Annual Securities Report

(The 121st Business Term)
From April 1, 2020 to March 31, 2021

3-6, Nakamagome 1-chome, Ohta-ku, Tokyo
Ricoh Company, Ltd.

[Cover]

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[Company Name in English]	Ricoh Company, Ltd.
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan. Certain information is only included in this English translation of the Annual Securities Report for ADR holders and not included in the original report. The translation of the Independent Auditors' Report is included at the end of this document.

In this document, the term "Ricoh" refers to Ricoh Company, Ltd. and our consolidated subsidiaries or as the context may require, and the term "the Company" refers to Ricoh Company, Ltd. on a nonconsolidated basis. References in this document to the "Financial Instruments and Exchange Act" are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan. References in this document to the "Companies Act" are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

Contents

I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	IFRSs				
Fiscal year	117th business term	118th business term	119th business term	120th business term	121st business term
Year end	March 2017	March 2018	March 2019	March 2020	March 2021
Sales	2,028,899	2,063,363	2,013,228	2,008,580	1,682,069
Profit(loss) before income tax expenses	29,955	(124,182)	83,964	75,891	(41,028)
Profit(loss) attributable to owners of the parent	3,489	(135,372)	49,526	39,546	(32,730)
Comprehensive income(loss) attributable to owners of the parent	(6,705)	(118,072)	30,304	6,949	21,897
Equity attributable to owners of the parent	1,042,106	909,565	932,577	920,371	920,246
Total assets	2,759,287	2,641,030	2,725,132	2,867,645	1,887,868
Equity per share attributable to owners of the parent (yen)	1,437.62	1,254.79	1,286.56	1,270.47	1,281.29
Earnings(loss) per share attributable to owners of the parent, basic (yen)	4.81	(186.75)	68.32	54.58	(45.20)
Earnings(loss) per ADR share attributable to owners of the parent, basic (yen)	4.81	(186.75)	68.32	54.58	(45.20)
Earnings(loss) per share attributable to owners of the parent, diluted (yen)	-	-	-	54.58	(45.20)
Earnings(loss) per ADR share attributable to owners of the parent company, diluted (yen)	-	-	-	54.58	(45.20)
Equity attributable to owners of the parent ratio (%)	37.77	34.44	34.22	32.10	48.75
Profit(loss) to equity attributable to owners of the parent ratio (%)	0.33	(13.87)	5.38	4.27	(3.56)
Price earnings ratio (times)	190.44	-	16.93	14.55	-
Net cash provided by operating activities	88,299	110,288	81,947	116,701	126,962
Net cash used in investing activities	(106,715)	(81,077)	(45,931)	(164,591)	(63,559)
Net cash provided by (used in) financing activities	(19,921)	6,407	42,424	75,757	(4,085)
Cash and cash equivalents at end of year	126,429	160,568	240,099	263,688	330,344
Number of employees	105,613	97,878	92,663	90,141	81,184

(Note) 1. Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").
2. Sales do not include consumption tax.
3. There were no diluted shares for the year 2017 and 2019.
4. There were net losses and no diluted shares for the year 2018.
5. There were losses per share attributable to owners of the parent, for the year 2018 and 2021.

2. HISTORY

February 1936	Riken Kankoshi Co., Ltd. is formed in Kita-kyushu to manufacture and sell sensitized paper.
March 1938	The Company's name is changed to Riken Optical Co., Ltd. and starts manufacturing and selling optical devices and equipment.
May 1949	The Company lists its securities on the Tokyo and Osaka Stock Exchanges.
April 1954	The Company establishes an optical device and equipment plant in Ohmori, Ohta-ku, Tokyo (now known as the Head office).
May 1955	The Company begins manufacturing and selling desktop copiers.
May 1961	The Company establishes a sensitized paper plant in Ikeda, Osaka (now known as the Ikeda plant).
October 1961	The Company lists its securities on the First Section of each of the Tokyo and Osaka Stock Exchanges.
June 1962	The Company starts operations of a paper plant in Numazu, Shizuoka, which featured a fully-integrated sensitized paper production system (now known as the Numazu plant).
December 1962	The Company establishes Ricoh of America, Inc. (a subsidiary, now known as Ricoh USA, Inc.).
April 1963	The Company changes its corporate name to Ricoh Company, Ltd.
July 1967	The Company establishes Tohoku Ricoh Co., Ltd. in Shibata-gun, Miyagi.
May 1971	The Company completes its manufacturing facility in Atsugi, Kanagawa (now known as the Atsugi plant), to which it transfers some of its office equipment production from the Ohmori plant.
June 1971	The Company establishes Ricoh Nederland B.V. (a subsidiary, now known as Ricoh Europe Holdings B.V.) in the Netherlands.
January 1973	The Company establishes Ricoh Electronics, Inc. (a subsidiary) in the United States.
December 1976	The Company forms Ricoh Credit Co., Ltd. (a subsidiary, now known as Ricoh Leasing Co., Ltd.).
December 1978	The Company establishes Ricoh Business Machines, Ltd. (a subsidiary, now known as Ricoh Hong Kong Ltd.).
March 1981	The Company builds the Ricoh Electronics Development Center at the Ikeda plant to develop and manufacture electronic devices.
May 1982	The Company establishes sensitized paper production facilities in Sakai, Fukui (now known as the Fukui plant).
December 1983	The Company establishes Ricoh UK Products Ltd. (a subsidiary).
October 1985	The Company builds a copier manufacturing plant in Gotemba, Shizuoka which takes over some of production from Atsugi plant.
April 1986	The Company opens a research and development ("R&D") facility in Yokohama, Kanagawa (now known as the Yokohama Nakamachidai office) in commemoration of the Company's 50th anniversary, to which it transfers some of its R&D operations from the Ohmori plant.

April 1987	The Company establishes Ricoh Industrie France S.A. (a subsidiary, now known as Ricoh Industrie France S.A.S.).
April 1989	The Company sets up an electronic devices facility in Kato, Hyogo (now known as the Yashiro plant at Ricoh Electronic Devices Company, Ltd.).
January 1991	The Company establishes Ricoh Asia Industry (Shenzhen) Ltd. (a subsidiary) in China.
March 1995	Ricoh Corporation acquires Savin Corporation, an American office equipment sales company.
September 1995	The Company acquires Gestetner Holdings PLC (now known as Ricoh Europe PLC), a British office equipment sales company.
January 1996	Ricoh Leasing Co., Ltd. lists its securities on the Second Section of the Tokyo Stock Exchange (currently listed on the First Section of the Tokyo Stock Exchange).
December 1996	The Company establishes Ricoh Asia Pacific Pte Ltd (a subsidiary) in Singapore.
March 1997	The Company establishes Ricoh Silicon Valley, Inc. (a subsidiary, now known as Ricoh Innovations Corporation) in the United States.
August 1999	Ricoh Hong Kong Ltd. acquires Inchcape NRG Ltd., a Hong Kong-based office equipment sales company.
January 2001	Ricoh Corporation acquires Lanier Worldwide, Inc., an American office equipment sales company.
October 2002	The Company establishes Ricoh China Co., Ltd. (a subsidiary).
April 2003	Tohoku Ricoh Co., Ltd. becomes a wholly-owned subsidiary of the Company.
October 2004	The Company acquires Hitachi Printing Solutions, Ltd. in Japan.
August 2005	The Company opens Ricoh Technology Center in Ebina, Kanagawa to integrate its domestic development facilities and offices.
November 2005	The Company relocates its headquarters to Chuo-ku, Tokyo.
January 2007	Ricoh Europe B.V. acquires the European operations of Danka Business Systems PLC.
June 2007	Info Print Solutions Company, LLC, a joint venture company of Ricoh and International Business Machines Corporation (“IBM”), commences its operations.
May 2008	The Company establishes Ricoh Manufacturing (Thailand) Ltd. (a subsidiary) in Thailand.
August 2008	Ricoh Elemex Corporation becomes a wholly-owned subsidiary of the Company.
October 2008	Ricoh Americas Corporation acquires all of the outstanding shares of IKON Office Solutions, Inc. (“IKON”, now known as Ricoh USA, Inc.), an American office equipment sales and service company.
July 2010	Seven domestic sales subsidiaries and the marketing group of the Company are merged into one domestic sales subsidiary named Ricoh Japan Corporation.
August 2010	The Company completes the construction of a new building that expands the Ricoh Technology Center located in Ebina, Kanagawa.
October 2011	The Company acquires the PENTAX imaging systems business from HOYA Corporation (now known as Ricoh Imaging Co., Ltd.).

April 2013	The Company transfers part of its engineering functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Technologies Company, Ltd.
April 2013	The Company transfers part of its production functions and operations previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industry Company, Ltd.
July 2014	Domestic sales and service subsidiaries are merged into Ricoh Japan Corporation.
October 2014	The Company transfers its direct sales of optical equipment and electronic components divisions previously performed by the Company and its manufacturing subsidiaries in Japan to Ricoh Industrial Solutions Inc.
October 2014	The Company transfers its Electronic Devices Division to Ricoh Electronic Devices Company, Ltd.
April 2016	The Company opens Ricoh Eco Business Development Center in Gotemba, Shizuoka.
November 2017	The Company establishes Ricoh Manufacturing (China) Ltd.
January 2018	The Company relocates its headquarters to Ohta-ku, Tokyo.
March 2018	The Company transfers 80% of the outstanding shares of Ricoh Electronic Devices Co., Ltd., to Nisshinbo Holdings Inc.
August 2018	The Company transfers 66.6% (figures below the second decimal place are omitted) of the outstanding shares in Ricoh Logistics System Co., Ltd. ("Ricoh Logistics System", now known as SBS Ricoh Logistics System Co., Ltd.), to SBS Holdings Co., Ltd.
April 2020	The Company transfers 20% of the outstanding shares of Ricoh Leasing Co., Ltd., to Mizuho Leasing Co., Ltd.

3. DESCRIPTION OF BUSINESS

Ricoh consists of the parent company, Ricoh Company, Ltd., 210 subsidiaries and 17 affiliates as of March 31, 2021.

Ricoh’s development, manufacturing, sales and service activities center on the business segments of Office Printing, Office Services, Commercial Printing, Industrial Printing, Thermal Media and Other.

Ricoh Company, Ltd., the parent company of Ricoh, heads development. The Company and its respective subsidiaries and affiliates maintain an integrated domestic and overseas manufacturing structure.

Ricoh is represented in roughly 200 countries and runs its sales and service activities out of four regional headquarters located in the geographic areas of 1) Japan, 2) the Americas, 3) Europe, the Middle East and Africa and 4) Other, which includes China, South East Asia and Oceania.

Our main product areas and the locations of key subsidiaries and affiliates are listed below.

<Office Printing >

In the Office Printing segment, as our core business, we supply multifunctional printers for use in offices, for which we have the top market share worldwide, as well as imaging devices such as printers and related services. Main products & services are multifunctional printers, copiers, laser printers, services and related parts and supplies.

<Office Services>

The Office Services segment provides products and services that support new workstyles, and contributes to solving customer issues in offices through total solutions that combine building of IT environment, operation support of network environment, user support, and more. Main products & services are personal computers, servers, network equipment, related services, support, software and service solutions related to documents.

<Commercial Printing>

The Commercial Printing segment provides customers in the printing industry with digital printing related products and services capable of high-mix, low-volume printing. Main products & services are cut sheet printers, continuous feed printers, related parts and supplies, services.

<Industrial Printing>

The Industrial Printing segment manufactures and sells industrial inkjet heads, inkjet ink, industrial printers, etc., which enables a wide range of printing, including furniture, wallpaper, automobile exteriors and furnishing fabric.

[Main Subsidiaries and Affiliates]

Manufacturing

Japan: Ricoh Industry Co., Ltd. and Ricoh Elemex Corporation

The Americas: Ricoh Electronics, Inc.

Europe: Ricoh UK Products Ltd. and Ricoh Industrie France S.A.S.

Other regions: Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Manufacturing (China) Ltd. and Ricoh Manufacturing (Thailand) Ltd.

Sales, Service and Support

Japan: Ricoh Japan Corporation and Ricoh IT Solutions Co.,Ltd.

The Americas: Ricoh Americas Holdings, Inc., Ricoh Canada Inc., Ricoh USA Inc., mindSHIFT Technologies, Inc. and Ricoh Printing System America, Inc.

Europe: Ricoh Europe Holdings PLC, Ricoh Sverige AB., Ricoh UK Ltd., Ricoh Deutschland GmbH, Ricoh Nederland B.V., Ricoh Europe SCM B.V., Ricoh Belgium N.V., Ricoh France S.A.S., Ricoh Schweiz AG, Ricoh Italia S.R.L. and Ricoh Espana S.L.U.

Other regions: Ricoh China Co., Ltd., Ricoh Asia Industry Ltd., Ricoh Asia Pacific Operations Ltd., Ricoh Hong Kong Ltd., Ricoh Thailand Ltd., Ricoh Asia Pacific Pte. Ltd., Ricoh Australia Pty, Ltd. and Ricoh New Zealand Ltd.

<Thermal Media>

The Thermal Media segment manufactures and sells thermal paper used in Point Of Sales (“POS”) labels for food products, barcode labels, delivery labels, etc., and thermal transfer ribbon used to print clothing price tags, brand tags, tickets, and the like.

[Main Subsidiaries and Affiliates]

Manufacturing

Ricoh Electronics, Inc., Ricoh Industrie France S.A.S. and Ricoh Thermal Media (Wuxi) Co., Ltd

<Other>

The Other segment comprises “Industrial Products,” “Smart Vision,” and “Other,” which includes a wide range of other business segments. In this segment, we use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.

Industrial Products: We provide precision device components that utilize optical technologies and image processing technologies.

Smart Vision: We manufacture and sell unique and compelling products such as 360° spherical cameras, DSLR cameras for professional use and action cameras with exceptional waterproof, dustproof and impact resistance properties.

Other: We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (healthcare) business, focusing primarily on the magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

[Main Subsidiaries and Affiliates]

Manufacturing

Japan: Ricoh Industrial Solutions Co., Ltd. and Ricoh Elemex Corporation

Other regions: Ricoh Imaging Products (Philippines) Corporation

Sales, Service and Support

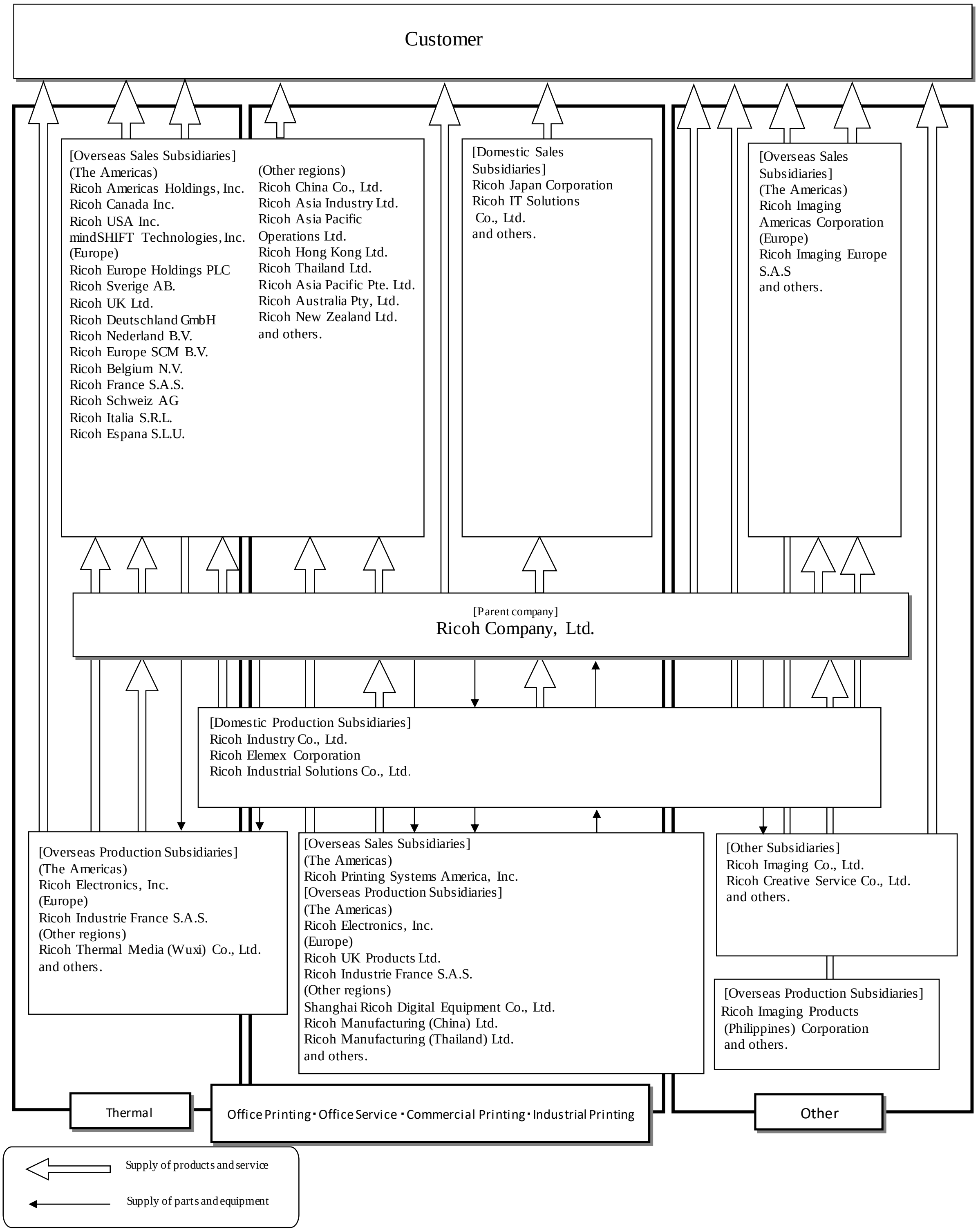
Japan: Ricoh Imaging Co., Ltd. and Ricoh Creative Service Co., Ltd.

The Americas: Ricoh Imaging Americas Corporation

Europe: Ricoh Imaging Europe S.A.S

<Chart of Operational Flow>

The following chart shows the group's positions.



4. INFORMATION ON AFFILIATES

(As of March 31, 2021)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Consolidated Subsidiaries)			
Ricoh Industry Co., Ltd.	Japan	Production of digital service devices	100.0
Ricoh Elemex Corporation	Japan	Production and sale of digital service devices	100.0
Ricoh Japan Corporation	Japan	Provision of digital services combining devices, applications and maintenance	100.0
Ricoh IT Solutions Co., Ltd.	Japan	Development, construction and sale of network systems	100.0
Ricoh Imaging Co., Ltd.	Japan	Sale of digital cameras	100.0
Ricoh Creative Service Co., Ltd.	Japan	Management of group facility, advertisement and printing	100.0
Ricoh Industrial Solutions Co., Ltd.	Japan	Production and sale of optical equipment and electronic components	100.0
Ricoh Technologies Co., Ltd.	Japan	Development and design of digital service devices	100.0
Ricoh Electronics, Inc.	U.S.A.	Production of digital service devices related supplies and Production and sale of thermal media	100.0 (100.0)
Ricoh UK Products Ltd.	U.K.	Production of digital service devices and related supplies	100.0 (100.0)
Ricoh Industrie France S.A.S.	France	Production and sale of thermal media	100.0
Ricoh Thermal Media (Wuxi) Co., Ltd.	China	Production and sale of thermal media	99.0 (10.0)
Shanghai Ricoh Digital Equipment Co., Ltd.	China	Production and sale of digital service devices	100.0 (55.3)
Ricoh Manufacturing (China) Ltd.	China	Production of digital service devices	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Manufacturing (Thailand) Ltd.	Thailand	Production of digital service devices and related supplies	100.0
Ricoh Imaging Products (Philippines) Corporation	Philippines	Production of digital cameras	100.0 (100.0)
Ricoh Americas Holdings, Inc.	U.S.A.	Holding company in the U.S.A.	100.0
Ricoh Canada Inc.	Canada	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh USA, Inc.	U.S.A.	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
mindSHIFT Technologies, Inc.	U.S.A.	Provision of IT services	100.0 (100.0)
Ricoh Printing Systems America, Inc.	U.S.A.	Sale of inkjet head	100.0 (4.4)
Ricoh Imaging Americas Corporation	U.S.A.	Sale of digital cameras	100.0 (100.0)
Ricoh Europe Holdings PLC	U.K.	Holding company of sales in the European region	100.0
Ricoh Sverige AB.	Sweden	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh UK Ltd.	U.K.	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Deutschland GmbH	Germany	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
DocuWare GmbH	Germany	Development and sale of CSP (Contents Service Platform)	100.0 (100.0)
Ricoh Nederland B.V.	Netherlands	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Europe SCM B.V.	Netherlands	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Belgium N.V.	Belgium	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh France S.A.S.	France	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Espana S.L.U.	Spain	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital cameras	100.0 (100.0)
Ricoh China Co., Ltd.	China	Provision of digital services combining devices, applications and maintenance	100.0
Ricoh Asia Industry Ltd.	Hong Kong, China	Provision of digital service devices for sales bases	100.0
Ricoh Asia Pacific Operations Ltd.	Hong Kong, China	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Hong Kong Ltd.	Hong Kong, China	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Thailand Ltd.	Thailand	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Asia Pacific Pte Ltd	Singapore	Holding company of sales in the Asia Pacific region	100.0
Ricoh Australia Pty, Ltd.	Australia	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh New Zealand Ltd.	New Zealand	Provision of digital services combining devices, applications and maintenance	100.0 (100.0)
Ricoh Europe Finance Ltd.	U.K.	Provision of finance management services to Ricoh group companies	100.0 (100.0)
And 166 other consolidated subsidiaries			

(Affiliates)

SBS Ricoh Logistics System Co., Ltd.	Japan	Logistics services and custom clearances	33.3 (33.3)
Ricoh Leasing Co., Ltd.	Japan	General leasing	33.7
Ricoh Electronic Devices Co., Ltd.	Japan	Production and sale of semiconductors	20.0
And 14 other affiliates			

(Note) The percentage in the parenthesis under “Ownership percentage of voting rights” indicates the indirect ownership out of the total ownership noted above.

5. EMPLOYEES

(1) Consolidated basis

(As of March 31, 2021)

Segment	Number of employees
Office Printing	32,474
Office Services	19,976
Commercial Printing	5,388
Common to the 3 segments above	12,553
Industrial Printing	871
Thermal Media	1,405
Other	5,783
All companies (Shared)	2,734
Total	81,184

(Note) Number of employees represents the number of employed workers, but excludes temporary employees.

(2) The Company

(As of March 31, 2021)

Number of employees	Average age	Average length of service (Year)	Average annual salary (Yen)
8,022 (736)	45.2	20.0	7,827,056

Segment	Number of employees
Office Printing	2,171
Office Services	328
Commercial Printing	758
Common to the 3 segments above	564
Industrial Printing	469
Thermal Media	311
Other	729
All companies (Shared)	2,692
Total	8,022

(Note) 1. "Number of employees" represents the number of employed workers, and the numbers within brackets indicate the average number of temporary employees over the current fiscal year (converted at 7.5h/day).
2. Temporary employees include contracted staff after retirement and part time employees, but exclude temporary staff who are contracted through staffing agencies, business consignments and contractors.
3. Average annual salary includes bonuses and extra wages.

(3) Relationship with labor union

A union is organized in the Company and certain subsidiaries. There were no significant labor disputes noted in fiscal year 2020, and the Company believes that it has a good relationship with its employees.

II. **BUSINESS OVERVIEW**

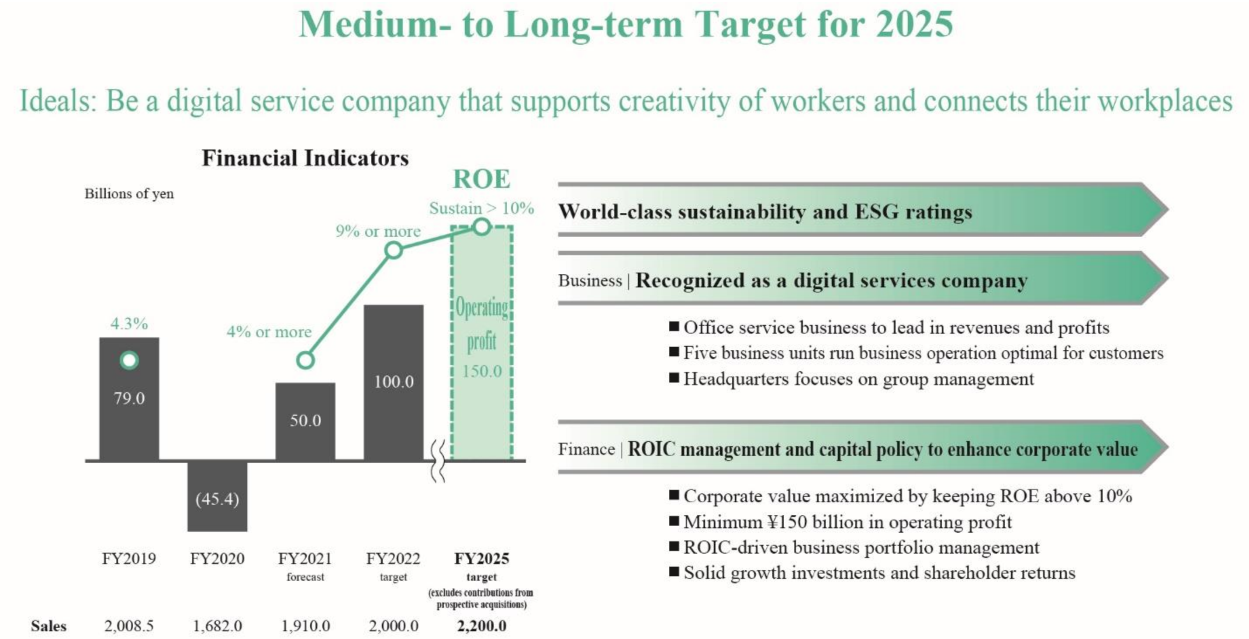
1. MANAGEMENT POLICIES, MANAGEMENT ENVIORMENTS AND ISSUES TO BE SOLVED

(1) Unchanging Commitments amid Change
The COVID-19 pandemic has transformed the world. It prevented many from going to offices and forced them to adopt new work practices, accelerating a move to working anytime, anywhere. The situation may not return to normal even after the pandemic has been contained. The Office Services that we have cultivated over many years are helping customers change how they work.
Two commitments will remain unchanged in this new environment.
The first is that we will stay close to our customers. Since coining the term "office automation" in 1977, we have done much to help improve the efficiency and productivity of offices. As the value of work shifts away from enhancing efficiency toward harnessing the creativity that only people can deliver, we will keep collaborating with customers to help them attain fulfillment through work.
Our second commitment is to the Spirit of Three Loves. These founding principles; "Love your neighbor, Love your country, Love your work" are in keeping with a central promise of the Sustainable Development Goals* of the United Nations, that nobody should be left behind. We aim to address the seven material issues; transform work, improve the quality of life, decarbonize the economy, materialize a circular economy, engage with stakeholders, pursue open innovation, and promote diversity and inclusion (see pages 20 and 21).
In addition, this section contains forward-looking statements, which are based on our judgments at the end of the period.

*Sustainable Development Goals
In September 2015, the United Nations Summit adopted 17 Sustainable Development Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in such the drive to free humanity from poverty and hunger and improve the human condition in areas as health, sanitation, economic development, and the environment by 2030.

(2) Medium-Term Direction
We positioned fiscal 2020 as a year for overcoming challenges by tackling an emergency and gearing up for the future. In addition to the 20th Mid-Term Management Plan that covers two years from fiscal 2021, we set our direction through fiscal 2025 to show a longer term outlook.
We then look to become a digital services company that connects workplaces and supports worker creativity. From a future financial (environmental, social, and governance (ESG)) perspective, we will undertake initiatives across the value chain to serve the growing ESG requirements of customers and

investors in keeping with a commitment in maintaining a top worldwide reputation for sustainability and ESG. On the financial front, we look for the Office Services business to continue to grow and drive our overall performance, while maintaining an operational structure that can deliver a return on equity that exceeds 9% by fiscal 2022, which is the final year of our 20th Mid-Term Management Plan, and surpasses 10% by fiscal 2025.



Future Financial (ESG) Perspectives

We have positioned ESG initiatives as essential for generating future finances. We are undertaking activities after setting future financial targets (ESG targets) linked to our seven material issues. We are setting companywide goals from the perspectives of digital transformation, decarbonizing the economy, addressing human rights issues, and other global perspectives. At the same time, we are improving our ability to implement management strategies and break them down for each business unit. We will endeavor to secure enough talented people to help become a digital services company, and will strive to improve the quality of related patents. We will contribute to economic decarbonization by accelerating the use of renewable energy in regions other than Europe and China where we have already taken a lead, steadily reducing our greenhouse gas emissions based on our roadmap. We will collaborate with business partners to address human rights issues in keeping with a new policy that we introduced to drive progress in that regard.

Financial Perspectives

Ricoh will reach the goals by 1. adopting a business unit structure, 2. managing our business portfolio, 3. strengthening our management underpinnings, and 4. reinforcing our capital policies.

1. Adopting a Business Unit Structure

Ricoh has started a business unit structure in April 2021. Primary goals of this new setup are to streamline capital management by better overseeing our business portfolio while accelerating decision-making by delegating authorities. We now have five business units and a Group headquarters.

The presidents of Ricoh Digital Services, Ricoh Digital Products, Ricoh Graphic Communications, Ricoh Industrial Solutions, and Ricoh Futures take responsibilities of the entire value chain of their business units. They pursue business growth and capital-efficient management by making swift decisions so we can expand digital services.

The Group headquarters performs three roles to support Ricoh’s growth. First, its global headquarters function is to formulate and foster management strategies and manage the business portfolio, overhauling businesses and allocating operating resources. Second, it serves as a platform for developing a digital infrastructure and researching advanced technologies. Third, it provides professional services support to business units.

2. Managing Our Business Portfolio

The rigorous portfolio management of the global headquarters will enable us to rely less on Office Printing and accelerate our transformation into a digital services company. Running each business to achieve growth potential and returns on invested capital should lead to optimal operational resource allocations based on rational assessments and decision-making.

In Office Services, we will invest and expand depending on the strategy in the regions. In Japan and Europe, for example, we will invest to broaden our capabilities, products, and services. In the United States, we will refrain from investing strategically during the 20th Mid-Term Management Plan, focusing instead on boosting value for existing managed service customers.

In Office Printing, we will pursue operational excellence to ensure profitability while selling to external companies.

In Commercial Printing, we will capitalize on rising demand for digital printing to grow by launching new products and expanding digital services.

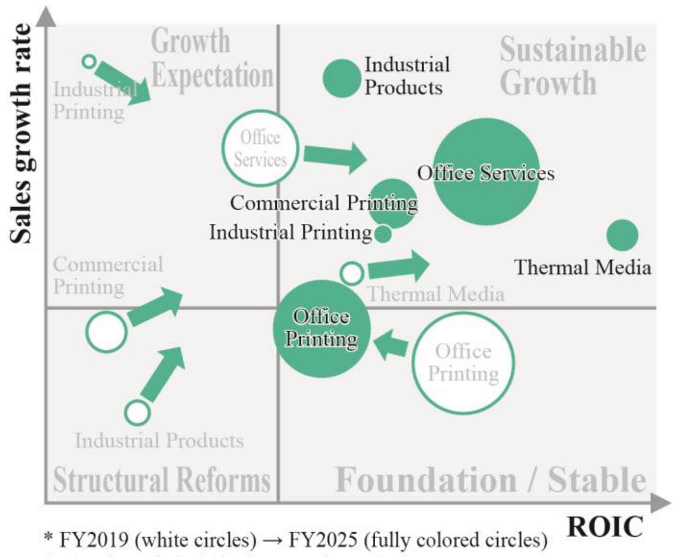
In Industrial Printing, we will focus investments on reinforcing our position in inkjet printheads, one of Ricoh's strengths.

In the Thermal Media business, we will roll out products in new fields that fully harness laser technology to deliver growth and enhance capital efficiency.

In Industrial Products, we will invest in industrial machinery to drive growth.

Business Portfolio Management for 2025

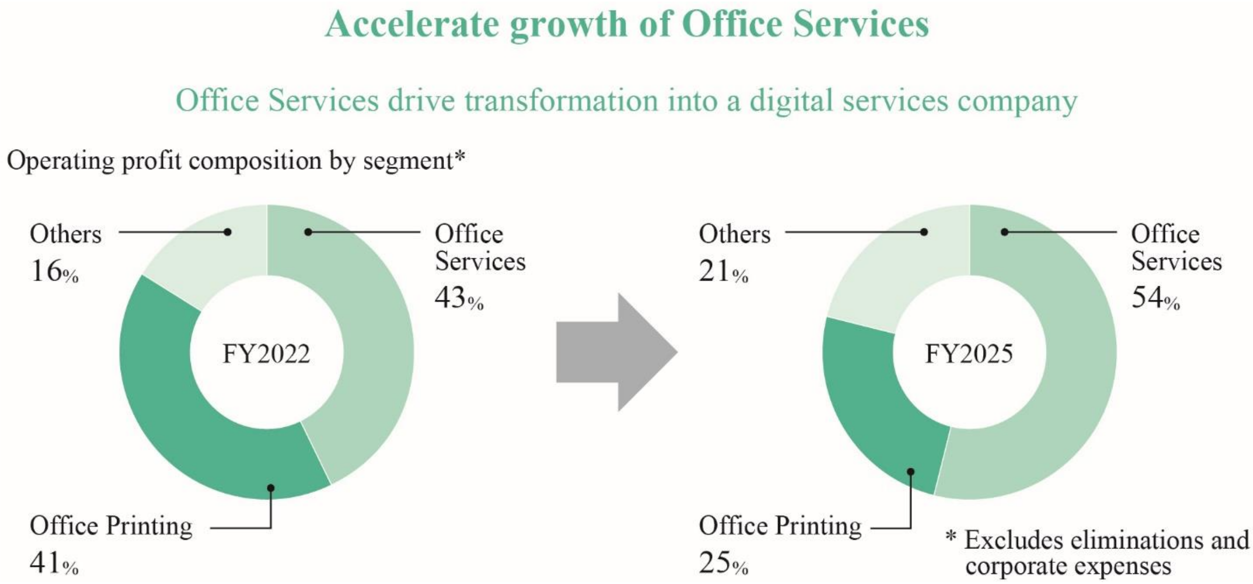
Manage the business portfolio on two axes of growth and capital efficiency. Optimize allocation of management resources.



