equivalents	10,857
Trade and other receivables	17,076
Inventories	9,292
Property, plant and equipment	3,241
Other assets	2,366
Trade and other payables	(25,547)
Other liabilities	(6,239)
Net assets	11,046
Non-controlling interests	(1,657)
Goodwill	14,411
Total	23,800

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 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, 2024 and therefore, the provisional amounts of intangible assets and goodwill may be adjusted upon the completion of the purchase price allocation. The operating results have been included in the accompanying condensed consolidated financial statements since the acquisition date.

6. Impact on Ricoh's business results

Sales and profit for the period generated since the acquisition date amounted to ¥21,775 million and ¥193 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, 2024 is omitted because it is difficult to accurately classify the relevant amounts since the subject business was succeeded from the former company through the absorption-type split.

7. Changes in a parent's ownership interest due to transactions with non-controlling interests

As a result of the formation of ETRIA, the Company's ownership interest in Ricoh Technologies Co., Ltd., which is the predecessor company of ETRIA, and the subject business succeeded to ETRIA by the Company through the absorption-type split decreased from 100% to 85%. The difference between the consideration of ¥23,800 million for the transfer of the interest and the carrying amounts of the increased non-controlling interest of ¥17,197 million, ¥6,603 million, is treated as an increase in additional paid-in capital.

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, 2023	As of September 30, 2024
Cash and deposits	162,606	206,584
Time deposits with a maturity of more than three months	(222)	(1,591)
Cash and cash equivalents in Condensed Consolidated Statement of Financial Position	162,384	204,993
Bank overdrafts	(9,440)	(7,285)
Cash and cash equivalents in Condensed Consolidated Statement of Cash Flows	152,944	197,708

8. BONDS

No issuance or repayment of bonds was noted for the half year ended September 30, 2023.

No issuance or repayment of bonds was noted for the half year ended September 30, 2024.

9. CAPITAL AND RESERVES

(For the half year ended September 30, 2023)

There was no significant transaction.

(For the half year ended September 30, 2024)

At the meeting of the Board of Directors of the Company held on February 6, 2024, the Company resolved a share repurchase. The share repurchase for the half year ended September 30, 2024, is as follows and has been completed on September 3, 2024 (on delivery date basis).

(1) Share category	Common stock
(2) Number of shares	16,590,800 shares
(3) Repurchase cost	¥22,456,788,464
(4) Period	April 1, 2024, through September 3, 2024 (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 February 6, 2024

(1) Share category	Common stock
(2) Number of shares	Up to 36,000,000 shares (representing 5.9% of issued and outstanding shares excluding treasury shares)
(3) Repurchase ceiling	¥30 billion
(4) Period	February 7, 2024, through August 30, 2024
(5) Method	Open market purchase on Tokyo Stock Exchange

The Company retired treasury shares, as stated below, following a Board of Directors resolution on September 5, 2024.

(1) Class of shares retired	Common stock
(2) Number of shares retired	22,532,600 shares
(3) Retirement date	September 30, 2024

10. DIVIDENDS

(1) Dividends paid during the half year ended September 30, 2023 and 2024 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 23, 2023	Ordinary shares	10,361 (Note)	17.0	March 31, 2023	June 26, 2023	Retained earnings
Ordinary general meeting of shareholders held on June 20, 2024	Ordinary shares	10,863 (Note)	18.0	March 31, 2024	June 21, 2024	Retained earnings

Note: The total amount of dividends paid during the half year ended September 30, 2023 and 2024 includes ¥6 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 first half of the fiscal year, but which effective date is in the following half of the fiscal year 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 8, 2023	Ordinary shares	10,970 (Note)	18.0	September 30, 2023	December 1, 2023	Retained earnings
Board of Directors' meeting held on November 8, 2024	Ordinary shares	11,151 (Note)	19.0	September 30, 2024	December 2, 2024	Retained earnings

Note: The total amount of dividends during the half year ended September 30, 2023 and 2024 includes ¥6 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

The carrying amounts and fair values of major financial instruments were as follows:

	Millions of Yen			
	As of March 31, 2024		As of September 30, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Lease receivables	276,225	281,855	276,682	282,263
Derivative assets	372	372	343	343
Securities and equity interests	17,392	17,392	17,640	17,640
Bonds	269	269	194	194
Total	294,258	299,888	294,859	300,440
Liabilities:				
Derivative liabilities	2,427	2,427	3,677	3,677
Contingent consideration	7,898	7,898	6,532	6,532
Written put option liabilities over non-controlling interests	22,635	22,635	22,670	22,670
Bonds and borrowings	196,974	194,047	256,081	254,013
Total	229,934	227,007	288,960	286,892

Note:

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

These are not included in the table above, as their carrying amounts approximate their fair values due to short-term settlement.

(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 at the end of the period. 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, lease receivables, bonds (as liabilities) 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, 2024			
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss:				
Derivative assets	—	372	—	372
Securities and equity interests	—	—	1,302	1,302
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	12,975	—	3,115	16,090
Bonds	269	—	—	269
Total assets	13,244	372	4,417	18,033
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	2,427	—	2,427
Contingent consideration	—	—	7,898	7,898
Total liabilities	—	2,427	7,898	10,325

	Millions of Yen			
	As of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	—	343	—	343
Securities and equity interests	—	—	1,296	1,296
Financial assets at fair value through other comprehensive income:				
Securities and equity interests	12,503	—	3,841	16,344
Bonds	194	—	—	194
Total assets	12,697	343	5,137	18,177
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	—	3,677	—	3,677
Contingent consideration	—	—	6,532	6,532
Total liabilities	—	3,677	6,532	10,209

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 balance to ending balance is as follows:

	Millions of Yen	
	Half year ended	Half year ended
	September 30, 2023	September 30, 2024
Beginning balance	4,550	4,417
Total gains and losses:		
- in profit or loss (i)	(257)	105
- in other comprehensive income (ii)	17	(23)
Purchases	8	650
Others	24	(12)
Ending balance	4,342	5,137

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 balance to ending balance is as follows:

	Millions of Yen	
	Half year ended	Half year ended
	September 30, 2023	September 30, 2024
<u>Beginning balance</u>	7,245	7,898
Increase due to acquisitions through business combinations and other	4,275	49
Settlement	(1,719)	(1,712)
Changes in fair value	(918)	—
Others	220	297
<u>Ending balance</u>	<u>9,103</u>	<u>6,532</u>

12. 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, 2023	Half year ended September 30, 2024
Profit (loss) attributable to owners of the parent (millions of yen)	15,614	9,268
Weighted average number of ordinary shares outstanding (thousands of shares) *	609,089	593,876
Basic earnings (loss) per share (yen)	25.63	15.61

(2) Diluted earnings per share

	Half year ended September 30, 2023	Half year ended September 30, 2024
Profit (loss) attributable to owners of the parent (millions of yen)	15,614	9,268
Adjustments (millions of yen)	—	—
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	15,614	9,268
Weighted average number of ordinary shares outstanding (thousands of shares) *	609,089	593,876
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	244	446
Weighted-average number of ordinary shares diluted (thousands of shares)	609,333	594,322
Diluted earnings (loss) per share (yen)	25.62	15.59

* 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, 2024 and September 30, 2024, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥16,256 million and ¥18,247 million, respectively.

As of March 31, 2024 and September 30, 2024, there were no significant contingent liabilities.

As of September 30, 2024, 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. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

15. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were authorized for issue by Akira Oyama, Representative Director and President, and Takashi Kawaguchi, Director and Executive Corporate Officer, on November 12, 2024.