* FY2019 (white circles) → FY2025 (fully colored circles)
* The size of circle indicates sales volume

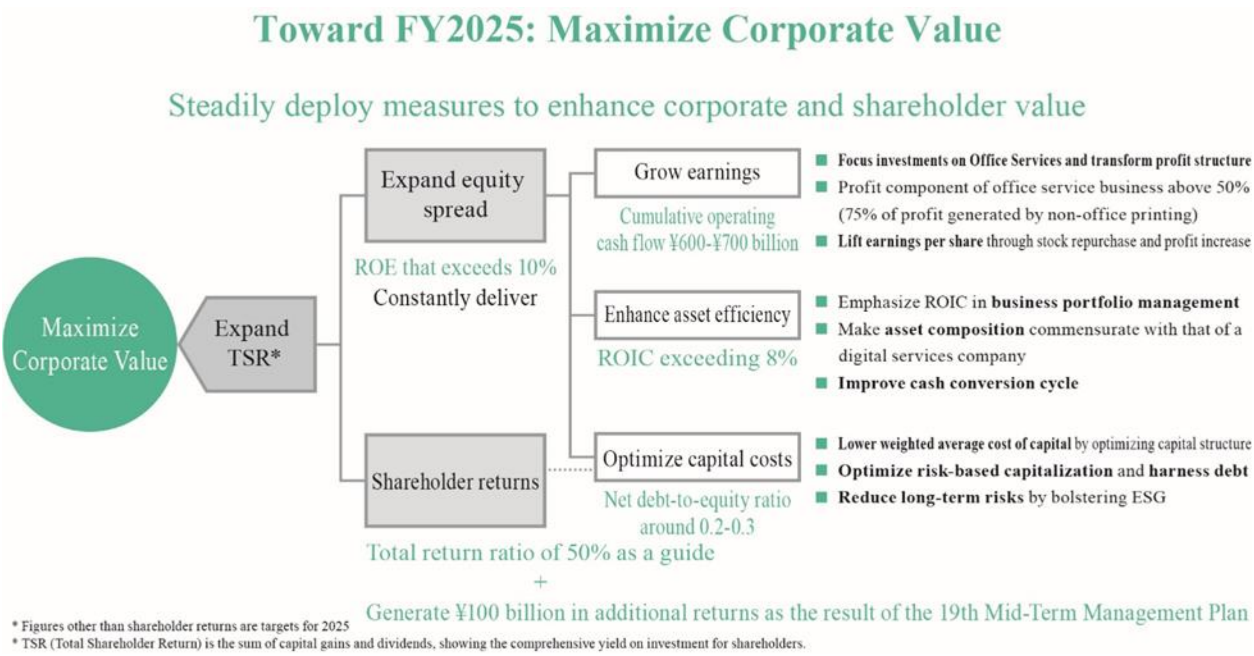
New segments for disclosure	Existing segments for disclosure
Digital Services	Office Services
Digital Products	Office Printing
Graphic Communications	Commercial Printing
	Industrial Printing
Industrial Solutions	Thermal Media
	Industrial Products

These efforts should enable Office Services, as a new core business for the Ricoh Group, to take the lead from the Office Printing business in terms of operating profit in fiscal 2022 and in sales in fiscal 2023. Office Services should account for the bulk of operating profit in fiscal 2025.



3. Strengthening Our Management Underpinnings
We are paring headquarters functions while reinforcing our corporate culture, human resources, infrastructure, R&D, and other components of our business foundations to become a digital services company.
We embarked on an effort in fiscal 2017 to change the corporate culture and programs, and have thus steadily enhanced employee engagement. We plan further evaluation and personnel system reforms from fiscal 2021. As a digital services company, we are developing digital professionals who can assist customers.
In April 2021, we assessed the digital capabilities of 30,000 employees in Japan and began helping them cultivate their skills. The effort to become a digital services company will also entail overhauling many business systems, including for manufacturing, development, human resources, and accounting.
In R&D, we have turned our attention to two advanced areas. One is to pursue product development that connects fulfillment through work to data sets of the five basic senses of humans. The second is to use inkjet technology to create digital manufacturing processes.

4. Reinforcing Our Capital Policies
We aim to maximize corporate and shareholder value while satisfying stakeholder expectations. We accordingly seek to realize returns that exceed capital costs.



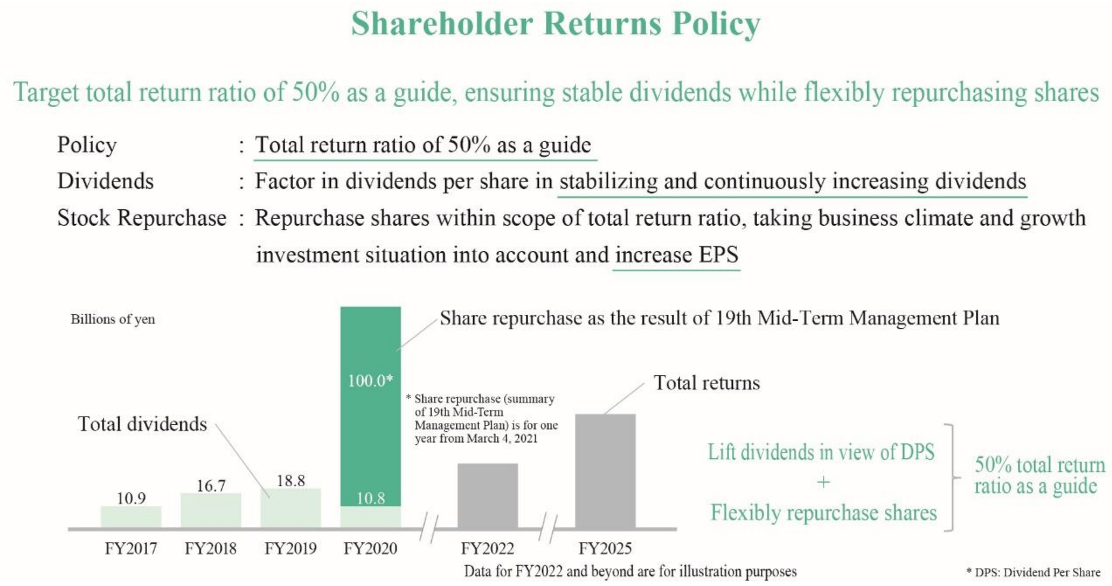
From a balance sheet management perspective, the equity ratio increased due to the deconsolidation of Ricoh Leasing Co., Ltd. (hereinafter, Ricoh Leasing) in April 2020. To become a digital services company, we will target an appropriate capital structure based on risk assessments and borrow to fund investments, carefully balancing debt and equity in our operations. We will use debt in such stable businesses as Office Printing while primarily allocating capital to growth businesses that pose relatively high risks.
We will thus systematically use operating cash flows from business investments to fund further growth and shareholder returns. We look to invest around ¥500 billion in growth areas in the drive to become a digital services company. We will also draw strategically on interest-bearing debt to fund investments.

Breakdown of ¥500 billion growth investment

M&A investment for business strategy	M&A in Office Services	Approx. ¥200 billion
	M&A in frontlines* arena	Approx. ¥100 billion
Strengthen management foundation	・Nurture and acquire digital experts ・Renewing enterprise system ・Internal digital revolution, etc.	Approx. ¥100 billion
Investment for new business domains	・Develop cutting-edge technologies in focused areas ・Create new businesses to resolve social challenges	Approx. ¥100 billion

* Frontlines such as printing, manufacturing, logistics industries, which will be covered by Ricoh Graphic Communications and Ricoh Industrial Solutions.

Our shareholder return policy is to attain a total return ratio of 50% as a guide by ensuring stable dividends and by flexibly repurchasing shares. We look to steadily lift dividends per share in line with annual profit growth from the fiscal 2021 level. We will buy back shares within the total payout ratio scope, factoring in the business environment and progress with growth investments to lift earnings per share.



(3) 20th Mid-Term Management Plan
The 20th Mid-Term Management Plan is a roadmap for achieving our vision through fiscal 2025. Under the two years of this plan, we aim to become a digital services company that is a work productivity innovator. We seek a return on equity of at least 9%. Financial targets to reach that goal include generating ¥100 billion in operating profit and sales of around ¥2 trillion.
It remains unclear when the COVID-19 pandemic will abate. It is against that backdrop that under our new business unit structure we will pursue growth in Office Services by distinguishing investments in high priority regions from those in other regions. In Office Printing, we will reinforce our business structure to overcome a print volume downturn through operational excellence. We aim to generate ¥100 billion in operating profit by steadily reinforcing our business foundations, primarily at Group headquarters.
For future financial goals (ESG targets), which are as important as financial benchmarks, we have set 17

goals for our seven material issues and will do our utmost to reach them.

The 20th Mid-Term Management Plan Goals

Transform to a digital services company that innovates workplace productivity

FY2022: ROE ≧ 9%

Driven by business growth and capital profitability improvements

Financial targets for realizing the goal

Financial Indicators	FY2022 Targets
Operating profit / margin	¥100 billion / 5%
Sales	¥2,000 billion
ROIC	6.5% or more
Office Services business operating profit*	8%

* Based on the current segment

Future financial targets (ESG)

Targets by stake holder (from 17 ESG targets)		FY2022 Targets
Customers	Top score from customers	30%
Society	GHG Scope 1 and 2 (from FY2015)	30%
	GHG Scope 3 (from FY2015)	20%
	Electricity from renewable energy sources	30%
	New resource content in products	85% or less
Employees	Employee Engagement Score	50 percentile or more in each region
Partners	Rating score from each partner	Set by partners / region
Shareholders	ROE	9% or more

(4) Fiscal 2021 Outlook

We anticipate a rapid turnaround in fiscal 2021. We target sales of ¥1,910 billion, an operating profit of ¥50 billion yen, and a return on equity of at least 4%. We look for our Office Printing and Commercial Printing businesses to recover from the pandemic. We will reinforce our operations by optimizing our development, production, and services structures. We will expand decisively by reaching our 20th Mid-Term Management Plan targets and generate growth in digital services, particularly in Office Services.

In addition, we will further strengthen our business structure by optimizing our development, production, and service systems.

(5) Seven Material Issues - Ricoh's Approach to Seven Material Issues and ESG Targets

Resolving social issues through business

Materiality (Material issues)	2030 targets	Resolution of social issues and business strategies	ESG targets	
			KPIs	FY2022 Targets
Creativity from Work	Contribute to "Creativity from Work" of all customers to whom we deliver value	Social issues For sustainable development, companies need to reform employees' work styles, boost productivity by using IT and increase employees' work satisfaction. Business strategies We will help customers achieve "Creativity from Work" by providing them with digital technologies and services. Major business area • Office printing/Office services	Top score rate[*1] in customer surveys	30% or more
			Fulfilling value proposition for customers	20%[*2]
			Digital specialist development	IPA ITSS L3[*3] 1.5 times
QOL Enhancement	Contribute to the enhancement of social infrastructure for 30 million people	Social issues It is necessary to eliminate disparities in medical, educational and regional services between developed and developing countries and between urban and rural areas. Business strategies We will help improve medical, educational and regional services by utilizing the digital technologies and know-how that we have accumulated for office solutions. Major business areas • Healthcare • Smart social infrastructure[*4]	Number of people to whom we have contributed by improving social infrastructure	10 million people
Zero-carbon Society	Reduce GHG emissions by 63% for scope 1 and 2, and 40% for scope 3 Increase the ratio of renewable energy in electricity used to 50%	Social issues As the impact of climate change is becoming more severe, it is necessary to enhance and speed up countermeasures. Business strategies Upholding SBT[*5] of "1.5°C," we will work to reduce GHG emissions substantially and supply products and solutions that contribute to the decarbonization of society as a whole Major business areas • Office printing/Office services • Environment	GHG scope1, 2 reduction rate (vs. FY2015)	30%
			GHG scope 3 reduction rate (vs FY2015)	20%
			Renewable energy utilization rate	30%
Circular Economy	Ensure efficient use of resources throughout the entire value chain and achieve 60% or less of virgin material usage rate	Social issues For sustainable use of natural resources, it is necessary to foster the recycling of resources and reduce the use of new resources. Business strategies We will further enhance our 3Rs measures and reduce the use and foster the substitution of plastic materials and provide on-demand printing service, thereby helping customers make efficient use of resources. Major business areas • Office printing/Office services • Commercial printing/Industrial printing • Thermal media	Virgin material usage rate	85% or less

Robust management infrastructure

Materiality (Material issues)	Demand from society and management strategies	ESG targets: KPIs	ESG targets: FY2022 Targets
Stakeholder Engagement	<u>Demand from society</u> For the sustainable development of society, companies are required to enhance the sustainability of their entire global value chains. <u>Management strategies</u> We will strengthen collaboration with our business partners and build Win-Win-Win relationships between our company, business partners and society.	Production sites with RBA*6 certified	6 sites
		Suppliers signing on RICOH Group Supplier Code of Conduct	100% signed
		International security standards	Bolstered security based on ISO/IEC*7 NIST*8
		Evaluation scores given by each partner*9 (suppliers, distributors/dealers, development partners)	
		Attain top levels for primary ESG external evaluations	DJSI, CDP*10 etc.
		Selected in Digital Transformation stock (by Ministry of Economy, Trade and Industry)	Selected
Open Innovation	<u>Demand from society</u> For sustainable development, innovation needs to be promoted across a range of industrial sectors. <u>Management strategies</u> We will attribute importance to open innovation with universities, research institutes, other companies and business partners, and foster collaboration with these partners to solve social issues through efficient research and technological development as well as to create new value.	Increase rate of patent ETR*11 score (vs FY2020)	20%
Diversity and Inclusion	<u>Demand from society</u> For sustainable development and innovation, it is necessary to promote decent work, which gives satisfaction and is humane, and respect diversity in society. <u>Management strategies</u> We will respect the diversity of employees, upholding the empowerment of self-motivated employees in our management policy and strive to create workplaces where employees can work with vigor.	RFG*12 engagement score	50 percentile or more
		Female-held managerial position rate	Global: 16.5% or more (Japan: 7.0% or more)

*1 Top score ratio: Highest score selecting ratio

*2 Scrum-package customers ratio

*3 IPA: Information-technology Promotion Agency. ITSS: IT Skill Standard set by IPA (level 0-6)

*4 Smart social infrastructure: Social infrastructure-related business by digital technology.

*5 SBT: Science Based Targets

*6 RBA: Responsible Business Alliance

*7 ISO/IEC: International Organization of Standardization/International Electrotechnical Commission

*8 NIST: National Institute of Standards and Technology

*9 Evaluation score: Evaluation results from each partner for Ricoh.

*10 CDP: Evaluation by an international NGO working in climate change and other environmental issues.

*11 ETR: ETR (External Technology Relevance): Score indicating the number of patents cited by other companies.

*12 RFG: Ricoh Family Group

Reference **Actions on Climate Change: Disclosure Based on the TCFD (Task Force on Climate-related Financial Disclosures) Framework**

Climate change poses one of the most pressing challenges to the global society.
In order to support the Paris Agreement, the Ricoh Group has set long-term environmental goals to achieve practically zero GHG[*1] emissions across the entire value chain by 2050. We have also set a high level GHG emission reduction target of 63% reduction in 2030 (compared to 2015 levels), which has been validated by SBTi[*2] an international climate change initiative, as a 1.5°C level.
To achieve this target, Ricoh has established a GHG reduction roadmap for 2030 and is promoting thorough energy-saving activities and active use of renewable energy sources. Therefore, we participated in the international initiative RE100 aiming for 100% conversion to renewable energy as Japan's first member company.
Since actions on climate change is one of the important management issue, from 2020, we have positioned GHG emission reduction targets as one of the ESG Targets based on our management strategy, and we are promoting an effective climate change initiative by linking it to the remuneration of officers and senior management.
Under the supervision of the ESG Committee, chaired by our CEO, we have identified the risks and opportunities related to climate change and are working to mitigate and adapt to climate change. In particular, we will strive to reduce risk by formulating and implementing a risk management plan and a business continuity plan (BCP) in response to natural disasters, which are becoming more and more severe. In addition, we will contribute to the creation of a decarbonized society throughout the entire value chain by improving the energy efficiency of our products and collaborating with our business partners and customers.

*1 GHG: Greenhouse Gas
*2 SBTi: Science Based Targets initiatives
International initiatives to certify that GHG reduction targets of a company are consistent with scientific evidence

Ricoh Group Environmental Goals Zero-carbon area

Environmental goals	〈Goals for 2050〉 ・Aim for zero GHG emissions across the entire value chain. ・Switch to 100% renewable electricity. 〈Goals for 2030〉 ・GHG Scope 1, 2: 63% reduction compared to the 2015 level[*3] ・GHG Scope 3: 40% reduction compared to the 2015 level (procurement, use, and logistics categories) ・Switch to 50% renewable electricity. *3 Reduction target approved as a SBT (Science Based Targets) Notes: - GHG Scope 1: All direct GHG emissions from the Company's own manufacturing plants, offices, vehicles etc. - GHG Scope 2: Indirect GHG emissions from the consumption of electricity and heat, purchased by the company - GHG Scope 3: Emissions in the supply chain of business activities (excludes GHG Scope 1 and 2)
Concept	1. Aim to achieve net-zero GHG emissions from its own business activities through comprehensive energy conservation activities and the use of renewable energy.

	2. Aim to establish a zero-carbon society by providing highly energy-efficient products and solutions and by actively encouraging business partners to do the same. 3. Actively work on adaptation against climate change.

<Governance - the organization's governance around climate-related risks and opportunities ->

Action	- The CEO-chaired ESG Committee established to ensure management-level supervision for climate change-related activities - The ESG Committee discusses proposals for decarbonization roadmaps, confirms progress toward environmental goals, and decides on investments in decarbonization-related projects - The Group's climate change action plans approved by the ESG Committee and implemented under the leadership of the Sustainability Management Division

Progress in FY2020	- Deliberation and decision on climate change-related matters by the ESG Committee (held four times)
	  - Climate change risks and opportunities in line with TCFD
	  - Progress on decarbonization activities
	  - Enhancement of renewable energy measures to accelerate decarbonization activities
	- Introduction of an ESG-linked executive remuneration system that varies depending on the degree of achievement of the "GHG reduction target" for executives and the management.

<Strategy - the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning ->

Action	- Contribution to SDGs given priority in formulating a Mid-Term Management Plan - "Zero-carbon Society" included in material issues - Risks and opportunities identified through scenario analysis and confirmed by ESG Committee
Progress in FY2020	- Conducted a cross-sectoral workshop to consider risks and countermeasures related to natural disasters - Progress in activities for decarbonization and customer appeal - Concluded an agreement of "Sustainability Linked Loans" with MUFG Bank, Ltd. to promote decarbonization activities

Scenario analysis and results

We continued to conduct scenario analysis as we did in the previous year. The business risks and opportunities for infectious diseases related with climate change have been added to the scenario analysis assessment, especially since COVID-19 is having an enormous global impact. In assessing the business risks, we assumed that epidemics of mosquito-borne diseases have occurred every 10 years in the past, and that an epidemic would occur in Asia, where Ricoh's sales are the largest among the three regions, where many infections have occurred, such as Africa, Asia, and Latin America. Because our production of BCP was functioning despite the COVID-19 epidemic, we estimated the financial impact based on the amount of lost sales opportunities because of COVID-19.

In addition, a cross-organizational workshop was held to discuss the risks and possible responses to the increasing number of natural disasters that occur every year, and to examine the risks and countermeasures for our supply chain, including our own sites.

As a result of scenario analysis, we see that global climate change has progressed, abnormal weather has become frequent and severe, and it has become an urgent issue for Ricoh that a large business impact may occur if we fail to take measures. Although the risk of infectious diseases related to climate change is not urgent, once it does occur, it will cause a large financial loss, so it was confirmed that it is necessary to continue to strengthen BCP.

Meanwhile, active response to climate change mitigation and adaptation will provide opportunities in the printing business to provide products and solutions that support customers' decarbonization by utilizing energy-saving and resource-saving technologies and services. We also reconfirmed that solutions against infectious diseases bring new value to new normal working styles and have great potential for business expansion and creation of new businesses in the environment and energy fields.

Based on the above results, we reviewed the environmental goals for 2030, and in April 2020, we set a new GHG reduction target in line with the SBT 1.5°C standard that requires a higher reduction rate. By developing measures based on the GHG emissions reduction roadmap to 2030, we are ready to respond without delay to a carbon tax and changes in consumer and investor behavior that will accompany an early transition to a zero-carbon society.

We will continue to promote our climate change initiatives by conducting scenario analysis periodically to identify and promptly address climate change risks and assess opportunities. We will also continue to discuss the theme with our stakeholders to improve our approach and information disclosure.

Implemented scenarios

When conducting the scenario analysis, we set two scenarios by referring to the United Nations Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) as the impact on the Ricoh Group as of 2030.

In the Scenario 1, we mainly assumed transition risks toward a zero-carbon society, and in the Scenario 2, we mainly evaluated the physical risks due to climate change.

<Risk Management - how the organization identifies, assesses, and manages climate-related risks ->

Action	The Risk Management Committee established to manage major focus managerial risks, which are risks that can significantly affect business performance categorized into two groups: strategic risks and operational risks
Progress in FY2020	- Documentation of initial response, reporting procedure, establishment and roles of each response division in the event of an emergency - Implementation of regular facilities inspections and disaster prevention training, etc. - Preparation of a BCP (business continuity plan) for each region and business, etc. - Flooding risk investigation for 19 key domestic sites

Identified climate change risks and actions against them

Impact on Ricoh's business		Financial impact	Urgency	Ricoh's action
Carbon taxes and emissions trading systems applied to suppliers	- Carbon pricing (carbon tax/emissions trading) will be applied mainly to material suppliers with high GHG emissions, and the price will be passed on to raw materials, and procurement costs will increase.	Medium	Low	- Reducing new resource inputs by utilization of recycled materials - Actively supporting suppliers' decarbonization activities

Response to accelerated transition to decarbonized society by consumers and investors	- Due to demand for achieving ahead of schedule the target of 1.5°C and achieving RE100, additional costs for implementing measures such as energy saving/renewable energy facility investment and switching to renewable energy are incurred.	Small	Medium	- Active promotion of energy-savings and renewable energy initiatives - Financing by sustainability linked loans
Rapid increase of natural disasters	- Due to climate change, extreme weather has become more severe, causing production stops and sales opportunity losses due to disruption of the supply chain, etc.	Medium	High	- Disaster countermeasures at production sites - Formulation of business continuity plans for procurement/distribution systems
Regional epidemics of infectious diseases	- Impact on production plans due to parts supply disruption - Insufficient inventory due to lower operating rates at production sites - Decrease in sales opportunities due to difficulty of face-to-face business	Medium	Low	- IT-based operation and negotiation - Decentralization of production bases/Automation of processes - Additional stock of parts and products
Declining forest resources	- Forest damage such as caused by forest fires and increase of pests due to global warming results in deterioration of stable supply of paper raw materials and leads to a rise in paper procurement costs.	Small	Low	- Using certified paper based on managed forest materials - Reducing base paper usage by Silicone-top Linerless Label and rewritable paper

Opportunities for climate change

For Ricoh, which has practiced environmental management for many years, we recognize that climate change leads not only to business risks, but also to opportunities to increase corporate value as well as the product and service values we provide. These opportunities are providing products and solutions that support customers' decarbonization and creating new businesses. At this point, they have already grown into businesses worth ¥1 trillion. We will continue to provide services and solutions that contribute to solving social and customer issues.

Effect on Ricoh Group	Financial impact in FY2020
Expanding sales of services and solutions to support customers' decarbonization efforts (Mitigation)	Sales of products contributing to society's decarbonization: approx. ¥900 billion
Expanding sales of solutions for infections (new normal) (Adaptation)	Sales of solution packages for infectious disease reduction and decarbonization: approx. ¥74 billion
Expanding environment and energy businesses (energy creation / storage / conservation)	Sales in the products and parts recycling business: approx. ¥27 billion Sales in energy creation and energy saving businesses: approx. ¥23 billion
Creating and developing new businesses	Sales of eco-friendly products such as Silicone-top Linerless Label

(Note)

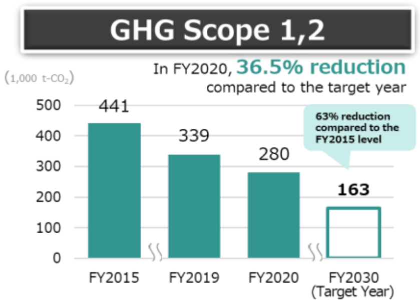
For the latest information of "Opportunities for climate change", please refer to the information based on the TCFD framework going to be disclosed at the end of August 2021.

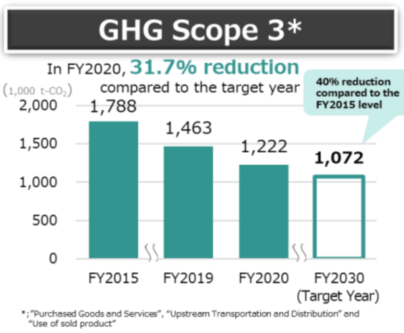
https://www.ricoh.com/sustainability/environment/management/tcfd/risk_opportunity.html

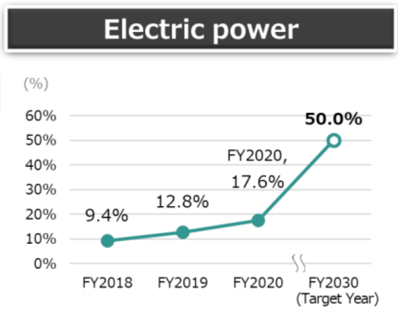
< Metrics and Targets -the metrics and targets used to assess and manage relevant climate-related risks and opportunities->

In fiscal 2020, our total GHG emissions including direct emissions (Scope 1), indirect emissions (Scope 2), value chain emissions (Scope 3) and the renewable energy utilization rate are as follows:

Our progress toward the target is on track and we will continue to actively promote decarbonization activities to achieve our Environmental Goals which align with 1.5°C criteria.







2. RISK FACTORS

Ricoh is exposed to various risks which include the risks listed below. Although certain risks that may affect Ricoh's businesses are listed in this section, this list is not conclusive. Ricoh's business may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material.
In addition, this section contains forward-looking statements, which are based on our judgments at the end of the period.

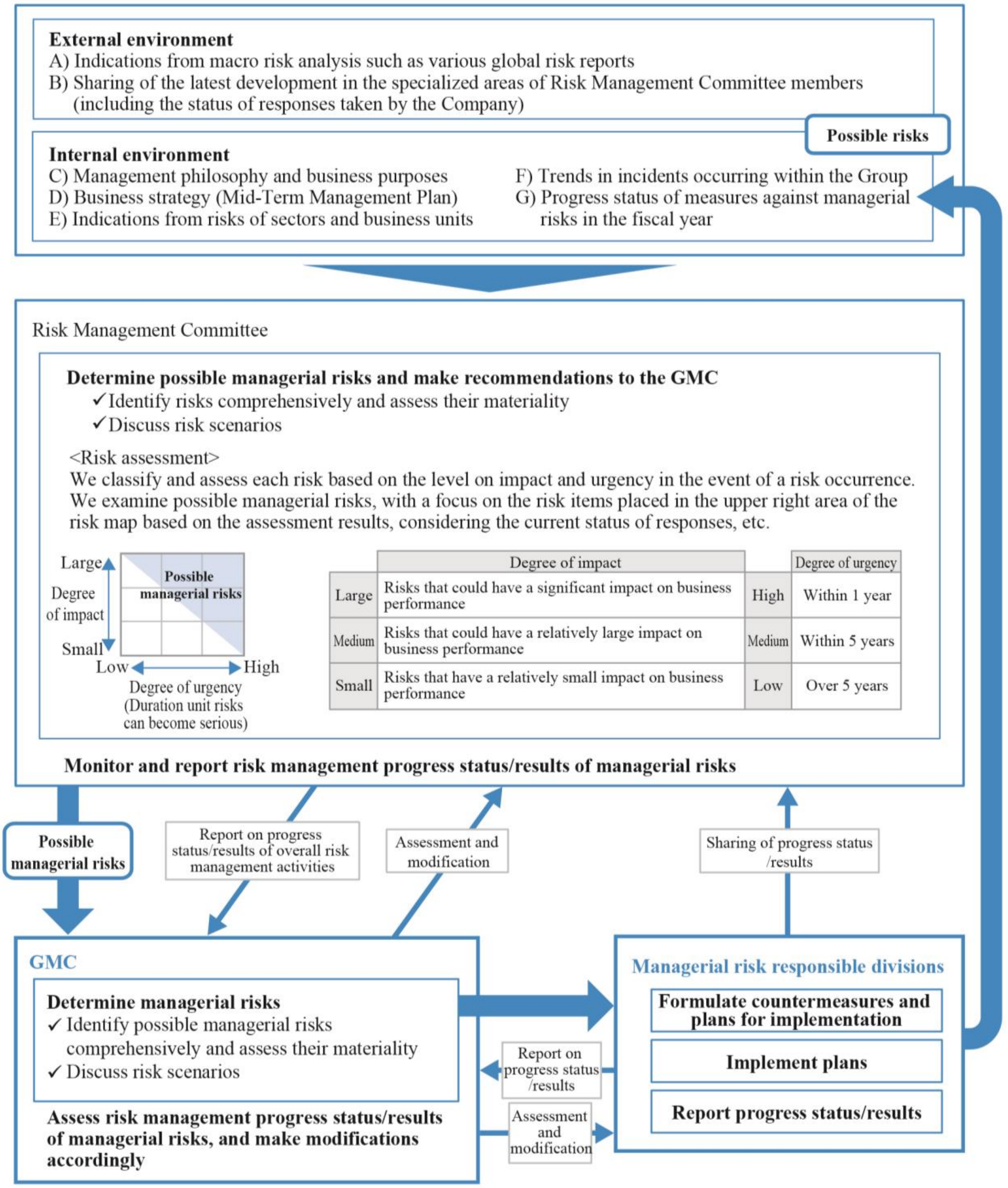
Process of determining managerial risks

The Group Management Committee (GMC) and Risk Management Committee determine managerial risks based on a comprehensive recognition of risks that exert a significant impact on management, including impact on interested parties, in light of the Company's management philosophy and business purpose, and are actively involved in countering these risks. (Figure 1: Process of determining managerial risks)

- Managerial risks are classified and managed as "strategic risks" and "operational risks" based on their characteristics. Strategic risks cover a wide range of risks that affect management, from risks related to the achievement of short-term business plans to medium- to long-term emerging risks.
- As an advisory body to the GMC, the Risk Management Committee utilizes the specialized knowledge and experience of each of its members, engaging in substantial discussions before recognizing and assessing each risk, in order to more accurately propose possible managerial risks.

Please refer to IV. Information on the Company 4. Corporate Governance, etc. (1) Corporate Governance 2) Reason for adopting current corporate governance structure (VIII)Risk Management System and Risk Management Committee for more information about Risk Management Systems and the Risk Management Committee.

Figure 1: Process of determining managerial risks



Business Risks

Class	Item	Description	Countermeasure	Impact	Urgency
Business environment	**COVID-19**	Please see “3. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS (2) Business results” for details on the impact on Ricoh and Ricoh’s response to COVID-19.	Regarding the impact of the COVID-19 pandemic on business performance, although there are signs of improvement such as the development and distribution of vaccines, the situation in each region is different, and it is still difficult to predict the overall impact accurately.	Large	High
	Economic situation in major markets	We run a global business, and so the change of economic situation in major markets such as Japan, the U.S. and Europe would have a significant impact on our business. In addition to the impact of the aforementioned COVID-19 on each market, we consider the economic impact resulting from the rise in protectionism as our major risk, including the ongoing U.S.-China trade friction. We also recognize that there is a potential risk of rapid deterioration in economic conditions in major countries due to other unexpected events.	We will monitor very carefully the changing economic situation and take counteractions as necessary. In particular, as it relates to the U.S.-China trade friction, we have reduced the risk of China tariffs by moving production of products for U.S. from China to Thailand, based on our BCP action. We will keep monitoring the U.S.-China trade friction and discussing with top management team members not only in response to tariffs but to other matters as needed and take prompt countermeasures.		
	More competitive markets	We may encounter a negative business impact as a result of increased competition in the market: ・New competitive products launched by competitors ・Tougher price competition ・Demand shift to lower price products. ・Changes in the modality of competition and situation of competition due to COVID-19, etc.	We plan to keep developing and launching new products and services that enhance our customers’ value in each business domain. ・We will always aim to achieve competitive advantage through our high quality, high value-added products and services that improve customers’ workflows. ・We will keep managing our selling price appropriately. We will always aim to maximize customers’ satisfaction without solely reducing price. ・We take this rapid situation change due to COVID-19 as an opportunity and will strengthen our products and services in order to support our customers in changing their working style and behavior. ・With the introduction of a new business unit structure , each business unit, under the leadership of leaders with delegated authority, will strive to strengthen business competitiveness by making rapid decisions closer to customers and workplaces. In addition, the Group Headquarters will constantly monitor the competitive environment, market environment and trends to ensure optimal allocation of management resources to each business.		

Class	Item	Description	Countermeasure	Impact	Urgency
	Fluctuations in price of parts, materials and/or foreign currency exchange rates	We are affected by fluctuations in price of parts, materials and foreign currency exchange rates because most of our manufacturing and sales activities are conducted outside of Japan such as in the U.S., Europe and China etc.: ・Impact of movements in materials market ・Impact of movements in exchange rates on the business results of foreign subsidiaries recorded in local currency ・Impact of movements in exchange rates on the value of assets and liabilities recorded in local currency, etc.	・In response to the movement in material market, we consider substitute materials during the phase of R&D and after mass-production, also we try to procure raw materials from multiple sources. Regarding the huge movement of market that can't be addressed through our actions, we will modify our pricing as appropriate, while watching our competitors' movements carefully. ・The foreign exchange risk is hedged by derivative transactions in order to minimize the impact of short-term fluctuations in major currencies such as the USD, EUR and JPY. In addition, only a limited number of companies and organizations can manage financial transactions such as currency hedging, and these are strictly enforced by our financial rules. ・Foreign currency risk is minimized through maximization of offsetting receivables and payables through the netting process where possible. ・We conduct currency matching of assets and liabilities of our overseas subsidiaries.	Medium	High
	Alliances with other entities, strategic investment	We conduct business with other entities through alliances, joint venture and strategic investment as needed in order to provide our products and services that meet the changing needs of our customers. We think that these are effective ways to develop new products and services in a timely manner by utilizing the sources with each other. For various reasons, there are possible risks as described below: ・Cancellation of alliances due to a discrepancy in interests ・Lack of information from the investigation and examination stage to be able to identify strategic investments ・Difficulty in integrating businesses, technologies, products, human resources, etc.	We believe that alliance with other companies and strategic investments will become more important in the future to respond flexibly and reliably to the diversifying needs of our customers. We have positioned this as a "managerial strategic risk" and will work to strengthen our business portfolio management process and decision-making process decision-making process. The Investment Committee has been established as an advisory team for GMC (Group Management Committee, which is our highest decision making executive team), in order to review each investment plan from a financial viewpoint with respect to capital cost and review it also from a business strategy viewpoint with respect to profitability and business risk. In this committee the expert members check and discuss diversifying investment and loan plans, create better alignment between the investment plan and business management strategy, make the investments more effective, and improve the speed and accuracy of investment decisions. The Investment Committee shares the result of its discussion, which supports GMC's final decision. In	Large	Medium

Class	Item	Description	Countermeasure	Impact	Urgency
			addition, the Investment Committee keeps reviewing and monitoring the progress of investments and loans after GMC's decision so that the entire process is improving continuously.		
	Responding to technological changes	Appropriate responses to the rapid technological evolution and innovation in recent years are the source of competitiveness of our products and services. We may face some adverse impact on our business growth if we don't have enough actions against the following things: ・Collecting appropriate information about technology and accurate forecasting of trends/changes. ・Prioritizing our technologies to be strengthened and appropriate allocation of resources. ・Strengthening technological capabilities in new business area. ・The introduction of a business unit structure will result in individual optimization, which will affect the appropriate allocation of engineers and information sharing, etc.	As global competition has been getting tougher, it is now more important for us to enhance our technology that solves the problem of our customers and society quickly. We have positioned this as a "managerial strategic risk" and will work to strengthen our decision-making process under the new business unit structure. We have established R&D bases worldwide, and these bases conduct R&D by driving their local advantages as well as by connecting with each other globally. In addition, we promote open innovation to accelerate our R&D activities by collaborating with universities, research institutes and companies rather than focusing only on our own R&D, in order to respond to the rapidly changing market environment. Furthermore, we have appointed a Chief Technology Officer (CTO) and a Chief Digital Innovation Officer (CDIO). They (CTO, CDIO) are responsible for selecting priority areas for R&D and technology development throughout the company, and promoting activities to strengthen technological capabilities by allocating resources appropriately in line with management strategies through Group-wide collaboration meetings hosted by them. In addition, the new group headquarters functions, the Advanced Technology Research Institute under the CTO and the Digital Strategy Department under the CDIO, will specialize in R&D areas necessary for a digital services company. We are also working on the allocation of human resources in consideration of overall optimization.	Large	Medium
	Securing personnel	The medium- to long-term growth of our group is highly dependent on the competence of each and every employee. We may face some adverse impact on our business performance and growth if we don't have enough actions against the following things: ・Difficulty in hiring and securing excellent personnel at the right time.	As a result of shortage in workforce due to a declining birthrate and aging population, as well as fierce competition in specific areas (such as AI and IOT) with high demand, it has been increasingly difficult to secure human resources as planned every year. We have positioned the retention and development of excellent personnel as a "managerial strategic risk" and will work to strengthen our decision-making process under the new business unit structure, by strategic development centered on the human resources	Medium	Medium

Class	Item	Description	Countermeasure	Impact	Urgency
		・Lack of right personnel because of training and development failure. ・Loss of skilled personnel, etc.	department of the group headquarters. ・We are hiring highly-skilled people with consideration of each person' career path, by promoting job-matching in tech area. ・We are developing, shifting, and hiring digital human resources appropriate for digital services company. ・In addition to hiring new graduates, we are strengthening our mid-career recruiting of people and specialized skills. ・We keep designing our system and process supporting employees' work and life balance for a diversified work environment. ・We keep enhancing the system and process to secure and develop skilled management personnel.		
	Finance business	Ricoh provides financing to some of its customers in connection with its equipment sales and leases. We recognize that there are possible risks as described below: ・Despite monitoring the creditworthiness and the amount of credit, no assurances can be made that Ricoh will be able to fully collect on such extensions of credit due to unforeseeable defaults by its customers. ・Rapid changes in the customer's financial situation may affect the timing of debt fulfillment. ・These financing arrangements that Ricoh enters into with its customers result in long-term receivables bearing a fixed rate of interest. Ricoh finances a part of these financing arrangements with short-term borrowings. As a result, there is a risk that operating profit may be affected by interest rate fluctuations. ・Ricoh develops its business based on the current law, tax and accounting regulations. If these regulations change significantly, there is a risk that Ricoh's performance will be affected. In terms of accounting standards, the adoption of IFRS 16 "Lease" is expected to have some impacts on the finance business, such as changes in customers' purchasing	・Ricoh evaluates the creditworthiness and the amount of credit extended to a customer prior to entering in into the financing arrangement and during the financing term on a regular basis. Depending on such evaluations, Ricoh makes adjustments to such extensions of credit as it deems necessary to minimize credit risk concentration and potential risks of nonpayment. ・Regarding some receivables whose collection has been hindered due to the influence of the external environment, we take measures to partially revise the contractual details, such as collection timing and period, through consultations with customers. ・In the event that any material increase in credit risks for financing arrangements is observed due to the drastic and inevitable changes in external environment, Ricoh reviews expected credit losses by reevaluating the profile of such financing arrangements. ・Ricoh finances these financing arrangements with short-term borrowings subject to variable interest rates along with borrowings subject to fixed interest rates whose terms are matched with the term of the financing arrangements for the purpose of hedging the interest rate risk.	Medium	High

Class	Item	Description	Countermeasure	Impact	Urgency
		behavior in countries to which the standard is applied.			
Business operation	**Information security**	With the aim of transforming our group into a digital service company, we will utilize and provide a variety of digital services and implement digitization of our own operations. In addition, we are focusing on systems and operations to ensure information security. If the following events occur, we may face some adverse impact on our business performance, such as damage to our corporate brand value due to loss of credibility or loss of business opportunities. ・Due to increasingly sophisticated and complicated cyber attacks, business activities may be suspended due to the shutdown or malfunction of the business systems of our group companies, and data may be falsified, leaked, or destroyed. ・An incident such as unintentional misuse for an attack on another person may occur due to inadequate security measures for the internet public site or a serious security problem inherent in the products manufactured by Ricoh Group delivered to the customer. ・With the enforcement of personal information protection laws (such as the revised Personal Information Protection Law and GDPR) in each country, and the application of these laws to events outside of the home country (extraterritorial application), there may be fines imposed for violating the regulations of each country when sharing information globally.	Ricoh Group considers it one of the most important management issues to keep abreast of the ever-changing information security situation and to consider and promote appropriate measures for the Ricoh Group, which has operating bases around the world, in order to meet the increasing demand for countermeasures at the national level in each country. ・In accordance with international information security standards (ISO/IEC*1, NIST*2, etc.), we have established and strengthened a system that is aware of information security for the entire Ricoh Group's supply chain. At the same time, we are continuously reviewing and implementing countermeasures to address security risks associated with business systems in the planning, design, purchasing, production, sales, and support phases in a timely manner. ・We will continue to strengthen information security-related quality management in the construction of Internet sites and product development, and we will also continue to check the vulnerability of sites that have already been published and products that have already been sold, and take appropriate action when risks are discovered. To this end, we are continuously implementing activities such as setting up a dedicated counter for security issues, providing information on how to use our products safely, and developing guidelines for dealing with vulnerabilities in our products. ・Ricoh Group has been examining the revision of personal information handling standards, investigating and correcting the handling of personal information in Ricoh Group, and formulating policies and measures in accordance with the laws of each country that are being developed regarding the protection of personal information. Note: *1 ISO/IEC：International Organization of Standardization/International Electrotechnical Commission *2 NIST：National Institute of Standards and Technology	Medium	High

Class	Item	Description	Countermeasure	Impact	Urgency
	Product liability	Ricoh may be held responsible for any defects that occur with respect to its products and services. Depending on the defect described below, Ricoh may be liable for significant damages which may adversely affect its financial results and condition. ・Significant product liability (Burnout, Human damage) ・Violation for safety/environmental regulations ・Prolongation for quality problem in market etc. In addition, negative publicity concerning these defects could make it more difficult for Ricoh to attract and maintain customers to purchase Ricoh products and services. As a result, Ricoh's financial results and condition may be adversely affected.	Ricoh Group has positioned "Product liability" as "Focus managerial operational risk" and has strengthened its prevention and response processes. ・For enhancing safety/reliability of products, Ricoh analyzes mechanism of each breakdown/incident carefully, and reflect it in products development process. ・If any problems happen in the market, Ricoh has systems to respond it promptly. ・In order to provide products aligned with each country's safety/environmental regulations, Ricoh regularly reviews its own operational standard/guide by sharing the information with each local member.	Medium	High
	Long-term delay/ suspension in supply of products	Due to unforeseen circumstances such as large-scale earthquakes/tsunamis, political changes/disturbances, floods, spread of infectious diseases, and suspension of supplier supply, which may cause the following risks. ・Delay or disruption of parts supply ・Stop manufacturing for products ・Disruption of transportation ・Suspension of supply to sales companies These risks could result in lost business opportunities.	Ricoh Group has positioned "long-term supply delays/suspension in supply of products" as a "Focus managerial operational risk" and has strengthened its prevention and response processes, secured BCP inventories, and selected multiple suppliers for each important component. In addition, we make sure that our suppliers do not stop providing products to our customers due to factory operation suspension until supply resumes after the disaster. We have assumed that the risk range is local and the recovery period is short, but based on the experience of the rapid global spread of the COVID-19, in addition to the activities so far, the risk range will be expanded from the local area to wide area, and the recovery period will be extended. We will improve the environment in preparation for emergencies from short-term to long-term. In addition, we implement action plans and desktop drills based on assumed risks, and continue to check and improve the effectiveness of our countermeasures.	Medium	High

Class	Item	Description	Countermeasure	Impact	Urgency
	Protection of intellectual property rights	Ricoh Group regards intellectual property rights as an important management resource and acquires patents, design rights, trademarks, and other intellectual property rights to protect, differentiate, and expand its current and future businesses and the technologies that support them. But there are possible risks that competitors will develop equivalent technologies and their uniqueness will decline, or that the patent offices of each country will not be able to obtain the rights they intended and will not be able to obtain sufficient protection. In addition, there are risks that the Group may receive a warning from a third party requesting an injunction against sales or payment of compensation for damages, or a proceeding may be filed for infringing the intellectual property rights of a third party. Furthermore, with the launch of new businesses of the Group, collaborations with other companies, joint research and joint development have been activated, and the number of contracts related to intellectual property rights has increased , the risk of adversely affecting the Company's business increases.	Ricoh Group conducts thorough prior art searches before applying for patents, etc., and strives to improve the accuracy of obtaining intellectual property rights by understanding the laws, examination standards and processes related to intellectual property in each country. In addition, before offering our products and services to the market, we thoroughly investigate the intellectual property rights of third parties and examine the comparison between our products and services and the intellectual property rights of third parties. If there is a risk of infringement of a third party's intellectual property rights, we reduce the risk of disputes with the third party by appraising the product by an outside lawyer or patent attorney, making design changes if necessary, and negotiating and obtaining licenses. Ricoh Group attaches great importance to "protection of intellectual property rights" as a risk that affects business performance, and has developed an assessment method by formalizing cases of contract troubles related to intellectual property rights that have occurred in the past. We apply this method to new business themes, conduct risk assessments, and take measures against the extracted risks.	Small	Medium
	Government regulations (import/export management)	If a violation of import/export related laws occurs, there is a risk of significant damage to Ricoh as described below: ・Impact of administrative sanctions such as export suspension on production and sales ・Loss of trading opportunity due to loss of social credibility ・Fines and criminal penalties	Ricoh Group has positioned “Government regulations (Import & Export Law)” as “Focus managerial operation risk” and has strengthened its countermeasure processes. ・We regularly conduct management audits on imports and exports to improve the process and identify the risks. ・We provide information on employee training regarding security trade control. ・We provide important information regarding strengthening/releasing regulations related to business in a timely manner. ・We also take an active risk aversion measure by grasping the ever-changing international situation.	Medium	High

Class	Item	Description	Countermeasure	Impact	Urgency
	Government regulations (legal)	If a violation of antitrust and competition laws, there is a risk of significant damage to Ricoh as described below: ・Burden of administrative charges and criminal penalties ・Stop trading with government agencies ・ Negative impact on business due to deterioration of social credit	In order to ensure compliance with antitrust laws and competition laws in each country, the legal departments in each region take the initiative to strengthen educational activities and respond to emergencies.	Medium	High
	Government regulations (HR)	When various personnel-related and compliance violations (harassment, employment-related, human rights, etc.) occur in business activities of the Ricoh Group, there is a risk that social credit will be damaged and the business will be adversely affected.	In order to practice the "Ricoh Way" and fulfill our social responsibility, each of our executives and employees of the Group must understand and comply with relevant laws and regulations in worldwide, international rules, and act with high ethical standards. Ricoh has established the "Ricoh Group Corporate Code of Conduct" and is working to ensure thorough awareness. With regard to the establishment and revision of various personnel-related laws and regulations, Ricoh responds promptly. Ricoh is working to prevent problems by establishing new internal rules, reviewing them, and conducting employee education. Ricoh is also establishing a system for dealing with any occurrence of a compliance violation and creating rules to address them. In addition, we joined the Responsible Business Alliance (RBA), a corporate alliance promoting corporate social responsibility in the supply chain, in October 2019. In light of widespread human rights issues in the international community, we reviewed the content of conventional human rights policies and established the "Ricoh Group's Human Rights Policy" in April 2021. In order to implement business activities based on this policy, in addition to thorough in-house education, we ask companies in our supply chain to comply with the Ricoh Group Supplier Code of Conduct including the elimination of child labor and forced labor.in accordance with the RBA Code of Conduct. The status of compliance is monitored through regular CSR self-assessments to encourage necessary improvements. Ricoh has also issued a statement under the UK Modern Slavery Act 2015.	Medium	High

Class	Item	Description	Countermeasure	Impact	Urgency
	Government regulations (environment)	In the event of violations of various environment-related and occupational health & safety laws, there is a risk of serious damage to the company, including the impact on production due to administrative penalties, the burden of surcharges, criminal penalties, and the adverse impact on business due to the loss of social credibility and the damage to brand value.	We have established an environmental management system to ensure compliance with environment-related laws through regular assessments, as well as to monitor and respond to regulatory changes in a timely manner. In addition, as described in the risk "Government regulations (HR)", we joined the RBA corporate alliance, which promotes corporate social responsibility in the global supply chain. The Ricoh Group is working to further raise the level of risk management by standardizing internal standards to meet RBA standards and developing human resources using RBA tools. Furthermore, we are promoting improvement activities to identify ESG risks through third-party audits based on the RBA standard and minimize the risks.	Medium	High
Accounting system	**Impairment of goodwill and fixed assets**	Ricoh recognizes goodwill in relation to acquisitions and various tangible assets or intangible assets for business operation. There might be harmful effects on business results or financial positions of Ricoh when expected cashflows fail to meet targets.	As mentioned in risk "Alliances with other entities, strategic investment", we deliberate on the appropriateness of the acquisition amount at the Investment Committee. We monitor progress after investment and have established a system to execute and manage business.	Medium	Medium
	Defined benefit plan obligations	With respect to its employee benefit obligations and plan assets, Ricoh accrues the cost of such benefits based on applicable accounting policies and funds such benefits in accordance with governmental regulations. Currently, there is no immediate and significant funding requirement. However, if returns from investment assets continue to decrease and/or turn negative due to market conditions, such as with fluctuations in the stock or bond markets, additional funding and accruals may be required. Such additional funding and accruals may adversely affect Ricoh's financial position and results of operations.	Ricoh has reviewed and implemented systems as appropriate based on government regulations, human resource strategies and personnel systems.	Medium	Medium

<table>
<tr><th>Class</th><th>Item</th><th>Description</th><th>Countermeasure</th><th>Impact</th><th>Urgency</th></tr>
<tr><td>Environment, disasters</td><td>Climate change-related effects</td><td>Recognizing that climate change is an important issue for our group operating globally, we are conducting and implementing countermeasures in accordance with the TCFD (*3) framework.
The main risks are "the risk of transition to a Zero-carbon society" and "the physical risk of climate change.”

(Risk of a Rapid Transition to a Zero-carbon Society)
We recognize that there are possible risks as described below:
・Increase in procurement costs due to application of carbon tax and emissions trading system to suppliers
・Increase in response costs due to rapid transition to a Zero-carbon society (purchase of renewable energy certificates, etc.)

(Physical Risks Due to Rapid Climate Change)
We recognize that there are possible risks as described below:
・Delays in dealing with disasters caused by abnormal weather conditions and interruptions in the supply of products and services due to plant shutdown and supply chain disruptions.
・Adverse impact on business caused by rising prices of paper and other raw materials due to extreme weather conditions.
・Infectious diseases caused by abnormal weather cause suspension of operation at major sites and supply chain disruption of product service supply.

*3 TCFD: Task Force on Climate-related Financial Disclosures. It was established by the Financial Stability Board (FSB) to promote the disclosure of climate-related risks and opportunities to companies and to stabilize financial markets through a smooth transition to a low-carbon society.</td><td>Business impacts related to climate change are managed as one of the key management strategy risks within the framework of company-wide risk management.

(Risk of a Rapid Transition to a Zero-carbon society)
・To cope with the transition to a Zero-carbon society, we have established the ESG Committee which chaired by the President and CEO and the committee regularly checks changes in international demands, reviews environmental targets, and works to prevent and promptly deal with risks.
・The ESG Committee deliberated on how to deal with transition risks and reviewed the "Ricoh Group Environmental Goals."
・Revised the GHG (Greenhouse Gas) reduction target for in-house emissions in 2030 from 30% reduction to 63% reduction compared to 2015. In addition, the renewable energy utilization rate has been increased from 30% to 50%.

(Physical Risks Due to Rapid Climate Change)
・As described in the risk items "Fluctuation in price of parts, materials and/or foreign currency exchange rates," "Effects of disasters and other unpredictable events," and "Long-term delay/suspension in supply of products" for details, we are strengthening risk management throughout the supply chain, including duplication of procurement lines and accumulation of materials and parts inventories.</td><td>Medium</td><td>High</td></tr>
</table>

Class	Item	Description	Countermeasure	Impact	Urgency
	Effects of disasters and other unpredictable events	Ricoh Group has established countermeasures based on the assumption that the following disasters, incidents, and accidents could cause human (including family members) and physical damage to Group companies. ・Natural disasters (earthquakes, tsunamis, floods, storms, tornadoes, heavy snow, eruptions, etc.) ・Accidents (fires, explosions, leaks of hazardous materials, major accidents in transportation such as trains/airplanes, etc.) ・Changes in circumstances (civil war, war, dangerous social movements, etc.), incidents (terrorism, kidnapping, threats, etc.), infectious diseases	Ricoh Group has positioned “Effects of disasters and other unpredictable events” as a managerial operational risk. Ricoh Group Standards specify the initial response to an emergency, reporting methods, and the establishment and role of each task force, and we have established a system to ensure an appropriate response in the event of a disaster. In order to prevent the occurrence of disasters and to minimize damage in the event that a disaster does occur, we conduct regular facility inspections and disaster drills. We have prepared business continuity plans (BCPs) for each region and business so that we can continue our operations even in the event of a disaster and restore it as soon as possible. Especially in recent years, the risk of flood damage in Japan has increased due to climate change. In fiscal 2020, we conducted a detailed survey on flood risk at 19 major bases in Japan, and reported damage assumptions and countermeasures based on the survey results at the management meeting. As a result, we have decided to prioritize the measures at the three bases, which are expected to have particularly high risks, and will start the necessary construction work from fiscal 2021 and implement measures in cooperation with related local governments. In addition, we have formulated a recovery action plan in the event of major floods as well as in the event of major earthquakes.	Medium	High

3. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION, OPERATING RESULTS AND CASH FLOWS

The future related matters discussed in this section are determined with the information available as of this fiscal year.

(1) Significant Accounting Policies

The consolidated financial statements of Ricoh are prepared in accordance with International Financial Reporting Standards ("IFRSs") under the provisions of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" issued by the Japanese Financial Services Agency (FSA). Ricoh evaluates its accounting estimates based on historical experience and other assumptions that are believed to be reasonable. For a summary of the significant accounting policies, refer to "V. Financial Information – Notes to Consolidated Financial Statements – 3. Significant Accounting Policies".

(2) Business results

Economic Climate

The COVID-19 pandemic hampered the global economy of fiscal 2020.
In the Ricoh's mainstay office equipment market, demand declined significantly amid government-imposed lockdowns, regulatory and other constraints on economic activity. Prolonged U.S.-China trade frictions and geopolitical risks in various regions added to uncertainty about the future. Port strikes in the Americas and a ship stranding in the Suez Canal increased global supply chain risks.
The average exchange rate for the yen in fiscal 2020 was ¥106.05 to the U.S. dollar, down ¥2.75 from a year earlier, and ¥123.70 to the euro, up ¥2.80.

It was against this economic backdrop that the pandemic affected the Ricoh's mainstay office equipment businesses, including MFPs, throughout the year, significantly reducing demand in advanced and developing nations. Notwithstanding signs of a recovery in the third quarter, new infection waves caused corporate demand for consumables to dwindle.
At the same time, teleworking and new work practices became well established in offices, educational institutes and other settings. Ricoh will accordingly continue to support the ever-changing world of work among customers by assisting with digital transformations, for which demand is surging in office and other workplaces.

Results for the Year

Ricoh positioned fiscal 2020, when the pandemic began, as a year for overcoming challenges by tackling an emergency and gearing up for the future.
We thus endeavored to (1) secure sufficient liquidity to cover performance fluctuations, (2) enhance financial stability, and (3) accelerate its post-pandemic evolution.

Consolidated sales for fiscal 2020 decreased 16.3% from a year earlier, to ¥1,682.0 billion. In the Office Printing, hardware sales were down owing to lockdowns and other constraints that hampered sales activities. Non-hardware sales also dropped amid declining office attendance rates among customers, primarily in Europe and the Americas. Those effects peaked in April and May 2020, leading to a gradual recovery from June. Consolidated subsidiary Ricoh Leasing became an equity method affiliate after the transfer of shares, fueling a sales drop.
While online demand rose in Japan on companies pushing ahead with teleworking, the IT equipment demand experienced in the fiscal 2019 ran its course. Hardware sales were down amid fewer business deal opportunities from companies exercising restraints on activity. Non-hardware sales fell owing to declining office printing demand. Domestic sales in Japan thus dropped 13.7% from a year earlier.
In the Americas, sales were off 27.6%, primarily in Office Printing. Key factors were stagnating sales and deliveries from lockdowns and behavioral restrictions, as well as falling print volumes from

customers closing offices. In Europe, the Middle East, and Africa, sales were off 9.9%. Although Office Services sales rose on IT services expansion from more robust sales and service systems, including from acquisitions in the previous fiscal year, Office Printing sales decreased by the same reason as the Americas.
Sales in other regions decreased 10.0%, largely because of Office Printing declines.
Overseas sales therefore dropped 18.2% from a year earlier.

Gross profit was down 20.7%, to ¥572.3 billion. Factors in Office Printing sales included fewer units sold amid declining business deal opportunities as a result of the pandemic and decreases in consumable and other non-hardware sales. In the Other segment, earnings were down owing to the adoption of equity method accounting for Ricoh Leasing and removals from consolidation.

Selling, general and administrative expenses decreased 5.9%, to ¥619.7 billion. This stemmed from emergency cost-cutting measures in response to the pandemic and lower sales-linked expenditure. These factors offset a ¥24.8 billion impairment loss on property, plant and equipment and intangible assets mainly in the Commercial Printing.
As part of measures to respond the crisis and to gear up for the future, Ricoh reviewed cost policies and development priorities in line with work practice reforms, digitized headquarters business processes, developed service businesses that match regional characteristics, and rolled out products and services that cater to new work practices. As a result, we were able to generate ¥99.1 billion* in earnings.
Impairment of goodwill was a loss of ¥3.7 billion on goodwill in the Commercial Printing and other.

Ricoh accordingly posted an operating loss of ¥45.4 billion, down ¥124.4 billion from a year earlier. This reflected the significant business impact of the pandemic and offset better than anticipated gains from measures to respond to the crisis and to gear up for the future. After excluding special factors such as structural reform related costs, production reorganization costs, impairment losses and government grants, the effective operating loss for fiscal 2020 was ¥10.8 billion. This figure represented a turnaround from an operating loss of ¥31.5 billion in the first half of the year to an operating profit of ¥20.7 billion in the second half on a recovery from the pandemic and efforts to reinforce the business corporate structure and expand in the Office Services area.

Net financial expenses were lower than a year earlier, owing mainly to higher foreign exchange gains. Share of profit of investments accounted for using the equity method increased compared to the previous fiscal year due to the deconsolidation of Ricoh Leasing.
Despite the increase in non-operating income, profit (loss) before income tax expenses decreased by ¥116.9 billion as compared to the previous fiscal year, to ¥41.0 billion (loss).

Income tax expenses were down ¥39.8 billion from a year earlier, owing to the decrease of profit (loss) before income tax expenses.

We thus posted a ¥32.7 billion loss attributable to owners of the parent, down ¥72.2 billion from a year earlier.

Comprehensive income increased 89.9% to ¥22.0 billion due to an increase of exchange differences on translation of foreign operations and remeasurement of defined benefit plan.

* Includes the cost reduction effect due to government grants.

Operating results by segment are as follows:

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021	Change	%
Office Total:				
Sales:	1,570,246	1,348,202	(222,044)	(14.1)
Operating profit (loss)	115,267	42,141	(73,126)	(63.4)
Operating profit (loss) on sales in Office Total (%)	*7.3*	*3.1*		
Office Printing:				
Sales:	1,013,055	815,895	(197,160)	(19.5)
Operating profit (loss)	82,576	6,736	(75,840)	(91.8)
Operating profit (loss) on sales in Office Printing (%)	*8.2*	*0.8*		
Office Services:				
Sales:	557,191	532,307	(24,884)	(4.5)
Operating profit (loss)	32,692	35,405	2,713	8.3
Operating profit (loss) on sales in Office Services (%)	*5.9*	*6.7*		
Commercial Printing:				
Sales:	178,396	134,661	(43,735)	(24.5)
Operating profit (loss)	21,606	(14,657)	(36,263)	-
Operating profit (loss) on sales in Commercial Printing (%)	*12.1*	*(10.9)*		
Industrial Printing:				
Sales:	23,006	24,689	1,683	7.3
Operating profit (loss)	(5,428)	(1,688)	3,740	-
Operating profit (loss) on sales in Industrial Printing (%)	*(23.6)*	*(6.8)*		
Thermal Media:				
Sales:	61,896	56,874	(5,022)	(8.1)
Operating profit (loss)	3,069	2,691	(378)	(12.3)
Operating profit (loss) on sales in Thermal Media (%)	*5.0*	*4.7*		
Other:				
Sales:	202,564	138,312	(64,252)	(31.7)
Unaffiliated customers	175,036	117,643	(57,393)	(32.8)
Operating profit (loss)	(4,288)	(22,456)	(18,168)	-
Operating profit (loss) on sales in Other (%)	*(2.1)*	*(16.2)*		

a. Office Printing

In Office Printing, we shifted focus from sales to profitability from fiscal 2017. We have endeavored to bolster earnings by creating new value while optimizing our business structure.

In the year under review, management took a range of steps in view of the operating climate likely remaining adverse owing to the pandemic. These efforts included reviewing development themes, reinforcing digital manufacturing, notably by optimizing production sites, and streamlining the value chain by enhancing productivity in sales and services operations. In particular, we have significantly reduced downtimes. We launched new offerings in the RICOH IM series of fast, advanced digital MFPs that improve services efficiency by significantly reducing downtimes. In May 2020, we rolled out RICOH IM C8000/C6500 full-color models. In January 2021, we brought out the monochrome RICOH IM 9000/8000/7000, basically rounding out key offerings in our advanced MFP lineup. We will further improve service efficiency by boosting machine in field numbers.

We source all of the electricity we consume in manufacturing these new models from renewables, enabling us to expand our business while shrinking our environmental footprint. We are creating new customer value by packaging MFPs with applications and cloud services that cater to specific industries and operations.

Office Printing sales were down 19.5%, to ¥815.8 billion in fiscal 2020. Sales of hardware and related consumables were off owing to the pandemic, with lockdowns and other restrictions causing sales and deliveries to slump, while print volumes were down amid declining office attendance rates, particularly in Europe and the Americas. Operating profit plunged from ¥82.5 billion a year earlier, to ¥6.7 billion. This was despite progress in streamlining operations to lower costs. Key downside factors were a drop in gross profit from reduced sales and expenditure on measures to permanently reinforce the corporate structure. Another factor was the absence of one-time gains posted in the previous year. We were profitable for the year after experiencing a loss in the first half amid plunging sales and gradually recovering in the second half.

b. Office Services

In Office Services, we pursue business growth by providing digital services resolving a range of customer business issues, such as solutions for work practice reforms that leverage our global customer base.

In Japan, we expanded sales of packaged solutions during the term that integrate IT equipment, software, and services to digitize workflows, including for telework, for customer industries and businesses. The focus was on small and medium-sized businesses. In Europe, we acquired five information and communications technology firms to strengthen and expand our IT services sales and units in priority countries. We started full-fledged sales of solutions packages, mainly for telework, driving a significant sales increase. We also greatly boosted sales of document workflow management applications from DocuWare GmbH, which we acquired in the previous term. In North America, we progressed in digitizing business processes, partially offsetting the impact of lower core business process outsourcing sales owing to customer site closures as a result of the pandemic.

Office Services sales decreased 4.5%, to ¥532.3 billion. Although sales were up for IT services and applications, including packaged solutions, sales were down for IT hardware in the absence of the previous year's demand associated with transitions to Windows 10. Operating profit was ¥35.4 billion, from ¥32.6 billion a year earlier. This stemmed from progress in improving profitability by expanding sales of solutions packages. The operating margin rose from 5.9%, to 6.7%, as we progressed steadily in transforming from primarily an office equipment manufacturer into a digital services company.

c. Commercial Printing

We expect this market to grow on the strength of the high image quality and productivity and broad paper support of our offerings and a rising need for systems that can deliver high-value-added printed materials that open doors to new opportunities. Another driver is market potential from the pandemic increasing the need for digital output that flexibly matches demand fluctuations. We aim to expand our business by catering to the needs of customers while helping them to develop their operations.

In May 2020, we launched the RICOH Pro C5310S/C5300S color production for commercial printing customers. In January 2021, we brought out the RICOH Pro VC40000 high-speed inkjet printing system for transaction market customers. The RICOH Pro C5310S/C5300S enables the efficient production of diverse printed materials, broadening horizons for print-on-demand businesses in the printing sector. The RICOH Pro VC40000 has enhanced productivity, paper handling, and the system configuration flexibility needed for transaction printing.

Commercial Printing sales fell 24.5%, to ¥134.6 billion. This was due largely to declining hardware sales in the Europe and the Americas markets, which suffered from business deal postponements owing to sales activity restrictions and from lower customer investment appetites because of the pandemic. Another downside factor was reduced commercial print volumes owing to declining business activity. From the second quarter, sales of consumables and other offerings gradually recovered on an upturn in print demand for customer events and resumptions of business activities. The operating loss was ¥14.6 billion, down from ¥21.6 billion a year earlier. This loss reflected gross profit downturn from lower sales of transaction printer-related consumables and other products and an impairment loss on development and other fixed assets. After excluding the impairment loss, operating profit would have been ¥11.8 billion.

d. Industrial Printing

We aim in this segment to capture new markets and customers based on our strong position in inkjet heads that offer superior durability and are compatible with an array of inks. Digitalizing industrial printing through inkjet processes should greatly lower the environmental impact of analog textile printing, which has been an issue in the textiles industry, owing to wastewater pollution and inventory destruction from overproduction.

In fiscal 2020, we endeavored to expand sales of inkjet printheads launched in the previous term. In March 2021, we launched two new models for the sign and display market and augmented our industrial printer range to expand our business. One new offering was the RICOH Pro TF6251, a large-format flatbed printer employing photo-curable ink that broadens the potential of inkjet printing to encompass building materials, furniture, and other interior design where original design is essential. We also introduced the RICOH Pro L5160e/L5130e, a large-format inkjet printer that can use latex ink. This model is for products and services that meet the high-mix, low-volume, quick delivery needs of the indoor and outdoor signage display and wallpaper markets.

Industrial Printing sales increased 7.3%, to ¥24.6 billion. Sales of inkjet printheads to customers in the Europe and the Americas were down owing to the pandemic. Offsetting that impact was a recovery in sales of inkjet printheads in the key Chinese market and higher U.S. sales of industrial printers. We incurred an operating loss of ¥1.6 billion for the year because of increased product development spending to drive business growth. The profit improved by ¥3.7 billion from the previous term, reflecting a return to profitability in the fourth quarter.

e. Thermal Media

Demand has risen solidly in this area on growth in e-commerce, which has driven demand expansion worldwide for shipping labels. It is against this backdrop that we have drawn on the materials technologies that we amassed over the years to steadily expand our business, notably by supplying thermal paper, ribbons, and other products that ensure outstanding resistance to heat and abrasion resistance and deliver superior print definition and storage capabilities. We have also endeavored to broaden new value through such offerings as our proprietary rewritable contactless laser system.

In the year under review, we strove to expand product supply and cut costs to overcome intensifying competition in the Chinese market and cater to changing customer needs, one being for smaller labels. We also cultivated new customers and applications, one example being the provision of eco-friendly, release paper-free label seals. In August 2020, we developed a powerful laser marker*1 that offers the world’s fastest*2 variable image printing. This breakthrough makes it possible to print different individual images at the speed of mass production lines, and will likely see service on a variety of lines.

Thermal Media sales for the year under review decreased 8.1% from a year earlier, to ¥56.8 billion. This reflected lackluster demand for event and transportation tickets following lockdowns and other movement constraints amid the pandemic and because of smaller labels despite rising e-commerce demand. Operating profit decreased slightly from ¥3.0 billion posted a year earlier, to ¥2.6 billion. It was offset the decline in sales due to the impact of the pandemic by reducing raw material prices through stabilization of supply and reducing the cost ratio through process improvements.

*1 world’s most powerful laser of 2,000W as a laser marker (according to our research as of August 19, 2020)

*2 powerful laser marker that offers the world’s fastest variable image printing (according to our research as of August 19, 2020)

f. Other

In Industrial Products, we are striving to expand our customer base by providing optical devices to the automotive sector, where safe driving support systems are increasingly widespread. The Smart Vision business has been well received by drawing on our proven image capture and processing technologies to provide 360°cameras and applications for virtual property tours for the real estate industry.

During the year, the Industrial Products business expanded sales of products for automated driving and advanced driving support, primarily for the automotive sector. In Smart Vision, we launched the THETA 360.biz official partner program. We released the AI Staging beta version, which leverages artificial intelligence to automatically arrange computer graphics of furniture in 360° panorama. This offering makes properties more appealing by enhancing living space views to prospective property buyers and renters.

Other segment sales for the term decreased 32.8%, to ¥117.6 billion, owing largely to Ricoh Leasing becoming an equity-method affiliate following a share transfer. We posted an operating loss of ¥22.4 billion.

Operating Segment Information

Segments	Products & Services
Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Services	Personal computers, servers, network equipment, related services, support, software and service solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal papers, thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare, financial services

* Part of the business in the Office Services segment have been reclassified into the Office Printing segment and Other segment during this fiscal year. In addition, certain corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

1) Production

Production in each segment for the years ended March 31, 2020 and 2021 are as follows:

	Millions of Yen		
	For the year ended March 31, 2020	For the year ended March 31, 2021	Change
Office Total	998,839	816,389	(18.3%)
Office Printing	998,839	816,389	(18.3%)
Office Services	-	-	-
Commercial Printing	153,212	111,629	(27.1%)
Industrial Printing	22,922	22,947	0.1%
Thermal Media	56,802	52,629	(7.3%)
Other	155,552	103,586	(33.4%)
Total	1,387,327	1,107,180	(20.2%)

(Note) 1. The amounts are based on sales prices, including intersegment transactions.
2. The figures above do not include consumption tax, etc.
3. Part of the business in the Office Services segment have been reclassified into the Office Printing segment and Other segment during this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

2) Orders Received

Not applicable as the production system adopted is based on estimated orders.

3) Sales

Sales in each segment for the years ended March 31, 2020 and 2021 were as follows:

	Millions of Yen		
	For the year ended March 31, 2020	For the year ended March 31, 2021	Change
Office Total	1,570,246	1,348,202	(14.1%)
Office Printing	1,013,055	815,895	(19.5%)
Office Services	557,191	532,307	(4.5%)
Commercial Printing	178,396	134,661	(24.5%)
Industrial Printing	23,006	24,689	7.3%
Thermal Media	61,896	56,874	(8.1%)
Other	175,036	117,643	(32.8%)
Total	2,008,580	1,682,069	(16.3%)

(Note) 1. All intersegment transactions are eliminated.

2. Information on sales by customer is omitted because no single customer accounted for 10% or more of the total revenues for the years ended March 31, 2020 and 2021.

3. The figures above do not include consumption tax, etc.

4. Part of the business in the Office Services segment have been reclassified into the Office Printing segment and Other segment during this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

(3) Financial positions

Total assets decreased ¥979.7 billion from the end of fiscal 2019, to ¥1,887.8 billion.
In March 2020, we agreed to transfer some shares of common stock in consolidated subsidiary Ricoh Leasing to Mizuho Leasing Company, Limited. Therefore, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, Ricoh reclassified assets and liabilities owned by Ricoh Leasing and its subsidiaries to “Assets classified as held for sale” and “Liabilities directly related to assets held for sale” in previous fiscal year. This transfer was on April 23, 2020 and changed Ricoh's voting rights in Ricoh Leasing to the ownership ratio to 33.7%, with Ricoh Leasing becoming an equity-method affiliate. “Assets classified as held for sale” thereby decreased, while Investments accounted for using the equity method rose from posting remaining investments.

Total liabilities were down ¥895.1 billion from the end of fiscal 2019, to ¥964.0 billion. This was despite bonds and borrowings increasing to prepare for a deteriorating business climate owing to the pandemic, and reflected a decline in liabilities directly related to assets held for sale from the partial transfer of shares in Ricoh Leasing.

Total shareholders’ equity at the end of the term was down ¥84.6 billion from a year earlier, at ¥923.8 billion. This reflected a repurchase of treasury stock following a resolution of the Board of Directors on March 3, 2021, and a drop in non-controlling interests from Ricoh Leasing becoming an equity-method affiliate.
Total equity attributable to owners of the parent decreased ¥0.1 billion, to ¥920.2 billion. The equity ratio was still stable, at 48.7%.

We aim to materialize new growth businesses by strengthening profitability and investing extensively while pursuing returns that exceed capital costs to sustainably enhance corporate value.
Management remained aware of the need for capital profitability in this fiscal year. De-consolidating Ricoh Leasing reduced assets thereby lifting the total asset turnover rate and boosted the equity ratio by cutting interest-bearing debt. In view of uncertainties stemming from the pandemic, we accorded top priority to business continuity and secured sufficient liquidity to address unexpected developments. We then undertook measures to address the crisis and gear up for the future. In the second half of the fiscal

year, we achieved a business recovery and responded to business growth, particularly in Office Services. In March 2021, we formulated the 20th Mid-Term Management Plan, which encompasses capital policies, to guide medium-term growth. In keeping with that initiative, we set about repurchasing shares under a policy announced in March 2020 of generating ¥100 billion in additional shareholder returns, optimizing capital to boost capital profitability.
By fiscal 2022, the final year of the 20th Mid-Term Management Plan, we look to have a management structure in place to consistently generate a return on equity of at least 9%, with that figure rising to at least 10% in fiscal 2025.

(4) Cash flows

Net cash provided by operating activities was ¥126.9 billion in fiscal 2020, up ¥10.2 billion from a year earlier. This was despite a loss for the term owing to the pandemic and reflected decreases in trade and other receivables and in lease receivables.
Net cash used in investing activities declined ¥101.0 billion, to ¥63.5 billion. In the previous year, outflows increased owing to the acquisition of DocuWare GmbH to expand in digital businesses. Cash inflows for the fiscal 2020 included a one-time injection from the partial transfer of Ricoh Leasing shares and a drop in capital expenditures from that company becoming an equity-method affiliate. Overall, net cash used in investing activities was down significantly.
As a result of the above factors, we posted a free cash flow (net cash provided by operating activities plus net cash used in investing activities) of ¥63.4 billion, up ¥111.2 billion from a year earlier.
Net cash used in financing activities was ¥4.0 billion, down ¥79.8 billion from a year earlier. In the previous year, procurements by related subsidiaries rose in keeping with finance business expansion. In the year under review, expenditures increased mainly due to treasury stock repurchases pursuant to a Board of Directors resolution on March 3, 2021.
As a result of the above factors, cash and cash equivalents at the end of fiscal 2020 were ¥330.3 billion, up ¥66.6 billion from a year earlier.

We seek to transform our business structure and grow over the medium to long-term by reinforcing the profitability of core businesses to generate cash while investing in new businesses. Under the 20th Mid-Term Management Plan, we aim to generate a cumulative operating cash flow of ¥600 billion to ¥700 billion*1 over five years through fiscal 2025.

*1. The 20th Mid-Term Management Plan covers fiscal 2021 and 2022. We have set goals through fiscal 2025 as a future outlook.

(Reference) Cash Flow Indices

	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021
Equity attributable to owners of the parent / Total assets	37.8%	34.4%	34.2%	32.1%	48.7%
Market capitalization / Total assets	24.1%	28.8%	30.8%	20.1%	42.8%
Interest bearing debt / Operating cash flow	9.7	8.0	11.4	9.1	1.8
Operating cash flow / Interest expense	12.8	18.8	17.3	25.5	47.1

i. All indices are calculated based on consolidated data.
ii. Operating cash flow is shown in consolidated statement of cash flow. Interest bearing debt are bonds and borrowings.

Cash and Asset-Liability Management

In recent years, Ricoh made efforts to achieve greater efficiencies in the utilization of cash balances held by its subsidiaries pursuant to its policy of ensuring adequate financing and liquidity for its operations and growth and maintaining the strength of its financial position. One method that Ricoh has implemented to achieve greater efficiency is building up its group cash management system in each region as well as globally. This cash management system functions as an arrangement in which Ricoh’s funds are pooled together and cash resources are lent and borrowed from one group company to another with finance companies located in each region coordinating this arrangement. As part of that, Ricoh introduced a global cash pooling system and realized further improvement of fund operation efficiency globally.

Ricoh also enters into various derivative financial instrument contracts in the normal course of its business and in connection with the management of its assets and liabilities. Ricoh enters into foreign currency contracts to hedge against the potentially adverse impact of foreign exchange fluctuation on local currency-denominated assets and liabilities. Ricoh uses these derivative instruments to reduce its risk and to protect the market value of its assets and liabilities in conformity with Ricoh’s policy. Ricoh does not use derivative financial instruments for trading or speculative purposes nor is it a party to leveraged derivatives.

Sources of Funding

Ricoh’s principal sources of funding are a combination of cash and cash equivalents on hand, various credit facilities and long-term debt securities. In assessing its liquidity and capital resources needs, Ricoh places importance on the balance of cash and cash equivalents in the consolidated statement of financial position and operating cash flows in the consolidated statement of cash flows.

As of March 31, 2021, Ricoh had ¥330.3 billion in cash and cash equivalents and ¥480.8 billion in credit facilities. Of the ¥480.8 billion in credit facilities, ¥480.6 billion was available for borrowing by Ricoh as of March 31, 2021. The Company has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥250.0 billion. These committed credit line amounts of the Company are included in the ¥480.8 billion figure for credit facilities. Ricoh may also borrow up to its borrowing limit from financial institutions under the interest rates of each respective market.

The Company and certain subsidiaries raise capital by issuing long-term debt securities in various currencies. Interest rates for bank loans ranged from 0.10% to 0.48% and interest rates for long-term debt securities ranged from 0.20% to 7.30% as of March 31, 2021. Furthermore, Ricoh utilizes a cash management system globally elsewhere to efficiently manage the Ricoh Group funding and to effectively reduce its balance of interest-bearing debt.

The Company obtains ratings from the following major rating agencies: Standard & Poor’s Rating Services (“S&P”) and Rating and Investment Information, Inc. (“R&I”). As of March 31, 2021, S&P assigned long-term and short-term credit ratings for the Company of BBB+ and A-2, respectively, and R&I assigned long-term and short-term credit ratings for the Company of A+ and a-1, respectively.

Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents and funds expected to be generated from its operations are sufficient to meet its cash requirements at least through fiscal year ending March 31, 2022. Even if there were a decrease in cash flows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing credit facilities would be sufficient to finance its operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of businesses and the development of new projects through its access to financial and capital markets. While interest rates of such instruments may fluctuate, Ricoh believes that the effect of such fluctuations would not significantly affect Ricoh’s liquidity, due mainly to the adequate amount of Ricoh’s cash and cash equivalents on hand, stable cash flow generated from its operating activities and group-wide cash management system.

4. **MATERIAL AGREEMENTS, ETC.**

(1) The important patent and licensing agreements

The following table lists some of the important patent and licensing agreements which the Company is currently a party to:

Counterparty	Country and Region	Summary of the Contract	Contract Term
International Business Machines Corporation	USA	Comprehensive cross license patent agreement related to information processing technology (reciprocal agreement)	March 28, 2007 to expiration date of the patent subject to the agreement
Adobe Inc.	USA	Patent licensing agreements related to development of printer software and sales (counterparty as licensee)	January 1, 1999 to March 31, 2022
Lemelson Medical, Education & Research Foundation Limited Partnership	USA	Patent licensing agreement related to computer image analysis and other products (counterparty as licensee)	March 31, 1993 to expiration date of the patent subject to the agreement
HP Inc.	USA	Comprehensive cross license patent agreement related to document processing systems (reciprocal agreement)	October 31, 2011 to expiration date of the patent subject to the agreement
BROTHER INDUSTRIES, LTD.	Japan	Patent licensing agreement related to office equipment (Company as licensor)	October 1, 2019 to September 30, 2024

5. RESEARCH AND DEVELOPMENT

At Ricoh (the Company and consolidated subsidiaries), we are committed to our basic management philosophy of providing excellence to improve the quality of living and to drive sustainability.
FY2020 began amid the novel coronavirus (COVID-19) pandemic, positioning it as a year of "emergency response" and "gearing up for transformation." In the area of research and development, Ricoh accelerated reforms in an anticipation of the post-COVID-19 era, and focused on its "transformation from being an OA manufacturer" and "shift to being a digital services company."

In terms of its organizational structure, under the Chief Technology Officer (CTO) assigned in FY2019, Ricoh has sought to make advances in both its technological and managerial aspects. In the fiscal year ended March 31, 2021, we appointed a Chief Digital Innovation Officer (CDIO) to strengthen our foundations and value creation functions utilizing digital technologies and data both internally and externally. The service we offer helps customers succeed, which is defined as the Ricoh Group's value proposition, and we are working to dig deeper into our existing businesses and create new customer value to reinforce the core functions for utilizing data both internally and externally that sustain these activities. Leveraging our customer base of 1.4 million companies around the world, Ricoh aims to further expand its business as a digital services company.
In the office printing field, traditionally Ricoh's core business, we have pursued operational excellence and continually strive for high efficiency and high productivity in manufacturing. In addition to the electrophotographic and optical technologies we have honed over the years, Ricoh is engaged in technological development and R&D that will widely contribute to society in fields such as healthcare, additive manufacturing (AM), the environment, and social infrastructure, through the application of core technologies such as materials, process technologies and inkjet technologies. In FY2020, we strengthened our development system to create new businesses, including the decision to establish a new business incubation organization.
In technological strategies to support growth over the medium to long terms in FY2020, we identified two areas, "a digital twin that fosters evolutions in workplace practices", and "digital printing for a mass customization era".
To achieve its vision for 2036 of "Fulfillment through Work", the Ricoh Group will provide products and services that will transform the workplace as a digital services company.

With regard to its approach to research and development, Ricoh has R&D sites all over the world. Each site explores market needs and conducts research and technology development attuned to regional characteristics while deepening cooperative connections among global sites. We also have opened technology centers and customer experience centers around the world. We launched value–creating activities involving our customers, using a framework for gathering feedback on market needs ascertained directly through customer support activities to enhance future product development.
In the field of open innovation, Ricoh is streamlining the development of advanced technologies by proactively leveraging the capabilities of its development partners, including universities, research institutions and other enterprises. We are applying our core technologies, including inkjet, machine vision and image processing, through active participation in the Japanese government-supported Funding Program for World-Leading Innovative R&D on Science and Technology, as well as joint R&D with universities and independent administrative corporations. We are also reinforcing relationships with venture enterprises to accelerate the creation of new businesses.
Ricoh also implements TRIBUS, an accelerator program that seeks to achieve business co-creation by supporting the growth of startups and entrepreneurs both within and outside the company. In FY2020, we held a contest in which participants were selected from a total of 243 entries, more than the 214 received in the previous fiscal year. Participants with the best themes were given access to various resources, including around 250 registered supporters within the Ricoh Group, to develop and support people who possess a spirit of challenge, and further foster a culture of encouraging the creation of new businesses.

With the adoption of IFRSs, part of the development costs incurred by Ricoh have been capitalized and reported as intangible assets. Ricoh's consolidated R&D expenditures were approximately ¥90.3 billion, including the development costs which were treated as intangible assets of ¥11.1 billion.

(1) Office Printing

With changes to people's workstyles accelerating worldwide, Ricoh is focusing on providing printing environments that can be used securely while working from home, on developing the technologies to enable those environments, and on building a development process to anticipate market changes and stay ahead of the curve.

In the field of image communication, one of the Ricoh Group's strengths, we are responding to the need for cloud services that create environments for people to work without limitations of time or location. For instance, we are developing office equipment that emphasizes compatibility with RICOH Smart Integration, a distinctive cloud-based integrated platform.

In parallel with these efforts and with an eye on the trend of workers returning to offices in the post-COVID-19 era, we are also working on MFPs and printers for office use, with ongoing efforts focused on electrophotographic technology, supply technology, precision optical components, image processing technology, next-generation image producing engines, RICOH Always Current Technology that makes available the latest software features at all times, and design and technological development of 3R (reduce, reuse and recycle) solutions to reduce the impact on the environment.

Furthermore, we are pursuing the development of visual communication products for achieving workstyle reforms, including interactive whiteboards (electronic whiteboards), projectors and video and web conferencing systems.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2021 were as follows.

Release of RICOH IM C6500/C8000 high-speed digital full color MFPs
Support for the latest cloud services and improved usability in contributing to work efficiency

- Supports RICOH Intelligent WorkCore to promote office work automation and labor saving
- Achieves high productivity of 80 pages per minute (ppm) (A4, landscape) as the top-of-the-line digital full color MFP for offices
- Improved operability allows users to press icons at the edges of a full-flat operation panel flush with the exposure glass
- Supports RICOH Always Current Technology, ensuring for the basic functions update to the latest version after installation

Release of RICOH IM 7000/8000/9000 monochrome MFPs with reduced environmental impact
Improving work efficiency and contributing to sustainability with cloud support combined with a resource and energy-saving design

- Supports RICOH Intelligent WorkCore to promote office work automation and labor saving
- Achieves high productivity of 90 ppm (A4, landscape) as the top-of-the-line digital monochrome MFP for offices
- Improved operability allows users to press icons at the edges of a full-flat operation panel flush with the exposure glass
- Supports RICOH Always Current Technology, ensuring for the basic functions update to the latest version after installation
- Contributes to the realization of a zero-carbon, recycling-based society through an environmentally friendly design and production system: the use of recycled materials and sourcing 100% renewable electricity for the assembly process

Release of three models in RICOH Interactive Whiteboards (IWBs)
Supporting value creation in the workplace with high expressive power and full functionality

- As new IWB models, the lineup of 55-inch and 65-inch model has been renewed, and a 75-inch model has been added
- Incorporated 4K (3840 × 2160) high-resolution displays enable to show detailed images such as drawings and charts
- IP5X dust resistance allows the IWBs to be used for a range of workplaces such as factories and construction sites in addition to offices
- Provides more powerful support for improved customer workflows by using the cloud application to link with a wide range of products and services including Microsoft 365™
- Incorporates a signage function with the ability to automatically distribute emergency disaster information such as earthquake and tsunami warnings during an emergency

Release of various projectors from ultra-short-throw models to high-end laser models
Supporting workstyle reforms attuned to different customers uses including installation location, function and projection distance

- Release of RICOH PJ WX4153/WX4153N ultra-short-throw projector that can be placed vertically and achieve a 48-inch projection size from just 11.7 cm (approx.) from the projection surface
- Release of RICOH PJ WXL4760 short-throw projector achieving long-term operation and high reliability by adopting a laser light source
- Release of RICOH PJ WXC1210 portable short-throw projector that fits in the palm of your hand

Launch of RICOH Unified Communication System Apps for Rooms
Realizing remote meetings between corporate sites with simple operation

- Provides remote meetings with an intuitive user interface like as a dedicated device
- Allows to create an optimal video conferencing environment that suits customer usage requirements by combining peripheral devices

The R&D expenditures in the Office Printing segment were approximately ¥36.7 billion.

(2) Office Services
The Ricoh Group defines its value proposition to customers as EMPOWERING DIGITAL WORKPLACES, and contributes to improving work efficiency and productivity for customers by supporting digital transformation in the workplace.
In recent years, there has been an increase in demand for diverse workstyles that are unrestricted by time or location, utilizing software as a service (SaaS) cloud services and mobile services to support remote work. Driven by measures to prevent the spread of COVID-19, those demands have risen dramatically. In addition to introducing paperless solutions, the Ricoh Group is working to develop services that can help customers resolve issues through digital transformation across a range of workflows, from trade ecosystems that support intercompany transactions, support for on-site work through remote equipment, and improved efficiency for social infrastructure inspection work that has become an issue due to personnel shortages.
The Ricoh Group connects various devices including MFPs that are highly compatible with cloud services, and provides the RICOH Smart Integration, an integrated platform that ensures customers access to the latest services at any time. We also provide RICOH Spaces, which raises the usage efficiency of customer offices and boosts productivity, in addition to the DocuWare content management software that digitizing customer workflows.
By offering total support for customers' working environments, we aim to provide value that contributes to improving customer productivity and diverse workstyles.
Meanwhile, in FY2020, we expanded in the field of visual communication including digital signage, and in the voice communication field we further strengthen collaboration with partners: business alliances with growth companies. Going forward, the Ricoh Group will continue to provide new value through images, video and sound while developing products and services that support customers' communication efforts.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2021 were as follows.

Launch of DocuWare Version 7.3
Managing data, process and documents safely at high speeds

- Two new languages were added, expanding the total supported languages to 18
- Email archiving feature allows more flexible preservation methods, such as only saving related content
- Expanded barcode configuration feature achieves document indexing and faster information searching
- Improved annotation feature enabling use of the same format as the web client when sending emails in the workflow

Launch of RICOH Spaces workplace management software for the European markets
Maximizes office utilization and helps establish a safe office environment in the post-COVID-19 era

- Allocates resources such as desks and meeting rooms and utilizes various sensors to monitor and manage the status of the office
- Allows to acquire and manage data on employee health status and traceability
- Utilizes in-office digital signage to stream real time dashboards anywhere

Launch of RICOH Desk Navi business portal software
Helps revitalize information sharing and collaboration works at small and medium-sized companies

- While keeping the document management functions and MFP linkage in the Ridoc Desk Navigator V4, existing document management software for small and medium-sized companies, newly added features include group work, mailer, cross-search and new edge device linkage.
- New features such as "Simple Cabinet" and "Work Room" help improve customer work efficiency

Launch of Ricoh Tunnel Monitoring Service inspection services for social infrastructure
Contributing to improving the efficiency of maintaining infrastructure using the power of digital

- Enables shooting of tunnel walls surfaces while driving at a speed of around 40 km/h using a system of multiple extended depth-of-field cameras and line lights

- Making it possible to check anomalies such as cracks with a minimum width of 0.3 mm, water leaks, chalking, and loose bolts
- High-precision expansion images enable the creation of anomaly drawings and inspection reports, reducing workload, clerical errors and omissions while helping to improve the efficiency of tunnel maintenance and management

Release of RICOH Digital Signage STB Type2 edge device for digital signage
Ricoh's top-of-the-line model offering high-cost performance

- At 70% the size and 54% the weight, it is smaller and lighter than the predecessor for excellent ease of installation, while the storage capacity has also been expanded
- As the top-of-the-line model it can handle richer content, enabling to create versatile expressions for digital signage

The R&D expenditures in the Office Services segment were approximately ¥3.8 billion.

(3) Commercial Printing

For customers in the printing industry, Ricoh proposes combinations of products and workflow solutions delivering exceptional performance at attractive prices, with the aim of driving the Offset to Digital transition while securing new commercial printing customers and advancing digital transformation at customer sites.

In the print on demand (POD) market, Ricoh is contributing to enhancing the competitiveness of customers in the printing industry through the provision of high added-value printing with new forms of expression, as represented by five-station printers (which are capable of printing with five different toner colors.)

In addition to the development of a diverse range of technologies for commercial printing use, including digital electrophotographic technology, supply technology, precision optical component design technology, imaging data processing technology, inkjet technology, next-generation image producing engines and cutting-edge software technology, Ricoh aims to provide total printing solutions by utilizing the advantage of its worldwide sales and service networks, and its wide range of alliances with processing machine vendors who support the production of diverse printed materials for customers, including its long-running partnership with Heidelberger Druckmaschinen AG (Germany), which promotes DX in printing.

We have also established the Ricoh Next Generation Digital Printing Technology Joint Research Course in association with the Tokyo Institute of Technology, and are aiming to lead this to the development of next-generation products through the understanding of fundamental phenomenon of thermal flow and material behavior taking place in commercial and industrial inkjet printers, from ink jetting and penetration into media to drying.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2021 were as follows.

Release of RICOH Pro C5300S/C5310S color production printers
Enhances productivity, image quality and paper support while catering to a wide range of POD printing needs

- Improves printing productivity running on thick paper, with the ability to output at 80 ppm (A4, landscape) in color or monochrome up to 256g/m^2 thick
- A mechanism that improves skew and registration accuracy has been newly equipped to achieve higher accuracy in front-to-back registration than conventional models
- Enhances paper support capability, with support for automatic double-sided printing across all thicknesses from 52.3 to 360g/m^2

Domestic roll-out of RICOH Pro VC40000 high-speed inkjet printing system for the transaction market
Achieves high productivity as an enterprise printing system

- Achieves a maximum printing speed of 150 meters per minute, offering a significant productivity improvement over the 128 meters-per-minute speed of its predecessor
- Equipped with a dual simplex configuration enabling simultaneous printing with two single-sided printers to support a wide range of operations
- Print quality aspects such as uneven density and printing position are automatically adjusted using the built-in scanner

Launch of gold and silver as special colors for color production printers
Providing enhanced special color support to achieve a versatile metallic color expression

- Release of RICOH Pro Toner Gold C7200 and RICOH Pro Toner Silver C7200
- Brighter color increases eye-catching effects of printed materials to add a high-grade feel

- Allows a wide array of metallic color expressions in combination with existing color toners and a black toner

The R&D expenditures in the Commercial Printing segment were approximately ¥23.1 billion.

(4) Industrial Printing

The industrial inkjet printhead field is poised for growth in view of diversifying requirements for these components and the intensive development of products and applications. In addition to MH Series printheads which have gained favor with customers for their high durability and wide-ranging ink compatibility, Ricoh has newly released TH Series printheads that support compact, high-definition printing with the use of micro electro mechanical system (MEMS) technology, enhancing its capability to respond to a diverse range of applications.

The industrial printer field is expected to grow in the future as an area that expands the potential of printing technology. In the fiscal year ended March 31, 2021, Ricoh enhanced its lineup with the release of two models, RICOH Pro TF6251 large format UV flatbed printer offering the fastest printing speed in its class for the signs & displays and interior markets, along with RICOH Pro L5160e/5130e large format latex printer equipped with latex ink that caters to a wide range of media.

For the garment printing market, RICOH Ri 2000 garment printer, which achieves the highest printing productivity in its class, was released in the North American and European regions, adding to RICOH Ri 100 and RICOH Ri 1000 to offer a product lineup catering to a wide range of customer applications.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2021 were as follows.

Release of RICOH TH5241 industrial inkjet printhead
Adds the first inkjet printhead using a piezoelectric thin film actuator to the lineup

- Compact printhead developed through a highly-integrated design utilizing MEMS technology
- Supports high-definition printing of up to 1200 dpi by jetting fine droplets
- Caters to various applications including sign graphics and textiles through compatibility with UV, solvent and aqueous-based inks

Release of RICOH Pro TF6251 large format UV flatbed printer
Achieves class-leading print speeds as a large format flatbed printer

- Supports printing on a wide range of media including styrene board panels, metal signs, cardboard packaging materials, construction materials and interiors
- Achieves high-speed printing of 116 m^2/h
- Enables print on media up to an industry-leading 110 mm thick
- Adopts a UV ink with low odor that complies with Greenguard certification, chemical emission standards for healthy indoor air environments

Release of RICOH Pro L5130e/L5160e large format latex printers
Enhances the high productivity and wide-ranging media support required in the signs & displays and interior markets

- Achieves double the printing speed of its predecessor due to a distinctive inkjet printhead arrangement and adopting latex ink
- Enables high-speed printing on media such as wallpaper even indoors thanks to the use of latex ink with an extremely low volatile organic compound (VOC) content
- Equipped with orange and green inks in addition to four CMYK colors to achieve vivid print expression for POP displays
- White ink can be used as a base to express vividness on transparent materials such as polyethylene terephthalate (PET)

Release of RICOH Ri 2000 garment printer that enables high-speed and large-volume industrial printing for the US and European markets
Achieves garment printing that caters to various customer needs from small lots to mass production

- ColorGATE RIP Software achieves high-speed printing that enables ink ejection in as little as 36 seconds
- Equipped with a proprietary inkjet printhead, and automatic inkhead cleaning system boosts reliability in mass production
- Equipped with an automatic table height adjustment and touch screen operation panel for improving usability

The R&D expenditures in the Industrial Printing segment were approximately ¥5.8 billion.

(5) Thermal

We aim to build customer trust through our high-value-added thermal paper, in which we dominate the world market, and our top-quality products and services.

In addition, utilizing the proprietary optical technologies we have cultivated over many years, we have rolled out Laser Solutions that use semiconductor laser light, to contribute to the advancement of labor-saving in the logistics industry, which currently faces serious personnel shortages, and automation in the manufacturing industry.
We are also working to develop FC-LDA printer devices, a laser recording method in response to requests from the market to record variable data at high speed on production lines. We have completed development up to a certain point for trial introduction at customers' sites, and are currently aiming for commercialization.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2021 were as follows.

Release of RICOH Rewritable Laser System L3000 / C3000
Supporting digitization of the logistics and manufacturing industries with highly durable labels enabling repetitive contactless rewriting

- Proprietary optical technologies allow contactless high-speed printing and erasure without removing old labels on the object
- The layered structure screening UV rays and oxygen at a high level offers rewritable laser labels that prevent deterioration in outdoor environments
- By integrating the previously separated eraser and marker units, installation space and introducing costs have been reduced
- Label replacement and disposal are not required, contributing to improved operational efficiency and reduced environmental impact in the logistics industry

The R&D expenditures in the Thermal segment were approximately ¥1.2 billion.

(6) Other Segments
The following details are notable achievements during the fiscal year ended March 31, 2021 in industrial optical components and modules, healthcare, the environment, smart vision, electronic components, precision equipment parts, additive manufacturing (AM) and financial services.

■Industrial Optical Components and Modules
In the industrial production field, including the automotive industry, we are working together with numerous business partners to resolve social issues by developing business operations that visualize information through information conversion with data recognition processing: combining the optical technologies that we have accumulated so far with cutting-edge technologies in areas such as IoT, AI and sensors.
In the automotive business, we are currently developing stereo cameras for automated driving and safety assistance systems for automobiles as well as logistics and construction vehicles. Meanwhile, in the industrial production field, we are conducting the integration of various production facilities, and production and sales of inspection line equipment.

■Healthcare
In the healthcare field, there is a need to cater to the requirements created by an aging population, reduce medical costs, eliminate regional disparities in medical treatment standards, and prevent the spread of viruses and other infectious diseases.
Ricoh therefore regards healthcare as one field in which it must work to resolve social issues, and has focuses on three areas: the healthcare solutions field including the integrated medical and nursing care system, the medical imaging field including magnetoencephalography (MEG) and magnetospinography (MSG), and the biomedical field utilizing bioprinting technologies based on Ricoh's proprietary inkjet system.

Launch of RICOH Standard DNA Series reference DNA plates for COVID-19
Enables verification of detection limits and sensitivity for testing equipment and reagents to help improve the accuracy of PCR tests

- Through Ricoh's proprietary bioprinting technology, an arbitrarily controlled number of DNA molecules embedded the characteristic gene sequence of COVID-19 can be injected in units of one
- Achieves accurate measurement of the detection capabilities of PCR testing in low concentrations of 100 molecules or less

Launch of human neuronal drug efficacy and toxicity evaluation plates capable of measuring drug response of nerves
Helping to reduce the costs of new drug development and shorten development period

- Human neuronal drug efficacy and toxicity evaluation plates that can be used ahead of clinical trials in the evaluation of

neurological diseases were jointly developed with Elixirgen Scientific Inc. (Baltimore, Maryland, USA)
- Improves adherent property to electrodes using the differentiation inducing technology of Elixirgen Scientific Inc. and the cell adhesion coating technology developed by Ricoh using 3D bioprinting technologies

■Environment

Ricoh has set the realization of a zero-carbon society as one of the material social issues to be addressed through its business activities, and has bolstered efforts towards thorough energy conservation and proactive use of renewable energy, including being the first company in Japan to participate in RE100.
We strive to reduce environmental impact through technological development, such as increasing the energy efficiency of our products and developing materials that use recycled or plant-derived materials. In FY2020 we achieved flexibility and strength in plant-derived foamed polylactic acid (PLA) sheets by using proprietary CO_2 fine foam technology, and commenced market development under the PLAiR brand. We are also making efforts to contribute to the creation of a zero-carbon society in our entire value chain by encouraging cooperation among our business partners and customers.

Release of RICOH EH Environment Sensor D101 equipped with solid-state dye-sensitized solar cells Obtains environmental information including temperature, humidity, illuminance and atmospheric pressure without batteries or wiring
- Equipped with proprietary solid-state dye-sensitized solar cell modules developed by Ricoh and generate power using indoor lighting such as LED lighting and fluorescent lights
- Achieves maintenance-free environmental sensing without requiring battery replacement or disposal
- As no electrical work or wiring is required, it can be easily installed where needed in a plant, warehouse, office, commercial facility or elsewhere

■Smart Vision

With cameras gaining an established reputation for quality, spherical cameras and more, we create new image and video experiences using unique and attractive hardware and its data. In RICOH360, a portal site that utilizes 360-degree images, we aim to create cross-industrial platforms in addition to industries and businesses in real estate, construction, advertising, retailing and other areas.

Launch of RICOH360 Projects to optimize information sharing at construction sites
Adding a new lineup to RICOH360 data service using a 360-degree image
- Eliminate risk of missing key angles with the use of 360-degree images. Entire spaces that are difficult to understand without visiting the site can be ascertained with an immersive view
- Information sharing on daily operations can be easily shared in the cloud, writing correction instructions directly to 360-degree images for safety management and other purposes

The R&D expenditures in these segments were approximately ¥8.8 billion.

(7) Fundamental Research

Ricoh continues to pursue development in fundamental research fields that form the basis for differentiation. These R&D activities include photonics technology, MEMS, advanced sensing and edge device technologies that combine image recognition and image processing technologies, general technologies in analysis and simulation and functional materials, application of printing technologies, data collection and analysis technologies that streamline customer operations and facilitate new working styles independent of time or location, and system solutions that apply artificial intelligence.
We also actively promote co-creation with collaborative partners and conducted value verification with more than a dozen of such partners in FY2020. We also aim to be an attractive company to our partners by making proactive use of new methods in these activities process, such as using avatars in a VR space to conduct technological showcases and meetings for remote visitors to the RICOH Collaboration Hub, our collaboration space for co-creation.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2021 were as follows.

Research and development of thin and lightweight binocular smart glasses
Adopting Ricoh's unique thin plastic light guide plates makes the glasses wearable for long periods
- A thin and lightweight plastic light guide plate originally developed for the lens to achieve a weight of just 49g, the lightest in the world for binocular type glasses

- Strikes a balance between light weight and the wide field of view equivalent to a 30-inch screen installed one meter away
- Makes wearing comfortable using a display unit arrangement through the special optical system

Manufacturing process technology for mass production of secondary batteries using inkjet technology Aiming to provide different kinds and types of batteries for IoT and other devices

- Successfully incorporated printable inks with most types of electrode materials used in lithium-ion secondary cells, ceramic materials and separates for added safety
- By printing cell materials only onto the area required with the necessary amount of ink, shapes and film thicknesses can be adjusted flexibly and to a high level of quality
- Inkjet printing equipment that can be applied to mass production processes is currently under development. Ricoh has begun proposing the solution for manufacturing processes to customers involved with battery manufacturing
- Ricoh's ceramic layer printing technologies for battery electrodes and separator printing technologies were exhibited at the 12th International Rechargeable Battery Expo

The R&D expenditures in this segment were approximately ¥10.6 billion.

III. PROPERTY, PLANT AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2021 was ¥42,155 million. A breakdown of capital investment by segment is as follows:

	Millions of yen		
	For the year ended March 31, 2020	For the year ended March 31, 2021	Main purpose of investment
Office Total	54,427	27,380	
Office Printing	49,828	25,259	Expansion and renewal of production facilities and improvement of productivity
Office Services	4,599	2,121	Investment in infrastructure relating IT Services
Commercial Printing	3,193	1,822	Expansion and renewal of production facilities and improvement of productivity
Industrial Printing	1,883	1,393	Expansion and renewal of production facilities and improvement of productivity
Thermal Media	3,428	1,888	Expansion and renewal of production facilities and improvement of productivity
Other	20,243	5,893	Capital investment related to new business development
Corporate	3,422	3,779	Improve information system, etc.
Total	86,596	42,155	

(Notes) 1. These investments were financed mostly with Ricoh’s own capital or borrowings.
2. The figures in the above table do not include consumption tax, etc.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2021)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	Number of employees
Tohoku plant at Ricoh Industry Co., Ltd. (Miyagi)	Office Printing and Commercial Printing	Production facilities for digital service devices related supplies	918	2,084	- (-)	1	3,003	-
Head Office (Tokyo)	Corporate, Office Printing, Office Services, Commercial Printing, Industrial Printing and Other	Development facilities and Other equipment	6,460	261	120 (17)	57	6,898	1,042
Yokohama Nakamachidai Office (Kanagawa)	Corporate	Other equipment	1,410	255	3,200 (17)	-	4,865	153
Ricoh Technology Center (Kanagawa)	Office Printing, Office Services, Commercial Printing, Industrial Printing and Other	Development facilities	18,910	2,672	4,944 (89)	1,129	27,655	3,789
Atsugi Plant (Kanagawa)	Office Printing, Commercial Printing and Industrial Printing	Production facilities for digital service devices	2,882	1,852	2,011 (98)	21	6,766	424
Shin-Yokohama Office (Kanagawa)	Office Printing, Office Services, Thermal Media and Other	Other equipment	194	140	- (-)	932	1,266	445
Numazu Plant (Shizuoka)	Office Printing, Commercial Printing and Industrial Printing	Production facilities for digital service devices related supplies	7,307	4,049	1,194 (128)	6	12,557	689
Ricoh Eco Business Development Center (Shizuoka)	Other	Other equipment	2,057	168	2,205 (93)	5	4,435	32

Fukui Plant (Fukui)	Office Printing and Thermal Media	Production facilities for digital service devices related supplies	1,394	2,076	1,120 (93)	5	4,595	143
Ikeda Plant (Osaka)	Corporate	Other equipment	1,447	326	98 (19)	28	1,899	98

(2) Domestic subsidiaries

(As of March 31, 2021)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen)					Number of employees
			Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	
Ricoh Industry Co., Ltd. (Kanagawa)	Office Printing, Commercial Printing and Industrial Printing	Production facilities for digital service devices	6,114	5,594	234 (151)	180	12,122	1,529
Ricoh Elemex Corporation (Aichi)	Office Printing and Other	Production facilities for digital service devices	1,638	3,118	3,244 (546)	78	8,078	529
Ricoh Japan Corporation (Tokyo)	Office Printing, Office Services, Commercial Printing, Industrial Printing and Other	Other equipment	4,926	9,107	2,568 (54)	8,451	25,052	16,353
Ricoh Creative Service Company, Ltd. (Tokyo)	Other	Other equipment	41	8	- (-)	1,853	1,902	634
Ricoh Industrial Solutions Co., Ltd. (Kanagawa)	Other	Manufacturing facilities for optical equipment and electronic components	2,361	1,899	331 (40)	107	4,698	1,062

(3) Overseas subsidiaries

(As of March 31, 2021)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Right-of-use assets	Total	Number of employees
Ricoh Electronics, Inc. (U.S.A.)	Office Printing and Thermal Media	Production facilities for digital service devices related supplies and thermal media	1,297	3,038	1,730 (132)	577	6,912	619
Ricoh UK Products Ltd. (U.K.)	Office Printing and Commercial Printing	Production facilities for digital service devices related supplies	424	878	332 (210)	84	1,718	509
Ricoh Industrie France S.A.S. (France)	Office Printing and Thermal Media	Production facilities for thermal media	755	1,242	51 (209)	-	2,048	575
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Thermal Media	Production facilities for thermal media	1,631	2,616	- [64]	2	4,249	323
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Office Printing and Office Services	Production facilities for digital service devices	1,040	1,650	- [59]	13	2,730	1,173
Ricoh Manufacturing (China) Ltd. (China)	Office Printing and Other	Production facilities for digital service devices	6,647	3,108	- [93]	-	9,755	3,266
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Office Printing	Production facilities for digital service devices related supplies	3,381	839	501 (121)	27	4,748	2,442
Ricoh USA Inc. and other 39 sales subsidiaries in Americas	Office Printing, Office Services, Commercial Printing and Industrial Printing	Other equipment	953	11,895	269 (148)	14,611	27,728	18,474
Ricoh Europe Holdings PLC and other 84 sales subsidiaries in Europe	Office Printing, Office Services, Commercial Printing and Industrial Printing	Other equipment	969	9,379	- (-)	17,844	28,192	14,923

Ricoh Asia Pacific Pte, Ltd. and other 15 sales subsidiaries in Other area	Office Printing, Office Services and Commercial Printing	Other equipment	115	5,915	- (-)	6,804	12,834	5,601

(Notes) 1. The figures in the above table do not include consumption tax, etc.
2. The tables above do not include construction in progress.
3. Currently there is no material idle equipment.
4. The facilities of the Tohoku plant at Ricoh Industry Co., Ltd. are owned by the Company, but the manufacturing is performed under a consignment agreement with Ricoh Industry Co., Ltd.
5. The disclosures for Ricoh Electronics, Inc. are based on consolidated figures.
6. The land used by Ricoh Thermal Media (Wuxi) Co., Ltd., Shanghai Ricoh Digital Equipment Co., Ltd. and Ricoh Manufacturing (China) Ltd. are leased from third parties and disclosed within brackets [ ].

3. PLANS FOR CAPITAL INVESTMENT, DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT, ETC.

The amount of capital investment for the fiscal year ending March 31, 2022 will be ¥74,000 million. A breakdown by segment is as follows:

	Millions of Yen For the year ending March 31, 2022	Main purpose of investment
Digital Services	14,900	Investment in infrastructure relating Digital Services
Digital Products	9,200	Expansion and renewal of production facilities and improvement of productivity of digital service devices, etc.
Graphic Communications	3,400	Expansion and renewal of production facilities and improvement of productivity of commercial and industrial printing products, etc.
Industrial Solutions	3,300	Expansion and renewal of production facilities and improvement of productivity of thermal media and industrial products, etc.
Other	12,200	Increase other new business-related investment, improve information system, etc.
Total	43,000	

(Notes) 1. These investments will be mostly financed with Ricoh's own capital or borrowings.

2. The figures in the above table do not include consumption tax.

3. Ricoh adopted a business unit structure from April 1, 2021. Based on this new business unit structure, Ricoh will change Operating Segment Information from the next fiscal year. Major business domains are as follows:

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

IV. INFORMATION ON THE COMPANY

1. INFORMATION ON THE COMPANY'S STOCK, ETC.

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common stock	1,500,000,000
Total	1,500,000,000

2) Issued shares

Class	Number of shares issued as of the filing date (shares) March 31, 2021	Number of shares issued as of the filing date (shares) June 25, 2021	Stock exchanges on which the Company is listed	Description
Common stock	744,912,078	744,912,078	Tokyo	The number of shares per one unit of shares is 100 shares
Total	744,912,078	744,912,078	-	-

3) American Depositary Receipts ("ADRs")
American Depositary Receipts ("ADRs") evidencing American Depositary Shares are issued by The Bank of New York Mellon. The normal trading unit is 1 American Depositary Share. As of March 31, 2021, 173,695 American Depositary Shares were held of record by one institutional registered holder in the United States of America.

(2) Information on the stock acquisition rights, etc.

Not applicable

(3) Information on moving strike convertible bonds, etc.

Not applicable

(4) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in total number of issued shares (hundreds of shares)	Balance of total number of issued shares (hundreds of shares)	Change in common stock (Millions of Yen)	Balance of common stock (Millions of Yen)	Change in capital reserve (Millions of Yen)	Balance of capital reserve (Millions of Yen)
September 1, 2005	-	7,449,120	-	135,364	1,282	180,804

(Note)
Increase is due to share exchanges for making Ricoh Logistics System Co., Ltd. (now known as SBS Ricoh Logistics System Co., Ltd.) a wholly owned subsidiary.

(5) Shareholder composition

(As of March 31, 2021)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institutions	Foreign corporations, etc.		Individuals and others	Total	
					Non individuals	Individuals			
Number of shareholders	-	75	49	528	627	58	41,730	43,067	-
Share ownership (units)	-	2,814,854	286,065	311,360	3,163,420	234	866,000	7,441,933	718,778
Ownership percentage of shares (%)	-	37.82	3.84	4.18	42.51	0.00	11.64	100.00	-

(Note)1. As for 26,276,332 shares of treasury stock, 262,763 units are included in the “Individual and others” column and 32 shares are included in the “Number of shares less than one unit” column.
2. As for 415,800 shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers, 4,158 units are included in the “Financial institution” column.

(6) Major shareholders

(As of March 31, 2021)

Name	Address	Share Ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	728,117	10.13
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	PLUMTREE COURT,25 SHOE LANE, LONDON EC4A 4AU, U.K. (10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo)	565,724	7.87
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	443,161	6.17
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	294,415	4.10
Shinsei Trust & Banking Co., Ltd. ECM MF Trust Account 8299004	4-3, Nihonbashi-Muromachi 2-Chome, Chuo-ku, Tokyo	210,000	2.92
ECM MF (Standing proxy: Tachibana Securities Co. Ltd.)	49 MARKET STREET PO BOX1586 CAMANA BAY GRAND CAYMAN KY1-1110 (13-14, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo)	189,999	2.64
Ichimura Foundation for New Technology	26-10, Kitamagome 1-chome, Ohta-ku, Tokyo	158,395	2.20
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT (Standing proxy: Citibank, N.A., Tokyo Branch)	25 BANK STREET, CANARY WHARF LONDON E14 5JP UK (27-30, Shinjuku 6-Chome, Shinjuku-ku, Tokyo)	150,327	2.09
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB (Standing proxy: BofA Securities Japan Co., Ltd.)	MERRILL LYNCH FINANCIAL CENTRE 2 KING EDWARD STREET LONDON UNITED KINGDOM (4-1 Nihonbashi 1-chome Mitsui Building, Nihonbashi 1-Chome, Chuo-ku, Tokyo)	139,848	1.95
Barclays Securities Japan Limited	10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo	128,539	1.79
Total	-	3,008,527	41.86

(Notes) 1. The number of shares of treasury stock (262,763 hundreds of shares) is not included in the chart above. This number does not include 4,158 hundreds of shares of the Company held by Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

2. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on April 1, 2021, the Company has confirmed that Effissimo Capital Management Pte Ltd held shares as set forth below as of March 26, 2021. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Effissimo Capital Management Pte Ltd	260 orchard Road #12-06 The Heeren Singapore 238855	1,414,492	18.99

3. Following confirmation of reports of possession of large volume of shares reports of changes issued on February 19, 2021, the Company has confirmed that BlackRock Japan Co., Ltd. and its joint holders, 10 other companies, held shares as set forth below as of February 15, 2021. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	77,898	1.05
BlackRock Financial Management, Inc.	55 East 52nd Street New York, NY, USA	13,827	0.19
BlackRock Investment Management LLC	1 Princeton University Square Drive, New Jersey, USA	8,970	0.12
BlackRock (Netherlands) BV	Amstelplein 1. 1096 HA, Amsterdam, Netherlands	24,991	0.34
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, UK	13,523	0.18
BlackRock Life Limited	12 Throgmorton Avenue, London, UK	7,285	0.10
BlackRock Asset Management Canada Limited	161 Bay Street Suite 2500, PO Box 614, Toronto, Ontario, Canada	11,355	0.15
BlackRock Asset Management Ireland Limited	JP Morgan House International Financial Services Centre, Dublin, Ireland	37,238	0.50
BlackRock Fund Advisors	400 Howard Street San Francisco, California, USA	109,324	1.47
BlackRock Institutional Trust Company, N.A.	400 Howard Street San Francisco, California, USA	150,504	2.02
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	18,988	0.25

4. Following confirmation of reports of possession of a large volume of shares reports of changes in possession of a large volume issued on October 19, 2020, the Company has confirmed that MUFG Bank, Ltd. and its joint holders, 3 other companies, held shares as set forth below as of October 12, 2020. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	143,823	1.93
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	233,954	3.14
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	52,585	0.71
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	25,711	0.35

5. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on April 22, 2020, the Company has confirmed that Mizuho Bank, Ltd. and its joint holders, 3 other companies, held shares as set forth below as of April 15, 2020. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	1–5–5, Otemachi, Chiyoda–ku, Tokyo	10,000	0.13
Mizuho Securities Co., Ltd.	1–5–1, Otemachi, Chiyoda–ku, Tokyo	768	0.01
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	262,367	3.52
Asset Management One International Ltd.	Mizuho House,30 Old Bailey, London, EC4M 7AU, UK	10,081	0.14

6. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on April 21, 2020, the Company has confirmed that Sumitomo Mitsui Trust Bank, Limited and its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., held shares as set forth below as of April 15, 2020. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	94,280	1.27
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shiba 1-chome, Minato-ku, Tokyo	201,207	2.70
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	122,852	1.65

7. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on May 8, 2019, the Company has confirmed that Eastspring Investments Co., Ltd. and its joint holder, M&G Investment Management Co., Ltd., held shares as set forth below as of April 30, 2019. However, the number of shares is not included in the status of major shareholders above as the Company could not confirm the actual holding of shares at the end of the period.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Eastspring Investments (Singapore) Co., Ltd.	Marina Bay Financial Center Tower 2, 32-10, Marina Bluebird 10, Singapore	321,461	4.32
M&G Investment Management Co., Ltd.	EC3M 5AG, 10 Fenchurch Avenue, London, UK	17,451	0.23

(7) Information on voting rights

1) Issued shares

(As of March 31, 2021)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	Common stock 26,276,300	-	The number of shares per one unit of shares is 100 shares
Shares with full voting right (others)	Common stock 717,917,000	7,179,170	Same as above
Shares less than one unit	Common stock 718,778	-	Shares less than one unit of 100 shares.
Number of issued shares	744,912,078	-	-
Total number of voting rights	-	7,179,170	-

(Notes) 1. As for the shares of the Company held by Board Incentive Plan trust in which beneficiaries include Directors and Executive Officer, 415,800 shares and 4,158 voting rights are included in the "Shares with full voting right (others)" column.

2. As for the number of treasury stocks, 32 shares are included in the "Shares less than one unit" column.

2) Treasury stock, etc.

(As of March 31, 2021)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Ricoh Company, Ltd.	3-6, Nakamagome 1-chome, Ohta-ku	26,276,300	-	26,276,300	3.53
Total	-	26,276,300	-	26,276,300	3.53

(Notes) The above table does not include the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers.

(8) Share ownership plan for directors (and other officers) and employees

At the 119th Ordinary General Meeting of Shareholders held on June 21, 2019, the Company has agreed to introduce a share-based compensation plan with stock price conditions (hereinafter, “the plan”) for the Company’s board directors and executive officers (excluding outside board directors; hereafter, “directors and executive officers”). The Company has adopted Board Incentive Plan trust in which beneficiaries include the directors and executive officers (hereinafter, “the Trust”) as the structure for the plan.

1) The summary of the trust is as follows.

(1) Name	Trust for granting shares to the Company’s Directors	Trust for granting shares to the Company’s Executive Officers
(2) Assignor	Ricoh Company, Ltd.	
(3) Trustee	Sumitomo Mitsui Trust Bank, Ltd. (Re-trustee: Japan Trustee Service Bank, Ltd.)	
(4) Beneficiaries	The Company’s Directors who meet the beneficiary requirements	The Company’s Executive Officers who have an employment contract with the Company and meet the beneficiary requirements
(5) Trust administrator	Akasaka International Accounting	
(6) Non-exercise of voting rights	Voting rights associated with the shares of the Company held in the Trust shall not be exercised at all throughout the Trust period	The trust administrator will issue instructions regarding voting rights associated with the shares held in the Trust
(7) Type of Trust	Trust of money other than money trust (third-party-benefit trust)	
(8) Trust agreement date	August 7, 2019	
(9) Date for entrustment of money	August 7, 2019	
(10) Scheduled Trust termination date	End of August, 2022	

2) The scheduled number of shares to be a acquired by the Trust is as follows.
Trust for granting shares to the Company’s Directors: 300,000 shares
Trust for granting shares to the Company’s Executive Officers: 670,000 shares

3) The scope of beneficiaries who are eligible for the Beneficiary right and other rights arising from the Trust is the Company’s Directors who meet the beneficiary requirements and the Company’s Executive Officers who have an employment contract with the Company and meet the beneficiary requirements.

2. INFORMATION ON ACQUISITION, ETC. OF TREASURY STOCK

Class of shares
Acquisition of common stock under Article 155, Item 3 and Item 7 of the Companies Act

(1) Acquisition of treasury stock resolved at the general meeting of shareholders
Not applicable.

(2) Acquisition of treasury stock resolved at the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (Yen)
Details on resolution at the Board of Directors meeting held on March 3, 2021 (Term of validity: March 4,2021 to March 3, 2022)	145,000,000	100,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2021	-	-
Treasury stock acquired for the fiscal year ended March 31, 2021	6,213,000	7,290,939,800
Treasury stock not acquired for the fiscal year ended March 31, 2021	138,787,000	92,709,060,200
Ratio of remaining treasury stock not acquired as of March 31, 2021	95.7%	92.7%
Treasury stock acquired during the current period	20,130,700	24,751,424,700
Ratio of remaining treasury stock not acquired as of filing date	81.8%	68.0%

(Note) The number of shares of treasury stock acquired from June 23, 2021 to the filing date is not included.

(3) Details of acquisition of treasury stock not based on the resolutions of the general meeting of shareholders or the Board of Directors meetings

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2021	6,693	5,359,482
Treasury stock acquired during the current period	1,100	1,298,165

(Note) 1. The number of shares of treasury stock acquired due to requests to purchase stock of less than one unit of shares from June 1, 2021 to the filing date is not included.
2. The above table does not include the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers.

(4) Status of the disposition and holding of acquired shares of treasury stock

Classification	Fiscal year ended March 31, 2021		Current period (Note)	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock which was offered to subscribers	-	-	-	-
Acquired treasury stock which was canceled	-	-	-	-
Acquired treasury stock which was transferred due to merger, share exchange or company split	-	-	-	-
Others (acquired treasury stock which was sold due to requests from shareholders holding shares of less than one unit of shares to sell additional shares)	389	720,817	50	78,000
Total number of treasury stock held	26,276,332	-	41,313,882	-

(Note) 1. The number of shares of treasury stock acquired due to requests to purchase stock of less than one of unit of shares from June 1, 2021 to the filing date is not included.
2. The above table does not include the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers.

3. DIVIDEND POLICY

The Company prioritizes expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company will make an effort to gradually raise the total return ratio to 50% as a guide. The Company's dividend policy is to remain committed to increasing dividends in a stable manner reflecting improved business performance, as well as to flexibly repurchase shares using surplus cash generated from improved return on capital taking into account the varied circumstances surrounding business.

The dividend per share distributed at interim was ¥7.50, and the dividend per share at year-end was ¥7.50, for a total of ¥15.00.

An appropriation of surplus will be made to shareholders twice a year at interim and year-end. The appropriation of surplus at interim is based upon a resolution of the Board of Directors and the distribution of surplus at year-end is decided upon a resolution at the General Meeting of Shareholders.

The Company provides in its Articles of Incorporation that an appropriation of surplus at interim will be made to shareholders of record as of September 30 of each year by a resolution of the Board of Directors.

The appropriation of surplus for the fiscal year ended March 31, 2021 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (November 4, 2020)	5,436	7.5
Ordinary General Meeting of Shareholders (June 24, 2021)	5,389	7.5

4. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

1) Basic Policies for Corporate Governance

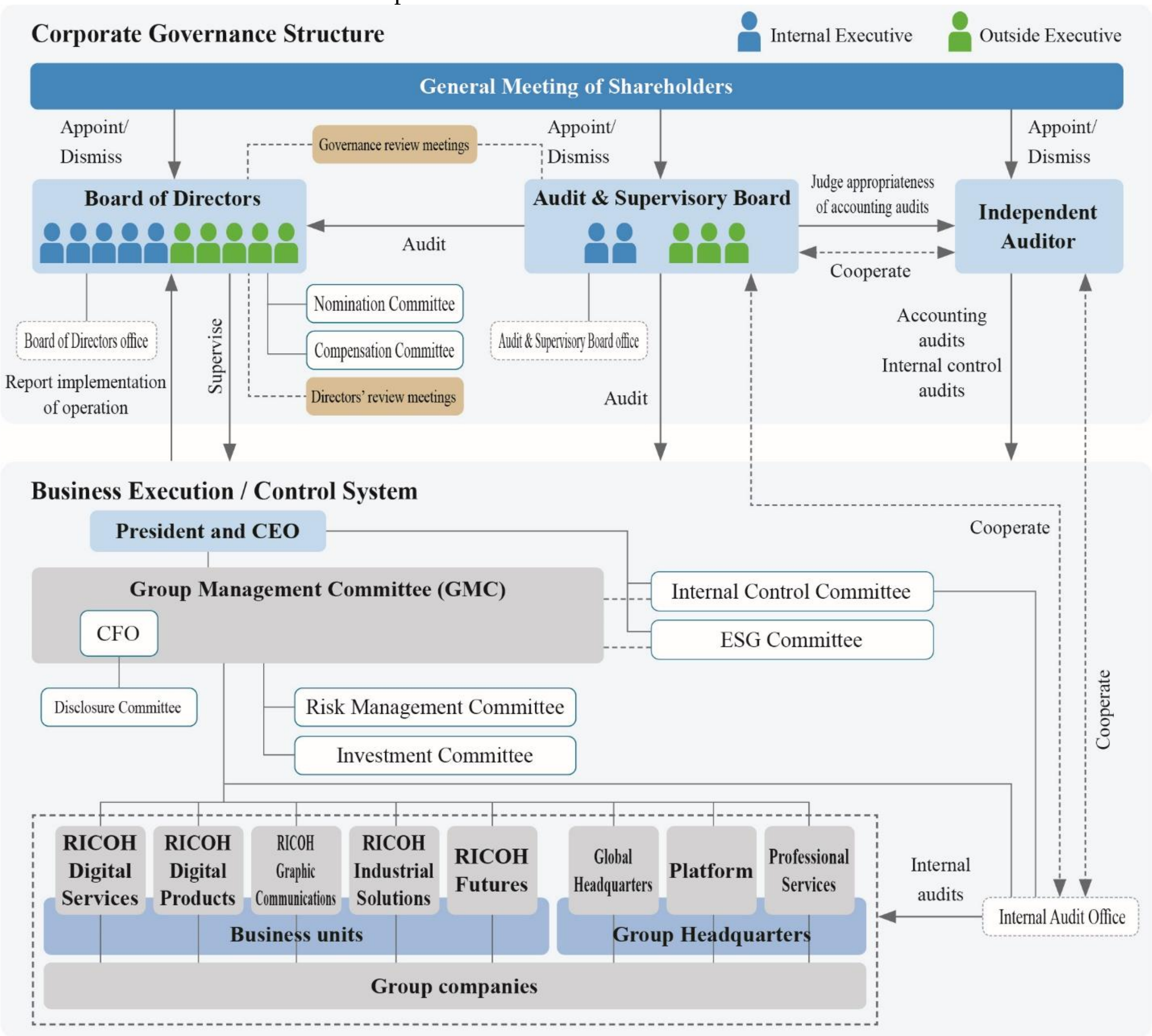
The Ricoh Group is working to enhance its governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In doing so, the Ricoh Group will achieve continuous growth, and improve corporate value and shareholder value.

The Ricoh Group established The Ricoh Way as a set of guiding principles and values that serves as the foundation for all our business activities. The RICOH Way, which comprises our founding principles and Management Philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of the Ricoh's management policy and strategy, and also is the basis of the corporate governance.

2) Reason for adopting current corporate governance structure

The Company has introduced a corporate audit system. In addition, the Company is making efforts toward enhancing oversight of executive management by the Board of Directors and enhancing execution of operations by executive officers. Furthermore, by appointing Outside Directors, the Company is making efforts toward further enhancement of corporate governance by decision-making and oversight of executive management through discussion from their independent perspectives.

The nomination of Directors and Executive Officers and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies which comprise a majority of Outside Directors. The results are reported to the Board of Directors.



Initiatives in shifting to a business unit structure
On April 1, 2021, the Ricoh Group shifted to a business unit structure in order to transform its business structure into a digital services company and further improve returns on capital.
Each business unit operates its business autonomously. The Group headquarters focuses on medium- to long-term strategic planning, capital allocation to each business unit, and business management strictly based on the growth potential and return on capital of each business unit. Through this process, we will realize the improvement of the corporate value of the entire Group.
Based on this renewal of the organizational structure, we are proceeding with the following governance-related initiatives from the perspectives of oversight, execution, and auditing:

1) Oversight
    a) From FY2021, the Board of Directors and the Nomination Committee will carry out performance evaluations of executive managers, including the managers of each business unit, in addition to the existing evaluations of Directors including the CEO.
    b) The Board of Directors regularly deliberates on the status of the business portfolio and the performance of each business unit to strengthen monitoring of the invested capital and return on capital.
    c) We have strengthened monitoring by the Board of Directors to see if internal control and risk management are functioning appropriately for the new management system and its operations, such as delegating authority to business units and reviewing the management of affiliates.
2) Execution
    a) We have set target figures (return on capital, etc.) for each business and regularly monitor the achievement status, by increasing the transparency in the scope of responsibility of each business through the shift to the business unit structure.
    b) Profits earned by each business unit will be first consolidated as the entire Group, and then the resource reallocation policy will be decided at the portfolio management meeting, which is part of GMC.
    c) Each business unit implements autonomous internal control and risk management regarding their own business operations, builds a collaborative system with the risk management department of the Group headquarters, and cooperates in sharing the control status within each business unit and in responding to priority risks for the Group as a whole.
3) Auditing
    a) The Audit & Supervisory Board recognizes that the key audit matters to be monitored in FY2021 are the internal control and the subsidiary management system at each business unit, as well as the effectiveness of governance by the Group headquarters, as changes in governance caused by the shift to a new business unit structure. The Audit & Supervisory Board will carry out audit activities, including checking the status of initiatives from the perspectives of oversight and execution mentioned above.
    b) Besides auditing by Audit & Supervisory Board Members, we will strengthen and utilize coordination with the internal audit division and the Independent Auditor to audit the effectiveness of governance and internal control after the transition to the business unit structure.

(I) **The Board of Directors**
The Board of Directors is responsible for management oversight and important decision-making concerning Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and decision-making.
By leveraging the expertise and experiences of each Outside Director, Non-executive Director, and Executive Director in holding profound discussions on important issues, the Company encourages challenges in new areas of growth, creating a structure that allows for management oversight from the viewpoints of various stakeholders, including shareholders. As a rule, all Directors must attend at least 80% of meetings of the Board of Directors, and are required to provide an effective supervisory function for corporate management.
The Company’s policy is for at least one-third of the members of the Company’s Board of Directors to be Outside Directors (Independent Directors). In FY2020, five (5) of the Board’s ten (10) Directors, or 50%, were Outside Directors (Independent Directors) , and six (6), or more than 50%, were Non-executive Directors – part of its continued effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management.

Chairperson of the Board	Nobuo Inaba
Director	Yoshinori Yamashita
Director	Hidetaka Matsuishi
Director	Seiji Sakata
Director	Akira Oyama
Outside Director	Masami Iijima
Outside Director	Mutsuko Hatano
Outside Director	Kazuhiro Mori
Outside Director	Keisuke Yokoo
Outside Director	Sadafumi Tani

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has executed a contract with Mr. Masami Iijima, Ms. Mutsuko Hatano, Mr. Kazuhiro Mori, Mr. Keisuke Yokoo and Mr. Sadafumi Tani to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(II) **Audit & Supervisory Board**

The Audit & Supervisory Board discusses and decides on audit policies and assignment of duties, audits the execution of duties by Directors, plays a supervisory function on management through cooperating with the Company's Independent Auditor and the internal audit division, and auditing internal departments and subsidiaries. Audit & Supervisory Board Members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with Representative Directors.

The Company has five (5) Audit & Supervisory Board Members, comprising two (2) full-time members who are familiar with internal circumstances and three (3) outside members who meet the requirements for independent Audit & Supervisory Board Member set by the Company, and the majority of the members are independent Outside Audit & Supervisory Board Members. In addition, the Audit & Supervisory Board is required to secure necessary knowledge, experience, and specialized abilities in a well-balanced manner in forming the Audit & Supervisory Board. We have built a system that enables deep discussions from an independent and objective perspective, capitalizing on a wealth of experience and wide-ranging insight in the specialized fields of each Audit & Supervisory Board Member.

Audit & Supervisory Board Member	Kazuhiro Tsuji
Audit & Supervisory Board Member	Shinji Sato
Outside Audit & Supervisory Board Member	Yo Ota
Outside Audit & Supervisory Board Member	Shoji Kobayashi
Outside Audit & Supervisory Board Member	Yasunobu Furukawa

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has executed a contract with Mr. Yo Ota, Mr. Shoji Kobayashi and Mr. Yasunobu Furukawa to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(III) **Nomination Committee / Compensation Committee**

The decision on the nomination of the CEO and other senior managers, and their compensation, etc. is regarded as one of the most important matters for management oversight by the Board of Directors. The Company secures transparency and objectivity of appointment and dismissal, and compensation of Directors and Executive Officers, etc. by establishing the "Nomination Committee," which is chaired by a Non-executive Director, with Non-executive Directors making up the majority, and more than half the members comprising Outside Directors; and the "Compensation Committee," which is chaired by an Outside Director, with Non-executive Directors making up the majority and more than half the members comprising Outside Directors. In addition, one Outside Audit & Supervisory Board Member attends the deliberations of the Nomination Committee and Compensation Committee as an observer each time.

For FY2020, the Nomination Committee was comprised of four Outside Directors, one Internal Non-executive Director, and one Internal Executive Director; and the Compensation Committee was comprised of five Outside Directors, one Internal Non-executive Director, and one Internal Executive Director, and both committees are comprised of a majority of Outside Directors and are chaired by an Outside Director.

Nomination Committee

Chairman (Outside Director)	Masami Iijima
Member (Executive officers)	Yoshinori Yamashita
Member (Non-executive Director)	Nobuo Inaba
Member (Outside Director)	Kazuhiro Mori
Member (Outside Director)	Keisuke Yokoo
Member (Outside Director)	Mutsuko Hatano

Compensation Committee

Chairman (Outside Director)	Mutsuko Hatano
Member (Executive officers)	Yoshinori Yamashita
Member (Non-executive Director)	Nobuo Inaba
Member (Outside Director)	Masami Iijima
Member (Outside Director)	Kazuhiro Mori
Member (Outside Director)	Keisuke Yokoo
Member (Outside Director)	Sadafumi Tani

(IV) **Governance Review Meeting / Directors' Review Meeting**

Governance review meetings are held to provide a forum for comprehensive discussions on Ricoh's direction of governance and related issues by Directors, Audit & Supervisory Board Members and other relevant parties. The outline of the review meetings held is disclosed in the Governance Report and other documents.

Directors' review meetings are held to provide an opportunity and sufficient time for prior discussions by Directors and Audit & Supervisory Board Members to resolve on important company themes (such as the mid-term management plan) at Board of Directors meetings.

(V) **Group Management Committee**

The Group Management Committee (GMC), chaired by the President and Chief Executive Officer and consisting of executive officers who fulfill certain conditions, has been established as a decision-making body empowered by the Board of Directors. The GMC facilitates deliberations and renders decisions on the Group's overall management from the perspective of total optimization. Items requiring a resolution of the Board of Directors are stipulated in the Board of Directors Regulations, and matters for approval or important items related to business execution that do not satisfy these criteria are decided by the GMC.

The following items regarding the execution of duties by the GMC are reported to the Board of Directors at least once every three months.

- Important management indicators and the implementation status of important measures in terms of business strategy
- Items resolved by the GMC and the results of the resolution

(VI) **Disclosure Committee**

The Disclosure Committee performs appropriate disclosure of information which may influence the decisions of investors in addition to promoting dialogue with shareholders and capital markets by proactively disclosing corporate information that contributes to investment decisions, and thereby seeks to develop relationships of trust with shareholders and capital markets as well as to achieve an appropriate recognition of the Ricoh Group.

This committee is composed of representatives from the disclosure management division, accounting division, legal division, information-generating and acknowledging departments, the principal administrative divisions managing affiliates, the internal control division, and the CFO, who is responsible for information disclosure.

In FY2020, we reviewed the existing roles and standards of holding of the Disclosure Committee meetings. We added to its role the deliberation on active disclosure and monitoring disclosing procedures regarding the Company's information that contributes to investors' investment decisions, including surveys that have a significant impact on branding, along with the judgment on the appropriateness and accuracy of annual report documents and timely disclosure documents, and judgment on the necessity of information disclosure in disclosure procedures. Furthermore, the internal control division regularly evaluates the timeliness of information disclosure, the accuracy and validity of disclosure statements, and the validity of disclosure decisions, etc., and reports its findings to the Internal Control Committee and the Board of Directors.

(VII) **Internal Control Committee**
The Internal Control Committee is an organization established under the President of the Company to deliberate and make decisions on internal controls of the entire Ricoh Group.
The committee is composed of executive officers who fulfill certain requirements. As a rule, it meets once every quarter, but extraordinary or emergency meetings may be held at other times.

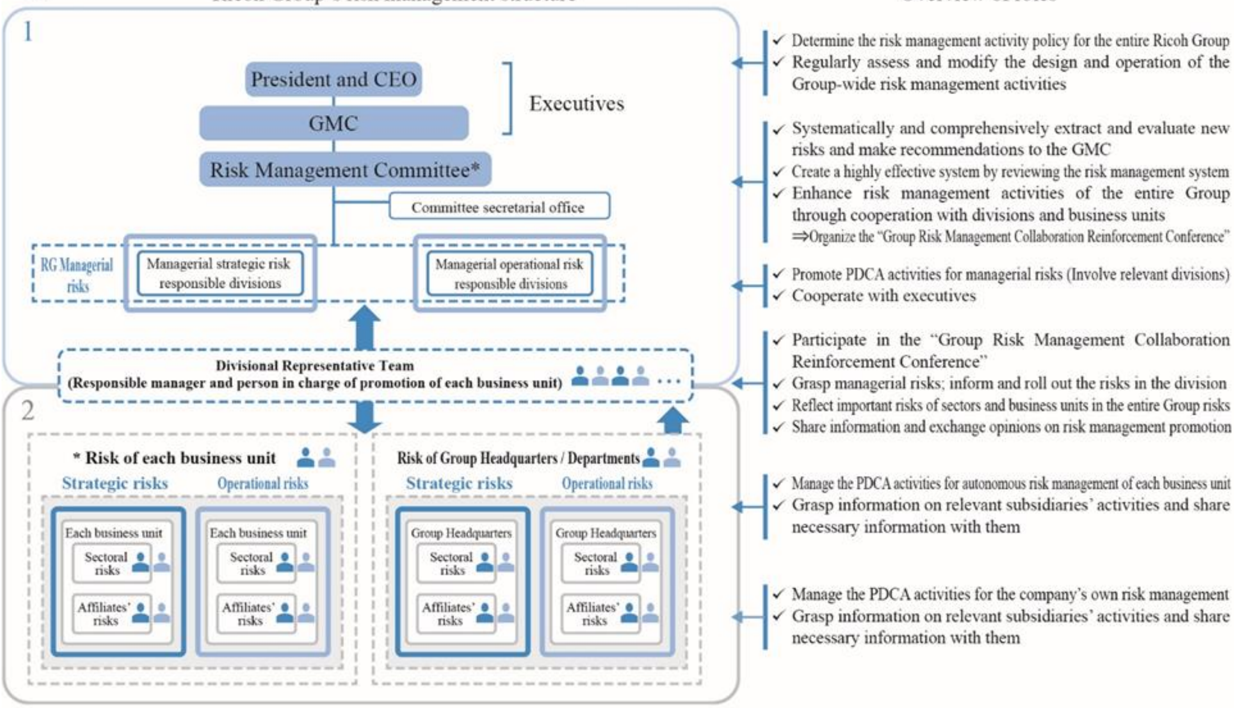
The committee deliberates on the following matters.
1. Assessment of the design and operation of internal controls, and their rectification
・ Assessment of the design and operation of internal control as a whole
・ Assessment of the effectiveness of internal controls related to financial reporting
・ Assessment of the effectiveness of internal controls related to information disclosure
・ Rectification of internal controls
2. Determination of policies for internal control activities
・ Determination of basic policies for internal controls related to financial reporting
・ Determination of internal audit plans for each fiscal year
3. Response to defects in internal control
・ Decisions on response in the case of serious incidents
4. Presentation of proposals to the Board of Directors for the amendment of internal control principles
・ Presentation of proposals to the Board of Directors for the amendment of internal control principles, in consideration of environmental changes

Specifically, in the case of serious incidents that may impact the entire Ricoh Group, the Internal Control Committee confirms details including the background, cause, and measures to prevent recurrence. Where doubts remain regarding the validity of measures to prevent recurrence, or doubts remain regarding the possibility of recurrence of that incident in the Group, the committee promptly determines the necessary countermeasures, and ensures that these are implemented from a top-down approach.

(VIII**) Risk Management Systems and Risk Management Committee**
The Ricoh Group's risk management systems can be divided into two main levels, as shown in Figure 1 below.
1. Managerial risks, which are selected and managed autonomously by the GMC for management items of particular importance, within the management of the Ricoh Group
2. Division risks and business unit risks that each business organization is responsible for managing its own business

These two levels exist for the purpose of clarifying bodies responsible for risk management so as to facilitate agile decision-making and swift action in response to each level of risk, and together form an integrated risk management system. The management of some risks may be transferred from one level to the other, due to changes in the level of impact caused by environmental changes.
The role of each risk management body is shown on the right-hand side of Figure 1.

Figure 1



*Chaired by Executive Officer, Fellow, or a person in a similar role.

The Risk Management Committee was established as an advisory body to the GMC, for the purpose of strengthening risk management processes across the entire Ricoh Group. The committee is chaired by the corporate officer in charge of risk management and has experts from each organization as members to ensure comprehensive coverage of risks and substantial discussions, and to propose to GMC specific risks requiring response or focus in terms of the management of the Ricoh Group. Furthermore, the Company will review and restructure the risk management system in Figures 1 and 2 as necessary, in order to strengthen the effectiveness of risk management across the Ricoh Group.

In FY2020, the committee was held twice in November. We had an intensive discussion about new risks which various changes will bring about, such as changes in work styles due to the spread of COVID-19, changes in the internal environment (transition to a business unit structure, conversion to a digital services company), and the ever-changing international situation. In March 2021, we reconfirmed whether any important risks remain toward shifting to the new structure, but the possibility of unexpected events and management blind spots is not zero. Therefore, from FY2021, we will strengthen monitoring by increasing the frequency of meetings of the Risk Management Committee, identify and address risks at an early stage, and review managerial risks appropriately to flexibly deal with risks.

Management coordinates with each business execution division, selecting a person responsible for risk management from each division (as a rule the manager), as well as a person responsible for the promotion of risk management (in a position to communicate with the manager on a daily basis), in order to further enhance the effectiveness and comprehensiveness of risk management systems. In addition, we are fostering a corporate culture resilient to risks by holding meetings to strengthen coordination for persons in charge of promoting risk management, sharing good examples of risk management activities at each organization, disseminating managerial risks, and holding study sessions and workshops organized by outside professionals for strengthening risk management.

(IX) **Investment Committee**
The Investment Committee is positioned as an advisory committee to the GMC, and verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. Members with expertise perform prior reviews and discussion on diversifying investment projects to external entities in order to ensure consistency with management strategies and raise the efficacy of the investment while improving the speed and accuracy of investment

decisions.
The committee mainly discusses investments from the aspects of strategies, finance, and risks. Its members include a chairperson appointed by the CEO, representatives from the business planning, accounting, legal, and internal control functions as specialists on each aspect, as well as various experts depending on the project. The committee receives prior inquiries from planning departments to provide evaluations and advice after performing comprehensive discussion on the investment value of a project. Although the committee is not authorized to approve or disapprove of any investment projects, it assists the decision-maker in making objective decisions by clearly presenting the results of the committee's deliberations on each project.
In order to improve the accuracy of decisions made in the entire Group to invest in external entities, the committee, which is an advisory body to the GMC, also deliberates on projects below the minimum investment amount set out by the GMC. The committee strengthens the investment decision-making capabilities of the planning department and also makes recommendations, where necessary, to the GMC including change of the minimum investment amount.

(X) **ESG Committee**
The ESG Committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the entire Group.
The ESG Committee plays the following specific roles:
1. Formulate the Ricoh Group Sustainability Strategy to resolve social issues through business, such as initiatives toward achieving SDGs, into the foundation of the Company's management
2. Identify medium- to long-term sustainability risks and opportunities as well as material issues faced by the entire Group (including those regarding investment decisions on risks and opportunities related to climate change recommended by the TCFD*)
3. Supervise and advise on sustainability strategies, material issues, and progress in KPIs for each business division throughout the entire Group
4. Identify sustainability issues to be submitted for discussion at the Board of Directors and report them to the Board of Directors
The committee is chaired by the CEO and consists of GMC members, Audit & Supervisory Board Members and an Executive Officer in charge of ESG. The committee, which meets quarterly, invites representatives of the relevant business divisions according to the theme to be discussed, and has an established system to examine and discuss sustainability issues across the Company.
In FY2020, ESG Committee meetings were held four times to discuss the following.

	Agenda
First Meeting	• Status of response to ESG evaluation / improvement • Climate change risks and opportunities (TCFD compliant)
Second Meeting	• Climate change risks and opportunities (TCFD compliant) • Progress of decarbonization activities and pollution prevention measures • About the FY2020 integrated report
Third Meeting	• Reports of various ESG evaluation results • Revision of ESG goals • Report of RBA audit status • Formulation of Ricoh Group's Human Rights Policy • Strengthen renewable energy measures to accelerate decarbonization activities
Fourth Meeting	• Responses and efforts for ESG evaluation • Strengthen RBA efforts • Formulation of Ricoh Group's Human Rights Policy • Revision of ESG goals and environmental goals

* TCFD (Task Force on Climate-related Financial Disclosures)
Established by the Financial Stability Board (FSB), the TCFD provides stability to financial markets by promoting information disclosure of climate-related risks and opportunities by companies, and facilitating a smooth transition to a low-carbon society.

3) Other matters for Corporate Governance

(I) **Policy for constructive engagement with shareholders**

- The Company engages dynamically and constructively with shareholders. We maintain a cycle in which we reflect feedback from shareholders in our activities to cultivate trust through mutual understanding. In operating based on that cycle, we endeavor to innovate and deliver value that is useful for everyone, everywhere, helping to enhance their lives and create social sustainability while increasing medium- and long-term corporate value.
- The President and CEO is the person responsible for engagement with shareholders, and an executive in charge may be appointed as required.
- The Investor Relations Department is responsible for promotion engagement with shareholders, and takes charge of liaising with related departments.
- In general, engagement with shareholders is conducted by Investor Relations Department. However, when a request is made individually, the President and CEO or the executive in charge shall conduct engagement activities where appropriate.
- In addition to engagement activities with shareholders, we hold presentations on mid-term management plans, financial results briefings, IR days, business briefings, etc., as well as appropriately consider holding small meetings and participating in externally sponsored IR events and conferences.
- Opinions obtained through engagement with shareholders are passed on to the management team on a quarterly basis.
- The Company strictly complies with its internal regulations concerning handling of insider information. No insider information is disclosed to shareholders during individual engagement. To prevent the leak of insider information and ensure fairness in information disclosure, the Company observes a quiet period from the day following the final day of each fiscal year to the day of the annual financial results announcement.

(II) **Approach to Election of Directors**

Election Criteria for Directors

<Management capabilities>

Superior insight and judgment necessary for management functions

1. Knowledge of a wide range of businesses and functions, and has the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues
3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including shareholders and customers based on a firm awareness of corporate governance

<Character and personality>

Positive trust relationships between Directors and management team for smooth performance of the oversight function

1. Integrity (honesty, moral values and ethics); exemplifies fair and honest decisions and actions based on a high sense of morality and ethics in addition to the strict observance of laws, regulations, and internal rules.
2. Interacts with others with respect and trust based on a spirit of respect for humanity and sets an example for decisions and actions that respect the personality and individuality of others based on a deep understanding and acceptance of diverse values and ideas.

Election criteria for Outside Directors

In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include having excellence in areas such as expertise in different fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership.

Outside Directors of the Company is elected as Independent Director in principle. As for the standards the Company established, please refer to “4. CORPORATE GOVERNANCE, ETC. (2) Directors and senior management 2) Outside Directors and Outside Audit & Supervisory Board Members".

Diversity

We believe that the Board of Directors of the Company should be composed of directors with management ability and rich sense of humanity in addition to various viewpoints and backgrounds, on top of multilateral sophisticated skills.

When considering diversity in the selection of candidates, our policy is to ensure diversity in terms of their expertise and experience in fields related to management, in addition to ensuring diversity by selecting these candidates based on their personalities and insight, regardless of race, ethnicity, gender, nationality, etc.

(III) **Election Process and Evaluation Process for Directors**

The Company is making ongoing efforts to strengthen and enhance corporate governance for the Company's sustainable growth and improvement of corporate value and shareholder value.

<Nomination Committee>

To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has established the Nomination Committee, which is an advisory body to the Board of Directors.

To increase objectivity and independence, the Nomination Committee is comprised of a majority of non-executive Directors with at least half of the members being Outside Directors, and is chaired by a non-executive Director. In addition, one Outside Audit & Supervisory Board Member attends meetings of the committee so as to ensure transparency in deliberation.

(At of the submission date of this report, the committee is chaired by an Outside Director with four Outside Directors, one internal non-executive Director, one internal executive Director, and a majority of Outside Directors.)

The Nomination Committee deliberates on the following matters and reports on the deliberation and conclusions to the Board of Directors.

(Inquiry items from the Board of Directors)

1) Nomination of candidates for CEO and Directors
2) Evaluation of the soundness of the CEO and Directors to continue in their duties
3) Evaluation of achievements of the CEO and Directors
4) Confirmation of status of CEO succession plans and development of future CEO candidates
5) Confirmation of appointment/dismissal proposals and reasons thereof for Corporate Vice Presidents, Group Executive Officers, Advisors, and Fellows
6) Approval or disapproval on the formulation, revision or abolishment of appointment/dismissal systems for Directors, Executive Officers, and Group Executive Officers
7) Other matters individually consulted by the Board of Directors

(Other agenda items)

1) Confirmation of reasons for selecting candidates for Audit & Supervisory Board Member based on requests from the Audit & Supervisory Board
2) Confirmation of performance evaluation of Executive Officers
3) Other matters consulted by the CEO

<Election process>

In order to maintain a Board of Directors structure that enables appropriate and effective management decision-making and supervision of business execution, the Nomination Committee undertakes ongoing deliberation on the composition of the Board and the specializations, experience (skills and career matrix), etc. required of Directors, based on the issues recognized at the meeting held to evaluate the effectiveness of the Board of Directors, before nominating candidates for Director.

Candidate nominations for Director are deliberated by the Nomination Committee over several sessions, and undergo a strict screening process. The Nomination Committee engages in multifaceted assessment of the qualities, experience, skills, diversity, etc. required of the Company's Directors, in accordance with the management environment, strategic direction, challenges, etc., against the basic criteria of management ability, character and personality necessary to fulfill the role and responsibilities of Director, and reports to the Board of Directors after clarifying the basis for nomination. Based on the reporting from the Nomination Committee, the Board of Directors deliberates from a shareholder perspective, and then determines which candidates for Director are to be submitted to the General Meeting of Shareholders.

A skills and career matrix that maps out personnel, roles, skills, career experience, etc. is also used when determining the Company's executive structure, with the aim of building a structure to facilitate swift and accurate decision-making by the GMC, as well as appointing and developing appropriate human resources in terms of the management succession plan. The CEO reports to the Nomination Committee on the selection and training policy of management candidates.

<Evaluation process>
Directors are evaluated annually in two steps by the Nomination Committee, upon consultation by the Board of Directors. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and their issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of Directors are reported to the Board of Directors to thoroughly oversee whether the Director is sound to continue in their duties.
Furthermore, evaluations are based on such standards as "Management oversight status as a Director," "Financial aspects including key management indicators regarding business results, return on capital, etc.;" and "Contribution to shareholders and evaluation by capital markets."

(IV) **Evaluation of CEO and CEO Succession Plan**
The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium to long-term and continuously fulfilling the social responsibilities of the Group as a member of society.
From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.
1) CEO Evaluation
The CEO is evaluated annually in two steps by the Nomination Committee, upon consultation by the Board of Directors. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to effectively oversee the CEO.

<Key items for the CEO evaluation>
(1) Financial viewpoint
・ Progress of the Mid-term Management Plan and business plans, return on capital and other key performance indicators
(2) Shareholder and capital market viewpoint
・ Stock-related indicators including TSR, analyst evaluations, etc.
(3) Non-financial viewpoint
・ ESG measures, customer and employee satisfaction, safety and product quality, etc.

2) Selection, development and evaluation of CEO candidates
Once a year (in around September), the CEO prepares a list of potential future CEO candidates together with a development plan for them and elaborates on the proposals at the Nomination Committee in early November. The Nomination Committee deliberates on the validity of the CEO candidate list and development plans, provides advice to the CEO on candidate development, and reports the findings to the Board of Directors. The Board of Directors confirms the validity of the candidate selection and development plans upon reporting from the Nomination Committee and is actively involved in the selection and development of CEO candidates.

<Selection of candidates>
CEO candidates are selected by terms as follows according to the timing of the change. The backup candidate in case of accident in the table below is determined via resolution of the Board of Directors at the same time the CEO is selected.

Terms	Number of persons selected
Backup candidate in case of accident	One
First candidate in line	Several
Second candidate in line	Several

<Development of candidates>
The Nomination Committee deliberates on the development plan for future CEO candidates and gives guidance to the CEO, who, in the next fiscal year, provides growth opportunities suited to each candidate according to their individual targets, allowing the candidates to accumulate experience. The CEO also gives direct guidance to promote the candidate's development based on individual assessment.

<Evaluation of candidates>
CEO candidates are evaluated annually, and the CEO reports on the achievements and growth of each candidate during the development period (April to March next year) to the Nomination Committee in early November (the evaluation period is from April to October, which is the month before the Nomination Committee meets). The Nomination Committee reviews the selection of CEO candidates, and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain, and is actively involved in the process.

(V) **Results Summary of the Evaluation of Effectiveness of the Board of Directors Held During FY2020**
On May 7, 2021, the Company evaluated the effectiveness of the Board of Directors held during FY2020 (from April 2020 to March 2021), and discloses the results as outlined below.

I. Evaluation of the Effectiveness of the Board of Directors Held During FY2020
The evaluation continued to include how the voluntary Nomination Committee and Compensation Committee as well as the Board of Directors responded to business execution, along with the effectiveness of the Board of Directors. In addition, a third-party evaluation was also implemented, in order to ensure objectivity.

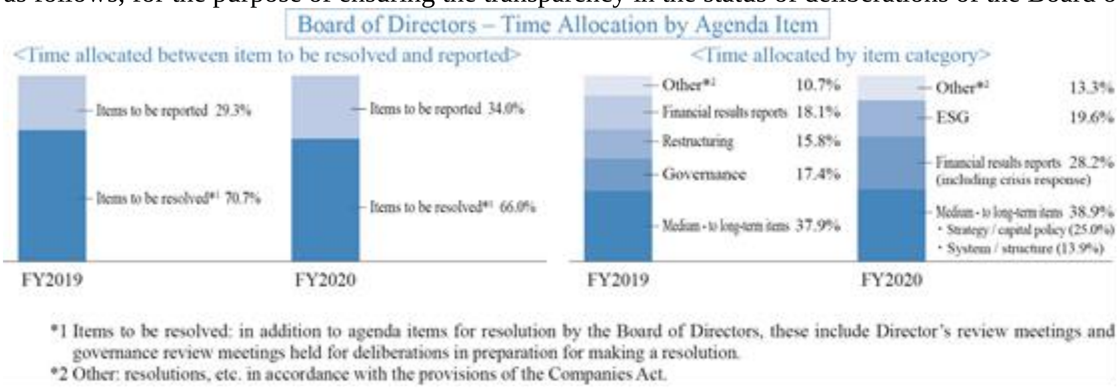
[Evaluation process]
The evaluation was carried out at a discussion attended by all Directors and Audit & Supervisory Board Members, after sharing written evaluations by the Directors and the Audit & Supervisory Board Members, as well as the results of analysis of the anonymous third-party survey. Through the discussions, participants reviewed and evaluated the performance of the Board of Directors during FY2020, in terms of the basic policies on the operation of the Board of Directors and the three action items outlined below, which were set forth by the Company's Board of Directors in the last evaluation of the effectiveness.

<Basic policies for FY2020>
1) Engage in monitoring and support to ensure the renewal and execution of timely and appropriate response to the management environment, and strategy for the future.
2) Engage in appropriate monitoring and more thorough discussion from a medium- to long-term perspective, to accomplish both the enhancement of return on capital and strengthening of management capital.

<Action items for FY2020>
i) Encourage accurate response to the impact of the spread of COVID-19, from both an urgent perspective, and a medium- to long-term perspective.
ii) Accelerate execution through appropriate deliberations and support, to renew strategies in line with the management environment.
iii) Monitor business expansion from the perspective of return on capital, and engage in discussions and support aimed at strengthening the management capital such as human resources, technology, and funds to achieve sustainable growth.

II. Results summary of the "Evaluation of Effectiveness of the Board of Directors" for FY2020
II-1. Results of operation of the Board of Directors
In FY2020, we steadily oversaw and supported emergency responses to address the spread of COVID-19. At the same time, we enhanced deliberations from a medium- to long-term perspective and endeavored to manage the Board of Directors in order to properly oversee and make decisions on important agenda items, such as the

formulation of the 20th Mid-term Management Plan, introduction of a business unit structure, and capital policy. Specifically, the Board of Directors took the initiative in deciding on priority themes from both an urgent perspective and a medium- to long-term perspective, and enhanced reporting and deliberation based on the annual schedule. At the same time, we have enhanced information sharing by adopting advance explanations and written reports, and strengthening support to Outside Directors and Outside Audit & Supervisory Board Members.
The allocation of time to agenda items at meetings of the Company’s Board of Directors in FY2020 is disclosed as follows, for the purpose of ensuring the transparency in the status of deliberations of the Board of Directors.



II-2 Summary
The following is a summary of the results of discussions among the members of the Board of Directors regarding written evaluations by the Directors and the Audit & Supervisory Board Members, as well as third-party evaluations.
- The Company’s Board of Directors reached the unanimous conclusion that the composition of the Board of Directors is appropriate, that the functions of the Board of Directors are being enhanced according to the business environment, and that the effectiveness of the Board of Directors is ensured and being continuously improved.
- In addition, as the Board of Directors amid an emergency (the COVID-19 pandemic), the executive side reported and deliberated on efforts for tackling the crisis and accelerating change in a timely and appropriate manner, and the Board of Directors was evaluated to have fulfilled its roles and functions of both decision-making and supervision.
- The Nomination Committee and Compensation Committee, which are chaired by an Outside Director, composed of a majority of Outside Directors and attended by an outside Audit & Supervisory Member, worked on enhancing the evaluation of the CEO and other executives and improving the deliberation on major themes such as the compensation design. Furthermore, the committees appropriately assessed and reviewed the organizational design and composition of the Board of Directors in line with the change made to the company structure, and were evaluated to be functioning effectively as advisory bodies to the Board of Directors.
- Meanwhile, there were remarks pointing out the importance of continuous efforts to improve corporate governance, such as inspecting the Board of Directors for an optimal composition suited to the business environment and management issues and evaluating the oversight and execution system based on the business unit structure.

<Action items for FY2020 i) and ii)>
- Regarding the impact of the spread of COVID-19, liquidity was ensured and crisis response was monitored as an emergency response measure while focusing on grasping the situation based on detailed data of each region.
- The Board of Directors, in addition to strengthening its oversight as an emergency response, furthered its discussions on the mid-term management plan, capital policy, company format, business plans, etc., and was evaluated positively that an effective plan and system that will serve as a foothold for transforming the Company to a digital services company was decided.
- Meanwhile, there were remarks pointing out that, in the years ahead, the most important issues will be the execution of the 20th Mid-term Management Plan and the Business Plan for FY2021 along with the achievement of their goals, and that it is necessary to further materialize the execution plan, management system, and operations in order to achieve both the realization of speedy management and appropriate monitoring and support by the Board of Directors.

<Action item for FY2020 iii)>
- The Board of Directors was evaluated to have had enhanced deliberations on various forms of capital (human

resources, technologies, intellectual properties, liquidity base, etc.) that compose the management base with a view to medium- to long-term growth, and reflected the results of deliberations in the 20th Mid-term Management Plan, while also deepening discussions on the capital policy, including shareholder returns, to set out a path for improving corporate value.
- Meanwhile, there were remarks pointing out that, in order to transform into a digital services company, it is necessary for the Board of Directors to continue to deepen medium- to long-term themes such as DX strategy, human resources, technologies and intellectual properties, growth investments, and ESG, which form the management foundations.
- There were also remarks pointing to the importance of vigorous ROIC-driven business and portfolio management, as well as finer-tuned follow-up of growth investments under the business unit structure, in order to improve return on capital while transforming the business structure.

III. Efforts to improve the effectiveness of the Board of Directors in FY2021
As stated in the above evaluation, we recognize that it is an important issue for us to continuously improve corporate value by developing measures for the 20th Mid-term Management Plan and accomplishing the Business Plan for FY2021. Therefore, the Board of Directors of the Company will operate based on the following <Basic Policy> and will work to improve its effectiveness centering on the three specifics <Action Items>.

<Basic policies for FY2021>
1) Steadily implement the 20th Mid-term Management Plan and monitor and support the accomplishment of the Business Plan for FY2021
2) Enhance discussions on the management base and strategies to accelerate sustained growth after an emergency (the COVID-19 pandemic)

<Action items for FY2021>
i) In order to increase the certainty of accomplishing the Business Plan for FY2021, monitor business performance (including non-financial targets) and progress of development of measures, and encourage appropriate response
ii) Enhance supervision and deliberation to realize the medium- to long-term goals of transforming the business structure and improving return on capital, and optimize resource allocation, systems, and business operation
iii) Deepen discussions on the management base such as human capital, technological capital, intellectual capital, growth strategy and DX strategy, etc. in view of a new business environment (after the spread of COVID-19 is brought under control)

(VI) **System to secure appropriateness of operations**
Resolutions adopted by the Board of Directors for systems to secure the appropriateness of the Company's operations are as follows. The resolutions will be reviewed regularly on an ongoing basis in response to changes in the business environment.

Internal Control System Basic Policy
The RICOH Way, which comprises our founding principles ("Sanai spirit" - love your neighbor, love your country, love your work), Mission Statement, Vision Statement, and Values Statement, is the foundation of the Ricoh Group's management policy, strategy, and internal control system.
Inspired by the values incorporated in The RICOH Way, we are working to establish and implement an internal control system aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance.

(1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties
Based on the principle of autonomous corporate governance, the Company promotes a corporate culture that values both a sense of duty to meet the various expectations of stakeholders and high ethics suited to good social conscience.
1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties
(i) Management transparency and fairness of decision-making are strengthened by the presence of Outside Directors. In addition, the Board of Directors is composed of a majority of Non-executive directors to

strengthen functions of overseeing from different perspectives.
(ii) The Board of Directors is positioned as the highest decision-making organization for business management and is chaired by a Non-executive director, who leads the Board from a neutral position, in order to facilitate in-depth discussions for important matters to reach robust decisions.
(iii) As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee", which is chaired by a Non-executive Director and the "Compensation Committee", which is chaired by an Outside Director have been established. In each committee, more than half of the members are Non-executive directors and half or more of them are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc. is secured.
(iv) Policies regarding disclosure has been established to assure the accuracy, timeliness and comprehensiveness of disclosure of corporate information and the "Disclosure Committee", which is chaired by a CFO who is responsible for information disclosure, is established to verify and decide the importance of disclosure of information, necessity of disclosure and validity of the content.

2) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of employees' duties
(i) In order to thoroughly implement the "Ricoh Group Code of Conduct" which articulates the general rules of conduct for Ricoh Group and its officers and employees, the Specialty Committee and a reporting line to report incidents and seek advice have been established. Also, various training programs are set up to enhance compliance domestically and overseas. The Company prohibits unfavorable treatments of anyone who made the report to the reporting line due to such reporting.
(ii) Efforts are being made to improve business processes and construct a framework for standardized internal control throughout the entire Group, with the goal of "complying with laws, norms and internal rules", "improvement of business effectiveness and efficiency", "maintaining high reliability of financial reporting", and "securing of assets", including compliance to the Financial Instruments and Exchange Law and other relevant laws and regulations.
(iii) The Company shall establish a department (Risk Management and Legal Center) specializing in enhancing and promoting the functions of the above on an integrated basis.
(iv) To ensure appropriate internal auditing, a division of internal management and control shall be established. It examine and evaluate business operations based on legal compliance and rational criteria, and perform audit for improvement.
(v) To establish and improve an internal control system of the Ricoh Group, the Company shall institute an "Internal Control Committee," which is expected to convene regularly to evaluate, deliberate and decide on development and improvement of internal control.

(2) Systems related to the retention and management of information related to the implementation of Directors' duties
Records and proposals related to decisions by Directors in the course of their duties are created, retained and managed in compliance with applicable laws, regulations and internal rules. Documents are kept so that they can be retrieved and reviewed when a request from Directors and Audit & Supervisory Board Members is made.

(3) Regulations and other systems regarding risk management for losses
(i) The occurrence of losses shall be proactively prevented based on risk management regulations.
(ii) Should losses nevertheless arise, efforts shall be made to minimize damage (loss) based on standards for initial reaction.
(iii) In order to respond to diversifying sources of uncertainty both inside and outside the Ricoh Group, the "Risk Management Committee" assesses critical risks and evaluates responses, and devises risk management measures. In addition, a risk management promotion division will be established to expand risk management activities globally.

(4) System to ensure the efficient implementation of Directors' duties
(i) The executive officer system, its division of duties clarified, speeds up the decision-making process through the delegation of authority to each business division.
(ii) The GMC is a decision-making organization chaired by the Representative Director and President, delegated by the Board of Directors, and composed of executive officers who meet specific criteria. The GMC operates so as to accelerate deliberation and decision-making from the perspective of the optimum management

of the entire Ricoh Group, concerning the most appropriate strategies for direction of each business division and the entire Ricoh Group, within the powers granted to it.
(iii) The "Board of Directors office" realizes robust decision-making and management oversight with high transparency by supporting the Board of Directors.

(5) Systems to ensure correct business standards at Ricoh and its subsidiaries
The Ricoh Group shall devise a system that ensures adherence to correct business standards to improve business performance and enhance the prosperity of the Ricoh Group, while respecting each other's independence, as follows:
(i) The Company's Board of Directors and the GMC make decisions and perform management oversight for the Ricoh Group as a whole.
(ii) The Company establishes its management regulations concerning each Ricoh Group company, and prescribes a system for reporting matters regarding the performance of duties of the Directors of each Ricoh Group company, and the Directors' authority for conducting such duties efficiently.
(iii) Each Ricoh Group company conducts risk management for losses relating to the company. Should any incident arise, the company should strive to minimize damage and recover quickly, and promptly report to the Company.
(iv) To ensure that the duties of Ricoh Group's Directors and employees are performed in compliance with laws and regulations and Articles of Incorporation, we formulate a set of common rules which shall be followed as the Ricoh Group's common standards, the "Ricoh Group Standard," and promote compliance across the Ricoh Group.

(6) Systems established to ensure the effective performance of duties by Audit & Supervisory Board Members

1) Matters regarding measures to secure independence of employees whom Audit & Supervisory Board Members request to assist them in the performance of their duties from Directors and efficacy of instructions given to such employees

(i) The Company shall establish an Audit & Supervisory Board office, where exclusively assigned employees assist Audit & Supervisory Board Members in performing their duties under their command.
(ii) Personnel evaluations regarding said employees shall be made by full-time Audit & Supervisory Board Members. Furthermore, personnel changes regarding said employees shall be made only after gaining agreement of full-time Audit & Supervisory Board Members.

2) Systems for Directors and employees of the Ricoh Group to report to Audit & Supervisory Board Members and other systems related to the reporting to Audit & Supervisory Board Members

(i) Directors or employees shall promptly report to Audit & Supervisory Board Members concerning material violations of laws and the Articles of Incorporation at the Ricoh Group, as well as matters concerning wrongful acts or the possibility of significant damage to the Ricoh Group at the time of their discovery.
(ii) Directors and employees shall cooperate when they are requested to report matters concerning operations required for auditing by Audit & Supervisory Board Members.
(iii) Directors shall provide Audit & Supervisory Board Members with minutes and materials of important meetings, as well as important resolution documents for their review.
(iv) The Company prohibits unfavorable treatments of any Directors or employees of the Ricoh Group, who made the report to Audit & Supervisory Board Members due to such reporting.

3) Other systems established to ensure effective performance of duties by Audit & Supervisory Board Members

Directors and employees of the Ricoh Group shall cooperate in facilitating the performance of the following items by Audit & Supervisory Board Members.

(i) Audit & Supervisory Board Members attend important meetings such as the GMC and regularly exchange opinions with Representative Directors.
(ii) Establish a cooperation system for effective auditing of the Company and each Ricoh Group company by Audit & Supervisory Board Members at the time of such audit.
(iii) Create an environment that enables Audit & Supervisory Board Members to conduct effective auditing through mutual cooperation with the Independent Auditor and the division of internal management and control.
(iv) The Company shall pay expenses incurred from the performance of duties of Audit & Supervisory

Board Members.

(VII) **Approach to Election of Audit & Supervisory Board Members**

Election Criteria for Audit & Supervisory Board Members

Candidates for Audit & Supervisory Board Member are selected for their appropriateness as personnel able to contribute, through the performance of duties as an Audit & Supervisory Board Member, to sound and sustained growth of the Company and the medium- to long-term enhancement of its corporate value, taking into consideration the balance of knowledge, experience and specialized abilities required of the Audit & Supervisory Board.

The following criteria (requirement definitions) have been established by the Audit & Supervisory Board in order to select candidates for Audit & Supervisory Board Member based on objective assessment of their suitability.

[Audit ability]

1. Appropriate experience, ability, and the necessary knowledge regarding finance, accounting and law
2. Professional skepticism and the ability to investigate facts properly, with an earnest attitude, and exercise objective judgement
3. Sense of duty and courage founded on personal beliefs, and the ability to make active and forthright suggestions and proposals to Directors and employees
4. The ability to see matters from a shareholders' perspective, act on this perspective, and engage in audits based on an attitude of learning from actual front lines, actual things and actual facts

[Knowledge background and temperament]

1. Healthy in mind and body, and able to serve for a full four-year tenure as Audit & Supervisory Board Member
2. Always aspires to improve him/herself, with a desire to learn new things
3. Able to manage local staff and communicate in English

Election Criteria for Outside Audit & Supervisory Board Members

In addition to the criteria above, Outside Audit & Supervisory Board Members are elected based on their high degree of specialist insight in the fields of corporate management, finance, accounting and law, and their extensive experience. The absence of any issues of independence regarding their relationships with the Company, its Representative Director, other Directors and important employees, with reference to the Company's Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members, is an additional criterion.

Diversity

When considering diversity in the appointment of Audit & Supervisory Board Members, no distinction is made on the basis of race, ethnicity, gender, nationality or similar attributes, and candidates are selected based on their character and knowledge, thus ensuring diversity in such attributes.

(VIII) **Election Process for Audit & Supervisory Board Members**

"Recommendation of candidates" and "nomination of candidates" for Audit & Supervisory Board Member is conducted primarily by the Audit & Supervisory Board, in accordance with the process shown below, with an emphasis on ensuring the independence of Audit & Supervisory Board Members.

The Audit & Supervisory Board recommends candidates based on the election criteria for Audit & Supervisory Board Members and after consultation with the CEO. These candidates are nominated and proposed after confirmation by the Nomination Committee.

The Board of Directors respects the judgment of the Audit & Supervisory Board in resolving the nomination of candidates for Audit & Supervisory Board Member.

(IX) **Related Party Transactions**

If the Company engages in transactions with Directors, the internal rules require a resolution of approval in advance by the Board of Directors. In addition, to supervise conflict-of-interest transactions by executives, all Directors are required to submit a yearly report to the Audit & Supervisory Board Members regarding any transactions conflicting with the Company.

(X) **Number of Directors**
The number of directors is limited to 15 as set out in the Company's Articles of Incorporation.

(XI) **Conditions for Resolution on Appointments of Directors**
The Company's Articles of Incorporation stipulate that a resolution to appoint a director or corporate auditor must be made by the majority vote of attending shareholders holding at least one-third of the voting rights of shareholders who are eligible to exercise voting rights.

(XII) **Acquisition of treasury stock**
Pursuant to the provisions of Article 165, Paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that the Company may acquire treasury stock by resolution of the Board of Directors. The aim is to allow management to swiftly exercise capital policies as deemed appropriate in response to changes in the operating environment by allowing the Company to acquire treasury stock through market transactions, etc.

(XIII) **Requirements for Special Resolution by an Ordinary General Shareholders' Meeting**
Pursuant to Article 309, Paragraph 2 of the Corporation Law of Japan, the Company's Articles of Incorporation stipulate that special resolutions by an ordinary general shareholders' meeting must be passed by at least a two-thirds majority vote of attending shareholders holding at least one-third of the voting rights of shareholders eligible to exercise voting rights. The aim is to lower the required quorum for a special resolution of an ordinary general shareholders' meeting to facilitate the smooth operations of the meeting.

(XIV) **Determination of Interim Dividends**
Under the provisions of the Company’s Articles of Incorporation, pursuant to Article 454, Paragraph 1 of the Japanese Corporate Law, the Company may through the resolution of the Board of Directors pay an interim dividend with the record date of September 30 each year to allow an expeditious distribution of profits to shareholders.

(XV) **Outline of liability limitation contracts**
Pursuant to Paragraph 1, Article 427 of the Company Law, the Company has entered into liability limitation agreements with the Outside Directors and Outside Auditors that limit their liability for damages when they have acted in good faith and they have committed no material negligence in executing their duties, based on Paragraph 1, Article 425 of the Company Law. Under these agreements, Outside Directors are subject to the higher of either ¥10 million or the minimum limited amount as specified under Paragraph 1, Article 425 of the Company Law. Outside Audit & Supervisory Board Members are subject to the higher of either ¥5 million or the minimum limited amount set forth under Paragraph 1, Article 425 of the Company Law.

(XVI) **Outline of directors and officers liability insurance contracts**
The Company has entered into a directors and officers liability insurance contract pursuant to Article 430-3, Paragraph 1 of the Companies Act with an insurance company, to insure officers of the Ricoh Group (Directors, Audit & Supervisory Board Members, Executive Officers, etc.), with all insurance premiums at its expense. The insurance contract covers damages and litigation expenses arising from claims made to insured officers during the insurance period as a result of their actions in their capacity as an officer. However, certain damages are not covered by the insurance, including those arising from an action of the insured officer taken with the knowledge that it violates laws and regulations.
The Company intends to renew the insurance contract on August 1, 2021, during the candidate’s term of office.

(2) Directors and senior management

1) Directors and senior management members

Directors and Audit & Supervisory Board Members of the Company as of June 25, 2021 are as follows:

Men: 14 persons, Women: 1 person (Ratio of women in the Directors and Audit & Supervisory Board Members: 6.7%)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Yoshinori Yamashita (August 22, 1957)	Representative Director Nomination Committee Member Compensation Committee Member CEO	Mar. 1980	Joined the Company
		Feb.1995	Managing Director of Ricoh UK Products Ltd.
		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer
		Apr. 2011	Corporate Senior Vice President General Manager of Corporate Planning Division
		June. 2012	Director Corporate Executive Vice President
		Apr. 2014	General Manager of Business Solutions Group
		Apr. 2015	In charge of core business
		June. 2016	Deputy President
		Apr. 2017	Representative Director (Current) President (Current) CEO (Chief Executive Officer) (Current)
		Apr. 2020	CHRO (Chief Human Resource Officer) (Current)
Nobuo Inaba (November 11, 1950)	Director Chairperson of the Board Nomination Committee Member Compensation Committee Member	Apr. 1974	Joined the Bank of Japan
		May. 1992	Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan
		May. 1994	Director, Head of Planning Division Policy Planning Office of the Bank of Japan
		May. 1996	Deputy Director-General, Policy Planning Office of the Bank of Japan
		Apr. 1998	Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan
		Apr. 2000	Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan
		June. 2001	Director-General, Information System Services Department of the Bank of Japan

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2002	Director-General, Bank Examination and Surveillance Department of the Bank of Japan
		May. 2004	Executive Director of the Bank of Japan
		May. 2008	Joined the Company
		May. 2008	Executive Advisor
		Apr. 2010	President of Ricoh Institute of Sustainability and Business
		June. 2010	Director (Current) Corporate Executive Vice President
		June. 2012	CIO (Chief Information Officer)
		Sept. 2015	In charge of corporate governance promotion
		Apr. 2017	Chairperson of the Board (Current)
Hidetaka Matsuishi (February 22, 1957)	Director CFO General Manager of Business Planning Department	Apr. 1981	Joined the Company
		Oct. 2000	General Manager of SCM Innovation Center, Marketing Group
		Jan. 2003	President of Nishi Tokyo Ricoh Co., Ltd.
		Apr. 2005	President of Ricoh Tohoku Co., Ltd.
		Apr. 2007	General Manager of Business Strategic Planning Office and General Manager of Business Partner Division, Marketing Group
		Apr. 2008	General Manager of Business Strategy Center, Marketing Group
		Apr. 2009	General Manager of Major Accounts Marketing Division, Marketing Group
		July. 2009	Representative Director and President of Ricoh IT Solutions Co., Ltd.
		Apr. 2014	Group Executive Officer (Corporate Senior Vice President) Representative Director, President and CEO of RICOH LEASING COMPANY, LTD.
		June. 2016	Corporate Senior Vice President General Manager of Japan Marketing Group Representative Director, President and CEO of Ricoh Japan Corporation
		Apr. 2018	Corporate Executive Vice President CFO (Chief Financial Officer) (Current) General Manager of Corporate Planning Division
		June. 2018	Director (Current)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2021	Executive Corporate Officer (Current) General Manager of Business Planning Department (Current)
Seiji Sakata (September 12, 1958)	Director CTO General Manager of Advanced Technology R&D Center	Apr. 1981	Joined the Company
		Apr. 2006	General Manager of 1st Designing Center, MFP Business Group
		Apr. 2007	General Manager of Designing Center and General Manager of Peripheral Products Business Center, MFP Business Group
		Apr. 2008	Deputy General Manager of MFP Business Group
		Apr. 2009	General Manager of Controller Development Division and Deputy General Manager of MFP Business Group
		Apr. 2010	Corporate Vice President
		Apr. 2011	General Manager of Human Resources Division
		Apr. 2012	Corporate Senior Vice President
		Apr. 2014	General Manager of Japan Management Division
		Feb. 2015	General Manager of Japan Management Division and General Manager of Imaging Systems Development Division
		Apr. 2017	General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group
		Apr. 2018	Corporate Executive Vice President General Manager of Office Printing Business Group
		June. 2018	Director (Current)
		Apr. 2019	CTO (Chief Technology Officer) (Current)
		Apr. 2021	Executive Corporate Officer (Current) General Manager of Advanced Technology R&D Division (Current)
Akira Oyama (January 6, 1961)	Director President of Ricoh Digital Services Business Unit	July 1986	Joined the Company
		Apr. 2011	President of Ricoh Europe Plc
		Aug. 2012	Group Executive Officer General Manager of Europe Marketing Group Chairperson of Ricoh Europe B.V.
		Apr. 2014	Corporate Senior Vice President General Manager of Corporate Division

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2015	President of Ricoh Americas Holdings, Inc
		June 2015	Director
		June 2016	Corporate Executive Vice President
		Apr. 2017	CFO (Chief Financial Officer)
		Apr. 2018	General Manager of Sales and Marketing Group
		Apr. 2019	CMO (Chief Marketing Officer)
		Apr. 2020	General Manager of Workplace Solutions Business Group
		Apr. 2021	Executive Corporate Officer (Current)
			President of Ricoh Digital Services Business Unit (Current)
		June.2021	Director (Current)
Masami Iijima (September 23, 1950)	Outside Director Chairperson of the Nomination Committee Compensation Committee Member	Apr. 1974	Joined MITSUI & CO., LTD.
		June. 2000	General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD.
		Apr. 2004	General Manager of Metals Administrative Division of MITSUI & CO., LTD.
		Apr. 2005	General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD.
		Apr. 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit of MITSUI & CO., LTD.
		Apr. 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD.
		Apr. 2008	Executive Managing Officer of MITSUI & CO., LTD.
		June. 2008	Representative Director, Executive Managing Officer of MITSUI & CO., LTD.
		Oct. 2008	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
		Apr. 2009	Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.
		Apr. 2015	Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD.
		June. 2016	Outside Director (Current)
		June. 2018	Outside Director of SoftBank Group Corp. (Current)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2019	Counsellor of the Bank of Japan (Current)
			Outside Director of Isetan Mitsukoshi Holdings Ltd. (Current)
		Apr. 2021	Director, MITSUI & CO.,LTD
		June 2021	Advisor, MITSUI & CO.,LTD (Current)
Mutsuko Hatano (October 1, 1960)	Outside Director Nomination Committee Member Chairperson of Compensation Committee	Apr. 1983	Joined Hitachi, Ltd.
		Sept. 1997	Visiting Researcher at the University of California, Berkeley (until August 2000)
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd
		July. 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, National University Corporation Tokyo Institute of Technology (Current)
		Oct. 2014	Council Member of Science Council of Japan (Current)
		June. 2016	Outside Director (Current)
Kazuhiro Mori (October 7, 1946)	Outside Director Nomination Committee Member Compensation Committee Member	Apr. 1969	Joined Hitachi, Ltd.
		Feb. 1999	General Manager of Chubu Area Operation, Hitachi, Ltd.
		June. 2003	Executive Officer, Hitachi, Ltd.
		Apr. 2004	Vice President and Executive Officer, General Manager of Industrial System Group & CEO, Hitachi, Ltd.
		Aug. 2005	Vice President and Executive Officer of Hitachi, Ltd.
			President and Director of Hitachi Displays, Ltd. (Current Japan Display Inc.)
		Apr. 2006	Senior Vice President and Executive Officer of Hitachi, Ltd.
		Jan. 2007	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. (until March 2012)
		June. 2007	Outside Director of Hitachi Capital Corporation (Current Mitsubishi HC Capital Inc.)
		June. 2010	Chairperson of the Board, Outside Director of Hitachi Capital Corporation
			Outside Director of Hitachi Medical Corporation (Current Hitachi Healthcare Manufacturing, Ltd.)
		Apr. 2011	Director, Hitachi Maxell, Ltd. (Current Maxell Holdings, Ltd.)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2012	Executive Vice President and Executive Officer of Hitachi, Ltd.
		June. 2013	Chairperson of the Board, Outside Director of Hitachi HighTechnologies Corporation (Current Hitachi High-Tech Corporation)
			Outside Director of Hitachi Transport System, Ltd.
		June. 2014	Outside Director of Isuzu Motors Limited
		June. 2018	Outside Director (Current)
		Dec. 2018	Trustee of Toyo University (Current)
Keisuke Yokoo (November 26, 1951)	Outside Director Nomination Committee Member Compensation Committee Member	Apr. 1974	Joined The Industrial Bank of Japan, Ltd. (Current Mizuho Bank, Ltd.)
		Apr. 2000	General Manager of Nagoya Branch of The Industrial Bank of Japan, Ltd.
		June. 2001	Managing Director, Head of Planning Group of Mizuho Securities Co., Ltd.
		Apr. 2007	President of Mizuho Securities Co., Ltd. (Shinko Securities Co., Ltd. and Mizuho Securities Co., Ltd. merged in May 2009 to form Mizuho Securities Co., Ltd.)
		June. 2011	Chairperson of Mizuho Securities Co., Ltd.
		June. 2012	Advisor of Mizuho Securities Co., Ltd.
		Apr. 2015	Vice Chairperson & President of Japan Association of Corporate Executives (KEIZAI DOYUKAI)
		Oct. 2016	Outside Director of The Dai-ichi Life Insurance Company, Limited (Current)
		June. 2017	Outside Director of Nippon Suisan Kaisha, Ltd.
		May. 2019	Chairperson of Sonar Advisers Inc. (Current)
		Dec. 2019	President, Member of the Board & Chief Executive Officer of Japan Investment Corporation (Current)
		May. 2020	Outside Director of Takashimaya Company, Limited (Current)
		June. 2020	Outside Director (Current)
Sadafumi Tani (September 15, 1954)	Outside Director Compensation Committee Member	Apr. 1977	Joined Jiji Press, Ltd.
		Apr. 1988	Staff Correspondent of Washington D.C. Bureau of Jiji Press, Ltd.
		Dec. 2001	Editor in Chief of Economic News of Jiji Press, Ltd.
		June 2004	Director of Kobe Bureau of Jiji Press, Ltd.
		June 2006	Managing Editor of Jiji Press, Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June 2009	Director of General Administration Division of Jiji Press, Ltd.
		Jan. 2010	General Manager of President's Office of Jiji Press, Ltd.
		June 2010	Director of Jiji Press, Ltd.
		July 2010	Director and Managing Editor of Jiji Press, Ltd.
		June 2013	Executive Director of Jiji Press, Ltd.
		Mar. 2016	Director / Editor in Chief of Nippon.Com
		May 2016	Audit & Supervisory Board Member of Quants Research Inc.
		June 2016	Executive Director/Editor in Chief of Nippon.com
		June 2021	Outside Director(Current)
Kazuhiro Tsuji (January 25, 1961)	Audit & Supervisory Board Member	Mar. 1984	Joined the Company
		Mar. 2010	General Manager of Human Capital Development Department, Human Resources Division
		Apr. 2011	General Manager of Shared Services Center, Human Resources Division
		July 2011	Deputy General Manager of General Administration Center
		Apr. 2013	General Manager of Secretarial Office
		Apr. 2018	General Manager of Human Resources Division
		Apr. 2019	Corporate Vice President
		June. 2020	Audit & Supervisory Board Member (Current)
Shinji Sato (May 2, 1960)	Audit & Supervisory Board Member	Apr. 1983	Joined MITSUI & CO., LTD.
		May 2010	President and Representative Director of Mitsui & Co. Financial Management, Ltd.
		Apr. 2012	Chief Financial Officer of Asia Pacific Business Unit of MITSUI & CO., LTD. Senior Vice President of Mitsui & Co. (Asia Pacific) Pte. Ltd.
		Apr. 2015	Internal Auditor of Internal Auditing Division of MITSUI & CO., LTD.
		Dec. 2017	Joined the Company Adviser
		Apr. 2018	Corporate Vice President in charge of finance General Manager of Finance and Legal Division President of Ricoh Americas Holdings, Inc.
		June 2019	Director of RICOH LEASING COMPANY, LTD.
		Apr. 2020	General Manager of Finance Division

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2021	General Manager of Financial and Accounting Center
		June 2021	Audit & Supervisory Board Member (Current)
Yo Ota (October 3, 1967)	Outside Audit & Supervisory Board Member	Apr. 2001	A member of staff of Civil Affairs Bureau of The Ministry of Justice (Japanese Commercial Code Group of Counsellor's Office)
		Jan. 2003	Partner of Nishimura & Asahi (Current)
		June. 2005	Outside Auditor of Culture Convenience Club Co., Ltd.
		June. 2005	Outside Director of Denki Kogyo Co., Ltd. (Current)
		May. 2012	Director of the Japan Association of Corporate Directors (Current)
		Apr. 2013	Professor of Graduate Schools for Law and Politics of the University of Tokyo
		June. 2013	Councilor of LOTTE Foundation (Current)
		July. 2014	Vice Chairman of Corporate Governance Committee of the Japan Association of Corporate Directors (Current)
		June. 2016	Outside Director of Nippon Kayaku Co., Ltd. (Current)
		June. 2017	Outside Audit & Supervisory Board Member (Current)
Shoji Kobayashi (December 29, 1953)	Outside Audit & Supervisory Board Member	Apr. 1979	Joined Kao Soap Co., Ltd (Current Kao Corporation)
		Feb. 1998	Director of Chemical Research Laboratories of Kao Corporation
		Sep. 2002	General Manager of Industrial Materials Business Division of Kao Corporation
		June. 2006	Vice President & Executive Officer, Chemical Business Unit of Kao Corporation Business Division of Kao Corporation
		June. 2010	President & Executive Officer of Chemical Business Unit of Kao Corporation
		Mar. 2013	Full-time Audit & Supervisory Board Member of Kao Corporation (until March 2017)
		June. 2017	Member of Contract Monitoring Committee, National Institute of Technology and Evaluation (NITE)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Jan. 2018	Advisor of SAIWAI TRADING CO., LTD.
		June. 2019	Director in charge of Control Group (Part-time) of SAIWAI TRADING CO., LTD. (Current)
		June. 2020	Outside Audit & Supervisory Board Member (Current)
		June. 2021	Chairman of Contract Monitoring Committee, National Institute of Technology and Evaluation (Current)
Yasunobu Furukawa (October 11, 1953)	Outside Audit & Supervisory Board Member	Apr. 1976	Joined Tetsuzo Ota & Co. (Current Ernst & YoungShinNihon LLC)
		Sep. 1980	Registered as a certified public accountant (Current)
		May. 1999	Representative Partner of Ernst & Young ShinNihon LLC
		Aug. 2008	Executive Partner of Ernst & Young ShinNihon LLC
		Aug. 2010	Senior Executive Partner of Ernst & Young ShinNihon LLC
		Aug. 2012	Senior Advisor of Ernst & Young ShinNihon LLC
		June. 2014	Outside Director of Keisei Electric Railway Co., Ltd. (Current)
		June. 2015	Outside Audit & Supervisory Board Member of Saitama Resona Bank, Limited
		June. 2015	Outside Director of NSK Ltd.
		June. 2019	Outside Director (Audit & Supervisory Committee Member) of Saitama Resona Bank, Limited (Current)
		June. 2020	Outside Audit & Supervisory Board Member (Current)

Directors and Audit & Supervisory Board Members are elected at a general meeting of shareholders for one year and four years terms, respectively, and may serve any number of consecutive terms. The Board of Directors appoints from among its members a Chairman and one or more Representative Directors in accordance with the Corporation Law of Japan.

The following table shows the number of shares of common stock owned by each Director and Audit & Supervisory Board Member of the Company as of March 31, 2021. None of the Company's Directors or Audit & Supervisory Board Members is a beneficial owner of more than 1% of the Company's common stock.

Name	Position	Number of Shares
Yoshinori Yamashita	Representative Director	48,000
Nobuo Inaba	Chairman of the Board and Director	21,000
Hidetaka Matsuishi	Director	13,500
Seiji Sakata	Director	17,800
Akira Oyama	Director	22,400
Masami Iijima	Outside Director	11,400
Mutsuko Hatano	Outside Director	5,700
Kazuhiro Mori	Outside Director	10,100
Keisuke Yokoo	Outside Director	1,000
Sadafumi Tani	Outside Director	-
Kazuhiro Tsuji	Audit & Supervisory Board Member	4,500
Shinji Sato	Audit & Supervisory Board Member	3,300
Yo Ota	Outside Audit & Supervisory Board Member	-
Shoji Kobayashi	Outside Audit & Supervisory Board Member	-
Yasunobu Furukawa	Outside Audit & Supervisory Board Member	-
Total		158,700

The Company maintains an executive officer system under which there are 16 officers each with one of the following roles:

- Executive officers: Oversee operations under the authority granted from the president and report to the president.

- Group executive officers: Assist the president with the management of Ricoh.

Executive Officers of the Company as of June 25, 2021 are as follows:

Name	Current Position (Function)	Current Position (Business Area)
Yoshinori Yamashita	President	CEO (Chief Executive Officer) General Manager of Trade & Export/Import Control
Akira Oyama	Executive Corporate Officer	President of Ricoh Digital Services BU
Hidetaka Matsuishi	Executive Corporate Officer	CFO (Chief Financial Officer) General Manager of Corporate Planning Division
Seiji Sakata	Executive Corporate Officer	CTO (Chief Technology Officer) General Manager of Advanced Technology R&D Division
Katsunori Nakata	Senior Corporate Officer	President of Ricoh Digital Products BU
Shigeo Kato	Senior Corporate Officer	President of Ricoh Graphic Communications BU
David Mills	Senior Corporate Officer	General Manager of EMEA Management Division, Ricoh Digital Services BUCEO of Ricoh Europe PLC Chairperson of Ricoh Nederland B.V.
Tomohiro Sakanushi	Senior Corporate Officer	General Manager of Japan Management Division, Ricoh Digital Services BU t President of Ricoh Japan Corporation
Toyohito Tanaka	Senior Corporate Officer	CDIO(Chief Digital Innovation Officer) General Manager of Digital Strategy Division General Manager of Comprehensive China Strategy Division
Mayuko Seto	Senior Corporate Officer	CHRO(Chief Human Resource Officer) General Manager of Human Resources Division General Manager of Talent Development Department, Human Resources Division
Yasutomo Mori	Corporate Officer	President of Ricoh Industrial Solutions BU President of Ricoh Elemex Corporation
Takahiro Irisa	Corporate Officer	President of Ricoh Futures BU
Carsten Bruhn	Corporate Officer	General Manager of North America Management Division, Ricoh Digital Services BUPresident of Ricoh USA, Inc.

Name	Current Position (Function)	Current Position (Business Area)
Joji Tokunaga	Corporate Officer	General Manager of Asia Pacific & Latin America Management Division,Ricoh Digital Services BUPresident of Ricoh Asia Pacific Pte,Ltd. Chairperson of Ricoh Australia Pty,Ltd. Chairperson of Ricoh Hong Kong Ltd. Chairperson of Ricoh(Thailand)Ltd.
Mikako Suzuki	Corporate Officer	General Manager of ESG Strategy Division
Kazuo Nishinomiya	Corporate Officer	General Manager of Professional service Division

2) Outside Directors and Outside Audit & Supervisory Board Members
The Company has appointed five Outside Directors and three Outside Audit & Supervisory Board Members.

The relationship with Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Masami Iijima	Number of the Company's shares held is 11,400 as of March 31, 2021. Mr. Masami Iijima is a Director of MITSUI & CO., LTD. The Company has business relations with MITSUI & CO., LTD. such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and MITSUI & CO., LTD., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. In addition, Mr. Masami Iijima is an Outside Director of SoftBank Group Corp. and Isetan Mitsukoshi Holdings Ltd. The Company has business relations with each of these companies, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Masami Iijima to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Mutsuko Hatano	Number of the Company’s shares held is 5,700 as of March 31, 2021. Ms. Mutsuko Hatano is a professor at National University Corporation Tokyo Institute of Technology. The Company had entered into a consignment contract with Ms. Mutsuko Hatano from April 1, 2016 to June 16, 2016 and had paid ¥1.5 million to her as commission. The purpose of this agreement was to have Ms. Mutsuko Hatano attend the Group Technology Management Meetings to provide advice and recommendations from an outsider’s point of view on the management of technology at the Company. However, because this agreement was terminated before her appointment as the Company’s Outside Director and the Company’s Standards for Independence of Outside Directors and Outside Audit & Supervisory Board Members do not apply, it has been deemed that this agreement will have no impact on the independence of the Outside Director. The Company has business relations with National University Corporation Tokyo Institute of Technology, mainly regarding research and development consignment, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and the annual operating revenue of the university, which is considered extremely insignificant. The Company has executed a contract with Ms. Mutsuko Hatano to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Kazuhiro Mori	Number of the Company’s shares held is 10,100 as of March 31, 2021. Mr. Kazuhiro Mori was an Outside Director of Isuzu Motors Limited until June 2018. The Company has business relations with Isuzu Motors Limited, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Isuzu Motors Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. In addition, the Company has business relations with Hitachi, Ltd., Maxell Holdings, Ltd., Hitachi High-Tech Corporation, and Hitachi Transport System, Ltd., where Mr. Kazuhiro Mori had belonged to in the past 10 years, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. Moreover, he is a Trustee of Toyo University. The Company has business relations with Toyo University, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and annual operating revenue of Toyo University, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Kazuhiro Mori to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Keisuke Yokoo	Number of the Company's shares held is 1,000 as of March 31, 2021. Mr. Keisuke Yokoo currently serves as an Outside Director of The Dai-ichi Life Insurance Company, Limited and Takashimaya Company, Limited. The Company has business relations with each of these companies, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. In addition, the Company has business relations with Mizuho Securities Co., Ltd. and Nippon Suisan Kaisha, Ltd., where Mr. Keisuke Yokoo had belonged to in the past 10 years, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Keisuke Yokoo to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Sadafumi Tani	Mr. Sadafumi Tani is Executive Director/Editor in Chief of Nippon.com. The Company has business relations with Jiji Press Ltd. and Quants Research Inc., where Mr. Sadafumi Tani had belonged to in the past 10 years, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Director. The Company has executed a contract with Mr. Sadafumi Tani to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Outside Audit & Supervisory Board Members

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Yo Ota	Mr. Yo Ota is an attorney-at-law and Partner at Nishimura & Asahi. Nishimura & Asahi is one of the law firms that the Company requests the handling of legal affairs on a case-by-case basis. Although the Company has transactions involving consignment of legal affairs, etc., with other attorneys-at-law at Nishimura & Asahi, the relevant transactional amount for the fiscal year under review accounts for less than 1% of the consolidated net sales of the Company and the annual transaction amount of Nishimura & Asahi, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. Furthermore, Mr. Yo Ota has never been involved in legal consultation for the Ricoh Group. In addition, Mr. Yo Ota serves as an Outside Director of Denki Kogyo Co., Ltd. and Nippon Kayaku Co., Ltd. The Company has business relations with each of these companies, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and each of these companies, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. The Company has executed a contract with Mr. Yo Ota to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Shoji Kobayashi	Mr. Shoji Kobayashi was a full-time Audit & Supervisory Board Member of Kao Corporation until March 2017. The Company has business relations with Kao Corporation, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Kao Corporation, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. In addition, Mr. Shoji Kobayashi serves as a Director (Part-time) of SAIWAI TRADING CO., LTD. The Company has business relations with SAIWAI TRADING CO., LTD., such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SAIWAI TRADING CO., LTD., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. The Company has executed a contract with Mr. Shoji Kobayashi to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Yasunobu Furukawa	Mr. Yasunobu Furukawa was a Senior Advisor of Ernst & Young ShinNihon LLC until June 2014. The Company has business relations with Ernst & Young ShinNihon LLC, such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Ernst & Young ShinNihon LLC, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. Mr. Yasunobu Furukawa currently serves as External Director of Keisei Electric Railway Co., Ltd. The Company has business relations with Keisei Electric Railway Co., Ltd. such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Keisei Electric Railway Co., Ltd., respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. In addition, he is an Outside Director (Audit & Supervisory Board Member) of Saitama Resona Bank, Limited. The Company has business relations with Saitama Resona Bank, Limited such as product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Saitama Resona Bank, Limited, respectively, which is considered extremely insignificant. Thus, there are no special business relations that could affect him in executing his duties as Outside Audit & Supervisory Board Member. The Company has executed a contract with Mr. Yasunobu Furukawa to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

There are no special interests between Outside Directors and Outside Audit & Supervisory Board Members and the Company.
Outside Director, Mr. Masami Iijima, Ms. Mutsuko Hatano, Mr. Kazuhiro Mori, Mr. Keisuke Yokoo and Mr.Sadafumi Tani, and Outside Audit & Supervisory Board Members, Mr. Yo Ota, Mr. Shoji Kobayashi and Mr. Yasunobu Furukawa have been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

The functions and roles of Outside Directors and Outside Audit & Supervisory Board Members in the Corporate Governance

Outside Directors

Name	The functions and roles in Corporate Governance
Masami Iijima	Provided proactive comments and advice in various areas including global governance and risk management based on his outstanding achievements and extensive experience as management executive at MITSUI & CO., LTD., a company with globally developed business network. In addition, as the Chairperson of the Nomination Committee, he led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. As a member of the Compensation Committee, he has actively made proposals and engaged in discussions from a corporate top executive viewpoint.
Mutsuko Hatano	Provided proactive comments and advice from multifaceted perspectives in various areas including technology, education and policies based on her achievements and extensive experience as the professor of the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and as a committee member of many administrative bodies. Concurrently, as a chairperson of the Compensation Committee, she has made proposals and engaged in discussions regarding the details of compensation and its system from a viewpoint different from that of a corporate executive.
Kazuhiro Mori	Provided proactive comments and advice in various areas including global business development with his high-leveled business judgment capability and leadership in management from his extensive experience in the Hitachi Group, having served in various posts including Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. as well as the leader to carry out its structural reform. Concurrently, as a member of the Nomination Committee and the Compensation Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate top executive.
Keisuke Yokoo	Provided management decisions and supervise management from an independent standpoint with the perspective of investors and shareholders, based on his extensive experience in the financial and capital markets over many years and his broad knowledge and insight into finance, etc., since assuming office as an executive manager of Mizuho Securities Co., Ltd., then having served in various posts including office of President and Chairperson. Concurrently, as a member of the Nomination Committee and the Compensation Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate top executive.
Sadafumi Tani	As Director and General Manager of Editorial Division of the Nippon Communications Foundation, he has spread information about Japan far and wide overseas, aided in the promotion of mutual understanding between countries, and contributed to global human resource development. He is expected to provide management decisions and oversight from an objective and societal perspective based on his extensive experience as an economic reporter over many years and his broad views on, and insight into, the global economy and social issues, as well as advanced capabilities in information gathering and analysis, in addition to advice and recommendations regarding distribution of information based on his excellent communication skills. Concurrently, as a member of the Compensation Committee, he is expected to make proposals actively and engage in discussions based on his experience as a corporate top executive.

Outside Audit & Supervisory Board Members

Name	Their function and role in Corporate Governance
Yo Ota	Proactively expressed his opinions from a viewpoint based on his rich experience as attorney and expert on corporate governance, thereby contributing greatly to improving the corporate value and strengthening the corporate governance of the Company.
Shoji Kobayashi	Mr. Shoji Kobayashi has served in important positions at Kao Corporation, such as General Manager of a business division and Executive Officer, and has extensive experience gained through many years in research and development and business management. He also has deep insight into the management and governance of a global corporation, acquired as a full-time Audit & Supervisory Board Member of Kao Corporation. He can be expected to use this extensive experience and broad knowledge regarding all aspects of technology to engage in appropriate and objective auditing activities.
Yasunobu Furukawa	As a certified public accountant, Mr. Yasunobu Furukawa has deep insight regarding accounting and finance. In addition to his experience at Ernst & Young ShinNihon LLC as an engagement partner for audits of global corporations with operations overseas, he has also acquired extensive insight and experience in corporate management as an outside director, audit & supervisory committee member, and outside audit & supervisory board member of various other companies. He makes use of his broad knowledge to contribute to the fair auditing and supervision of the Ricoh Group.

The Company engages the election criteria for Outside Directors, as member of the Board of Directors, in “IV. INFORMATION ON THE COMPANY, 4 CORPORATE GOVERNANCE, ETC., (1) Corporate Governance, 3) Other matters for Corporate Governance, (II) Approach to Election of Directors”.
The Company expects the Outside Directors to fully utilize their knowledge and experiences, and to contribute to strengthening the corporate governance through decision-making and supervising of the Company’s management, based on discussions made from an independent and objective standpoint. As for the election criteria for Outside Audit & Supervisory Board Members, in “IV. INFORMATION ON THE COMPANY, 4 CORPORATE GOVERNANCE, ETC., (1) Corporate Governance, 3) Other matters for Corporate Governance, (VII) Approach to Election of Audit & Supervisory Board Members and (VIII) Election Process for Audit & Supervisory Board Members”, the Company places emphasis on ensuring their independence, and confirms the candidates’ eligibility from an objective standpoint based on the election criteria.
Furthermore, the Outside Audit & Supervisory Board Members are expected to actively provide proposals and audit, drawing on the respective individual expertise and background.
As each of the Outside Directors and Outside Audit & Supervisory Board Members are performing the function and roles expected, and the independence criteria of the Outside Directors are met, the Company recognizes the appointment of the current Outside Directors and Outside Audit & Supervisory Board Members are appropriate.

The Company established the Company’s Standards for Independence of Outside Directors and Audit & Supervisory Board Members as below and confirms these standards to elect Outside Directors and Outside Audit Supervisory Board Members.
1. In principle, Outside Directors and Outside Audit & Supervisory Board Members of the Company should be independent from the Company and should satisfy all of the items set out below.
  (i) A person who is not a shareholder holding 10% or more of the total voting rights of the Company (a “major shareholder”), or a person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the major shareholder of the Company.
  (ii) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of a company of which the Ricoh Group is a major shareholder.

(iii) A person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group, or a person who was not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the Ricoh Group within 10 years preceding the assumption of the office of Outside Director.

(iv) A person of which the Ricoh Group was not a major business partner (whose sales to the Ricoh Group accounted for 2% or more of its consolidated net sales) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).

(v) A person who was not a major business partner of the Ricoh Group (to which sales of the Ricoh Group accounted for 2% or more of consolidated net sales of the Ricoh Group) in the immediately preceding fiscal year or any of the three fiscal years prior to such fiscal year, or a person who is not a director (excluding outside directors who are independent), audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee thereof (including its parent company and subsidiaries).

(vi) A person who is not a consultant, certified public accountant, certified tax accountant, lawyer or any other professional who received money or other property other than executive compensation, either directly or indirectly, from the Ricoh Group in an amount of ¥10 million or more in the immediately preceding fiscal year or per year in average over the past three fiscal years.

(vii) A person who does not belong to an organization, such as a law firm, auditing firm, tax accounting firm, consulting firm or any other professional advisory firm, that received money or other property, either directly or indirectly, from the Ricoh Group in an amount equivalent to 2% or more of its total revenue in the immediately preceding fiscal year or per year in average over the past three fiscal years.

(viii) A person who is not a spouse, a relative within the second degree of kinship or a relative who lives in the same household of a person who falls under the items (i) through (vii).

(ix) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other important employee of a company, its parent company or subsidiary that has directors dispatched from the Ricoh Group.

(x) A person who is unlikely to cause a substantial conflict of interests with the Company.

2. The Company may appoint a person as Outside Director or Outside Audit and Supervisory Board Member if it determines that the person is qualified for the post, even though he/she fails to satisfy any of the above items (i) and (iv) through (ix) in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

3) Cooperation among internal audits, audits by Audit & Supervisory Board Members and accounting audits and relations with internal control departments

Outside directors, as member of the Board of Directors, are responsible for management oversight and important decision making concerning Ricoh’s management. Outside Audit & Supervisory Board Members are responsible for auditing the decision making and operations performed by Executive Officers.

Outside Audit & Supervisory Board Members are shared information from full-time Audit & Supervisory Board Members regarding the three-way audit meeting which consists of Internal Audit & Supervisory board members, the Internal Management & Control Division who is in charge of internal audit and External Auditor. It is held periodically to exchange views of auditing policies and plans, and to share the findings from the audits performed by each auditor.

Furthermore, Outside Audit & Supervisory Board Members maintain an effective cooperation with Internal Audit & Supervisory Board Members, External Auditor and Internal Management & Control

Division. They attend the interviews to Directors performed by External Auditor with Internal Audit & Supervisory board members and the Internal Management & Control Division and perform audits with Internal Audit & Supervisory board members, if necessary.
Through these cooperation and relationships, Outside Directors and Audit & Supervisory Board Members express their opinions in a timely manner from their respective professional standpoints.

(3) Audit

1) Operating Status of Audit & Supervisory Board

a. Audit & Supervisory Board members and the Audit & Supervisory Board

The Audit & Supervisory Board Members comprised 5 members of whom 3 are Outside Audit & Supervisory Board Members. Career etc. for each Audit & Supervisory Board member are as follows.

Position	Name	Career etc.
Audit & Supervisory Board Member (Full-time)	Kazuhiro Tsuji	He has abundant experience in our human resource, general affairs and secretarial offices, as well as a global human network, and an audit perspective through promoting risk management to our subsidiaries.
Audit & Supervisory Board Member (Full-time)	Shinji Sato	He has abundant experience in accounting and finance, representative director of an affiliated company and internal auditing division at the Company, MITSUI & CO., LTD and affiliated company including overseas. He has considerable insight into finance and accounting.
Independent outside Audit & Supervisory Board Member	Yo Ota	He has a track record of handling numerous cases as an attorney-at-law specialized in M&A and corporate legal affairs. He has an extensive experience as attorney and expert on corporate governance.
Independent outside Audit & Supervisory Board Member	Shoji Kobayashi	He has served in various posts at Kao Corporation, such as General Manager of a business division, Executive Officer and Audit & Supervisory Board Member, and has extensive experience and deep insight into the business management and governance of a research & development and global corporation.
Independent outside Audit & Supervisory Board Member	Yasunobu Furukawa	As a certified public accountant and Ernst & Young ShinNihon LLC, he has audited global companies expanding overseas as an engagement partner, he has deep insight regarding accounting and finance.

The Audit & Supervisory Board Office has been established, staffed by five full-time employees dedicated to this office with a certain degree of guaranteed independence from the Business Execution and assists the activities of the Audit & Supervisory Board Members, such as collection and analysis of information globally and support for investigation.

b. Operation of the Audit & Supervisory Board

The Audit & Supervisory Board meetings were held 14 times during FY2020 (average time per meeting: approximately 2 and a half hours). In FY2020, to prevent the spread of COVID-19, remote meetings were held in conjunction with face-to-face meetings for Audit & Supervisory Board meetings. Attendance rate of the Audit & Supervisory Board meetings and Board of Directors meetings for each Audit & Supervisory Board member are as follows.

Position	Name	Attendance rate for the Audit & Supervisory Board meetings held during the fiscal year	Attendance rate for the Board of Directors meetings held during the fiscal year
Audit & Supervisory Board Member (Full-time)	Katsumi Kurihara *1	100% (4 out of 4)	100% (2 out of 2)
Audit & Supervisory Board Member (Full-time)	Hiroshi Osawa	100% (14 out of 14)	100% (12 out of 12)
Audit & Supervisory Board Member (Full-time)	Kazuhiro Tsuji *2	100% (10 out of 10)	100% (10 out of 10)
Independent outside Audit & Supervisory Board Member	Takashi Narusawa *1	100% (4 out of 4)	100% (2 out of 2)
Independent outside Audit & Supervisory Board Member	Shigeru Nishiyama *1	100% (4 out of 4)	100% (2 out of 2)
Independent outside Audit & Supervisory Board Member	Yo Ota	100% (14 out of 14)	100% (12 out of 12)
Independent outside Audit & Supervisory Board Member	Shoji Kobayashi *2	100% (10 out of 10)	100% (10 out of 10)
Independent outside Audit & Supervisory Board Member	Yasunobu Furukawa *2	100% (10 out of 10)	100% (10 out of 10)

*1 The number of attendances of Mr. Katsumi Kurihara, Mr. Takashi Narusawa and Mr. Shigeru Nishiyama is until the retirement at the conclusion of the 120th Ordinary General Meeting of Shareholders held on June 26, 2020.

*2 The number of attendances of Mr. Kazuhiro Tsuji, Mr. Shoji Kobayashi and Mr. Yasunobu Furukawa is after being appointed and the election at the 120th Ordinary General Meeting of Shareholders held on June 26, 2020.

Key matters and information shared and considered in the Audit & Supervisory Board meeting in FY2020 are as follows.

- Audit policy, audit plan, and division of duties
- Reinforcement of governance at overseas subsidiaries
- Evaluation of the Independent Auditor
- Status of execution of duties by full-time Audit & Supervisory Board Members (monthly)
- Review of the status of deliberations by the Board of Directors
- Selection of candidates for Audit & Supervisory Board Members
- Operational status of the Investment Committee

- Audit viewpoints in consideration of transition to a business unit structure

Regarding the Key Audit Matters (KAM) for FY2020, the Audit & Supervisory Board communicated with the Independent Auditor for audit plan, quarterly review, etc. according to the consideration process which is tested in FY2019. In addition, Audit & Supervisory Board Members took appropriate measures as requesting explanations from business divisions.

c. Outline of audit activities

We reviewed risks and issues in the five areas, namely (1) Directors, (2) Business execution, (3) Subsidiaries, (4) Internal audit, and (5) Accounting audit, and formulated annual activity plans. Outline of audit activities in each of these areas are illustrated in Chart 1 below.

Audit & Supervisory Board Members pointed out the issues and provided suggestions to Directors and business divisions, concerning the matters brought to our attention through these audit activities.

Chart1：Outline of audit activities

(1) Directors	Attending the Board of Directors meetings
	Attending as an observer in the Nomination Committee and Compensation Committee meetings (independent Outside Audit & Supervisory Board Members) *3
	★Holding regular meetings with Chairman of the Board and Representative Director (quarterly)
	★Holding governance review meetings attended by Directors and the Audit & Supervisory Board Members (semi-annually)
(2) Business execution	Auditing headquarters and principle offices
	Attending Group Management Committee (GMC) (full-time Audit & Supervisory Board Members: attendance rate 100%)
	Attending performance review meetings, Global Meetings, Investment Committee meetings and the other important meetings
	★Holding separate regular meetings with the CEO and the CFO respectively (monthly)
	Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.)
(3) Subsidiaries	Auditing subsidiaries
	★Holding regular meeting with Audit & Supervisory Board Members of subsidiaries (monthly)
	★Holding information exchange meetings among Audit & Supervisory Board Members of the Group (semi-annually)
(4) Internal audit	★Receiving explanation from internal audit division about the internal audit plan, and reporting the results thereof (quarterly)
	★Holding regular meetings with internal audit division and risk management division (monthly)
(4) Internal audit / (5) Accounting audit	★Holding three-way audit meeting: meetings with Independent Auditor and internal auditors (monthly)
(5) Accounting audit	Receiving explanation about audit plan and reports of quarterly review and Audit result
	Evaluating Independent Auditor

★Meetings organized by the Audit & Supervisory Board members

*3 In order to improve the transparency of deliberations by the Nomination Committee and the Compensation Committee, one independent Outside Audit & Supervisory Board Member attends meeting as an observer from FY2020.

In view of the enormous impact of the global spread of COVID-19 on the domestic and international business environment, as well as the possibility that the situation will remain unpredictable for some time before it is brought under control, the Audit & Supervisory Board examined expected risks. As a result, in addition to the audit activities shown in Chart 1, “global risk management in the highly unpredictable business environment” and “execution of appropriate audit activities through flexible response to environmental changes,” were established as areas of focus for FY2020.

(i) Audit of global risk management in the highly unpredictable business environment

In addition to ensuring the effectiveness of the internal control systems of overseas subsidiaries and subsidiaries acquired through M&As, which have always been monitored closely, the following were performed in FY2020 based on the policy of accelerating the transformation into a digital service company, in view of the Company’s policy of promoting emergency response and transformation acceleration measures.

● Selection of targets for audits based on risk approach

Additional quantitative data, such as sales results and growth rates, for individual subsidiaries were collected, particularly in the Office Services segment, for the risk information in the “integrated risk information database for the Ricoh Group” *4 used since FY2019. Subsidiaries to be audited were selected using a risk approach based on comprehensiveness.

*4 Integrated risk information database for the Ricoh Group: A database that can be used to centrally manage and share basic information and risk information regarding subsidiaries.

● Audit of management conditions at subsidiaries, conducted with the involvement of principal administrative divisions and divisions responsible for risks

The Audit & Supervisory Board enhanced the effectiveness of its audits by enriching its pre-audit communications with principal administrative divisions*5, divisions responsible for risks*6, and overseas local independent auditors, improving its collection of information regarding the management conditions of subsidiaries, risks, and concerns, and selecting audit contents based on the conditions of individual subsidiaries.

With regard to subsidiaries acquired through M&As, as a result of regular monitoring by the Investment Committee, the Audit & Supervisory Board assessed PMI (post-merger integration) conditions and concerns, etc., strove to enrich the contents of interviews, and confirmed the status of governance at corresponding subsidiaries.

*5 Principal administrative divisions: Headquarters administrative divisions in charge of subsidiaries.

*6 Divisions responsible for risks: Divisions responsible for implementation and development of managerial risks (headquarters cross-functional divisions such as accounting, human resources, and IT)

(ii) Execution of appropriate audit activities through flexible response to environmental changes

The global spread of COVID-19 was expected to place limitations in FY2020 on the on-site auditing that would normally be performed. Therefore, specific methods of remote auditing and data analysis were examined from the perspective of ensuring the effectiveness of auditing, and auditing was carried out using these methods.

● Use of remote technologies free of time and location limitations

Active planning of interviews simultaneously connecting multiple remote locations (subsidiaries, the local companies that manage them, internal auditing personnel, etc.) and audit participation by experts such as Outside Audit & Supervisory Board Members.

Use of IT technologies including Ricoh products and solutions such as the “RICOH THETA” and “360.biz” 360 degrees camera to perform virtual tours of production plants, etc.

● Coordination with accounting and internal audit divisions and Independent Auditor, and utilization and enhancement of data analysis

Monitoring of results of finance reviews of individual subsidiaries conducted each month by the accounting division and assessment of risk information for audited companies using the results of data analyses such as accounts receivable - trade and inventory analysis.

Enhanced coordination with the internal audit division and Independent Auditor, especially with regard to the implementation status and results of audits given the COVID-19 pandemic, sharing of issues, and confirmation of the effectiveness of individual audit activities.

d. Allocation of responsibilities of the Audit & Supervisory Board Members

The full-time Audit & Supervisory Board Members engaged in the audit activities as illustrated in Chart 1, and the detail of such activities were communicated to the Independent Outside Audit & Supervisory Board Members, as appropriate.
The Independent Outside Audit & Supervisory Board Members conducted audits on subsidiaries, their principal administrative divisions, and divisions responsible for risks, and made suggestions, drawing on their respective individual expertise and background, together with the full-time Audit & Supervisory Board Members. They also received detailed explanations about important management themes and expressed opinions from the standpoint of Independent Audit & Supervisory Board Members at the regular meetings with Chairperson of the Board and Representative Director.

2) Internal Audit Members

The Internal Management & Control Division, which consists of 22 staff members and is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly defined rules to improve operational effectiveness and efficiency, ensure the reliability of financial reporting, to comply with regulations and the Company’s rules related to corporate activities and to safeguard assets. The results are regularly reported to the Internal Control Committee established under the President of the Company.
The Internal Management & Control Division will have periodic meetings with the Audit & Supervisory Board Members to share information and findings from the audits performed. Furthermore, a database has been established between the two parties for sharing key information so that audits by both parties can be implemented effectively.
The Audit & Supervisory Board Members and Internal Management & Control Division will also maintain close ties with external auditors and proactively exchange opinions and information in order to perform effective audits.
Regarding the matters pointed out in these audits are helping to enhance the internal control and the quality of business execution through a cycle in which each department and subsidiaries consider improvement and reconfirm whether necessary improvements have been made.

3) Accounting Audit

a. Name of certified public accountants

Deloitte Touche Tohmatsu LLC

b. The length of years the Accounting Auditor has served

Two years

c. Certified public accountants (CPAs) who conducted the audit on the Company's financial statements

Masato Shoji, Yutaka Hamaguchi and Norihiro Watanabe

d. The numbers of audit assistants involved in the audit

There were total of 68 audit assistants involved in the audit as of March 31, 2021, 14 certified public accountants and 54 others.

e. Policy to select the independent auditor and the reason

Policy regarding the decision to dismiss or not to reappoint the independent auditor employed by the Audit & Supervisory Board is as below.

Policy regarding the decision to dismiss or not to reappoint the independent auditor

The Audit & Supervisory Board, by unanimous agreement, will dismiss the independent auditor when confirmed that the independent auditor falls under any item of Article 340, Paragraph 1 of the Companies Act. In this case, the dismissal and its reasons will be reported at the first general meeting of shareholders to be held after the dismissal.

In addition to the above, the Audit & Supervisory Board will decide the contents of the proposal on dismissal or non-reappointment of the independent auditor, which will be proposed at the general meeting of shareholders when confirmed that it is difficult for the independent auditor to properly perform audit duties etc., or that it would be otherwise appropriate to change independent auditors.

The Audit & Supervisory Board confirmed the following items based on the "Policy regarding the decision to dismiss or not reappoint the independent auditor policy"

・ Any item of Article 340, Paragraph 1 of the Companies Act.

・ Any difficulties for independent auditor to properly perform audit duties etc.

・ Whether the changes in the accounting auditor are deemed appropriate etc.

As a result, the accounting auditor's audit method and results were deemed appropriate, and the Audit & Supervisory Board decided that it would be appropriate to reappoint Deloitte Touche Tohmatsu LLC.

f. Change of Certified Public Accountant

The Company's Certified Public Accountant has been changed as below.

FY2018 (from April 1, 2018 to March 31, 2019)

KPMG AZSA LLC (both consolidated and non-consolidated Financial Statements)

FY2019 (from April 1, 2019 to March 31, 2020)

Deloitte Touche Tohmatsu LLC (both consolidated and non-consolidated Financial Statements)

Follows are the contents of “Notice of Change of Certified Public Accountant” submitted in May 9, 2019.

1. Reason of submit

At the meeting of the Audit & Supervisory Board held on May 9, 2019, Audit & Supervisory Board resolved to change the certified public accountant who performs audit certification under Article 193-2, paragraphs 1 and 2 of the Financial Instruments and Exchange Act. On the same day, the Board of Directors held resolved to submit the proposal to the 119th Ordinary General Meeting of Shareholders held on June 21, 2019. The Company submitted this Notice (extraordinary report) based on Article 24-5 of the Financial Instruments and Exchange Law and the provisions of 4 of Cabinet Office Ordinance Article 19, Section 2, Item 9, concerning disclosure of company contents, etc.

2. Contents of the Notice

(1) Name of incoming and outcoming certified public accountants

i. Name of incoming certified public accountant : KPMG AZSA LLC

ii. Name of outcoming certified public accountant : Deloitte Touche Tohmatsu LLC

(2) Expected date of change

June 21, 2019

(3) Most recent date of appointment of outgoing certified public accountant

June 22, 2018

(4) Opinions and other information on audit reports and other documents prepared by the outgoing certified public accountant in the past three years

Not applicable

(5) Reason and background for the decision to change

KPMG AZSA LLC, the Company’s independent auditor will retire due to expiration of its term of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes the election of a new independent auditor based on the resolution of the Audit & Supervisory Board.

As the current independent auditor has been serving for an extended period of time, the Audit &Supervisory Board considered several candidates. Upon comprehensively evaluating its global audit structure, independence, expertise, and efficiency, Deloitte Touche Tohmatsu LLC has been selected as a candidate for independent auditor because it is deemed to have a system to ensure financial statement audits are performed appropriately. In addition, a new independent auditor will provide a new perspective in audits, and overall, the candidate may contribute to strengthening of the Company’s governance.

(6) Opinions of the outgoing certified public accountant concerning the statements in audit reports and other documents regarding the reason and process described in (5) above

The Company received a reply stating that there is no particular opinion on this matter.

g. Evaluation of audit firm by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Independent Auditor, Deloitte Touche Tohmatsu LLC, was monitored through evaluation items*7 including demands identified through the appropriateness evaluation conducted last fiscal year based on evaluation criteria for the Independent Auditor defined by the Audit & Supervisory Board.

The method used to evaluate the Independent Auditor with respect to the demands was as follows.

●Explanations were requested regarding data analysis progress and use cases based on explanations of audit plans and quarterly audit reports, and the effectiveness of data analysis was confirmed.

● Management letters and mid-term reports were used to confirm that information and recommendations were being appropriately provided to management.

● Three-way audit meetings were used to confirm that proposals were made with the aim of improving and deepening the Company's initiatives

*7: Evaluation criteria for the Independent Auditor: Quality control by the audit firm, audit team, audit fee, etc., communication with Audit & Supervisory Board Members, etc., relationship with management, etc., group audits, fraud risk

Evaluation criteria added in FY2020: Data analysis, recommendations to top management, deepening of three-way audits, effectiveness and efficiency of audits

4) Details of Fees for Audit and Non-Audit Services

(1) Fees to certified public accountants

Category	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	209	40	215	-
Consolidated subsidiaries	132	1	97	-
Total	341	41	312	-

Descriptions of non-audit services to the Company

(Fiscal year ended March 31, 2020)

Non-audit services to the Company were in respect of the advisory services on governance of overseas subsidiaries.

(Fiscal year ended March 31, 2021)

Not applicable.

Descriptions of non-audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2020)

Non-audit services to consolidated subsidiaries were in respect of the consignment to prepare comfort letters for the issuance of bonds.

(Fiscal year ended March 31, 2021)

Not applicable.

(2) Fees to the same network as the Company's accounting auditor (excluding (1))

Category	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021	
	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non-audit services (Millions of Yen)
The Company	-	240	-	335
Consolidated subsidiaries	1,175	26	1,271	72
Total	1,175	266	1,271	407

Descriptions of non-audit services to the Company

(Fiscal year ended March 31, 2020)

Non-audit services from the same network as the Company's accounting auditor (Deloitte Touche Tohmatsu Limited) to the Company were in respect of the advisory services on business process.

(Fiscal year ended March 31, 2021)

Non-audit services from the same network as the Company's accounting auditor (Deloitte Touche Tohmatsu Limited) to the Company were in respect of the advisory services on organizational realignment.

Descriptions of non-audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2020)

Non-audit services from the same network as the Company's accounting auditor (Deloitte Touche Tohmatsu Limited) to consolidated subsidiaries were in respect of the tax compliance related services.

(Fiscal year ended March 31, 2021)

Non-audit services from the same network as the Company's accounting auditor (Deloitte Touche Tohmatsu Limited) to consolidated subsidiaries were in respect of the tax compliance related services.

(3) Other fees

Not applicable.

(4) Policy on determination of audit fees

In determining the amount of audit fees, the Company has a thorough discussion with the certified public accountants, including the scale and characteristics of the businesses.

(5) Reason why the Audit & Supervisory Board agreed to the audit fees etc.

The Audit & Supervisory Board conducted necessary verifications to determine whether the details of the audit plan for auditing by the Independent Auditor, the state of execution of accounting audit duties, and the calculation basis for audit fee estimates are appropriate or not. Upon these verifications, the Audit & Supervisory Board concluded that the amount of audit fee, etc., of the Independent Auditor is reasonable and consent has been given to it.

(4) Compensation to Directors and Audit & Supervisory Board Members

(i) Policy on determination of Compensation for Directors & Supervisory Board Members and its calculation formula

How to determine the policy regarding the decision on the content of individual compensation, etc.

The policy is decided by the Board of Directors considering the deliberation and recommendation by the Compensation Committee, which is an advisory body to the Board of Directors.

Policy of Compensation for Directors

Executive compensation is used as an effective incentive to achieve sustainable increases in corporate earnings for the medium- to long-term, in the pursuit of increased shareholder value of the Ricoh Group. In addition, from the viewpoint of strengthening corporate governance, measures to secure objectivity, transparency, and validity are taken in setting up compensation levels and determining individual compensation. The Company determines executive compensation based on the following basic policies:

1) Executive compensation is composed of three elements: i) basic compensation that reflects expected roles and responsibilities, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value. Compensation for Outside Directors is only basic compensation to ensure independence from business execution, and compensation for internal Non-executive Directors is comprised only of basic compensation and bonuses in light of their role of overseeing business execution with extensive knowledge of the actual situation of the Company serving full-time. Compensation for Audit & Supervisory Board Members consists only of basic compensation for their role of appropriately performing audits.

2) When compensation levels are set up and individual compensation are determined, objectivity, transparency and validity must be secured through proper external benchmarks and deliberation by the Compensation Committee.

Policy regarding the decision on the content of individual compensation, etc., and matters related to performance-linked compensation, non-monetary compensation, etc. for FY2020

1) Process for determining compensation

The Company has established a voluntary Compensation Committee to build a more objective and transparent compensation review process that helps increase profits, enhance corporate value, and strengthen corporate governance through incentives. The Compensation Committee decides on compensation plans for each of the basic compensation, bonuses, compensation for acquiring stock, and stock-based compensation with stock price conditions through multiple deliberations, based on the compensation standards and performance of the Directors, and makes recommendations to the Board of Directors. The Board of Directors deliberates and decides on each compensation plan recommended by the Compensation Committee, and decides on the necessity to propose the payment of Directors' bonus to the general meeting of shareholders.

2) Policy for determining compensation level

From the perspective of ensuring appropriate linkage with corporate performance, we determine whether the compensation level of each compensation category secures its target level for our performance. Basic compensation refers to the compensation level of officers of the benchmark company group* based on survey results of external specialized agencies. Short-term and medium- to long-term incentives are set to the level that is at a higher level among the benchmark company group if our operating profit level is higher than the performance of the benchmark company group, and at a lower level among the benchmark company group if our operating profit level is lower. The Compensation Committee confirms every fiscal year whether the target level is secured, and decides on the necessity to adjust levels after examining the trend for three years instead of a single year.

* Approximately 20 companies are selected from a group of domestic peer companies with employees of 30,000 to 200,000 and sales of 500 billion yen to less than 3 trillion yen.

3) Compensation for Directors

[Breakdown of Director Compensation]

Fixed		Short-term		Medium to long-term
i) Basic compensation (reflects roles and responsibilities)	+	ii) Bonuses *1 *1 Excludes Outside Directors	+	iii) - Compensation for acquiring stock*2 - Stock-based compensation with stock price conditions*3 *2 Excludes Outside Directors and non-executive Directors *3 Excludes Outside Directors and non-executive Directors

1. Basic compensation

Basic compensation is monetary compensation paid monthly during the term of office as a compensation that reflects the roles and responsibilities expected of Directors. The amount of compensation is decided within the range of the total amount of compensation determined at the general meeting of shareholders, and the total amount of compensation paid for FY2020 was 253.32 million yen.

(Internal Director)

Basic compensation for internal Directors consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities. In addition, compensation based on positions is additionally provided for the Representative Director, Chairperson of the Board of Directors, Chairperson of the Nomination Committee and the Compensation Committee, etc. The importance of individual roles and management responsibilities of Directors who concurrently serve as Executive Officer are determined with reference to the job grade framework of external specialized agencies.

In addition, compensation for Non-executive Directors is determined in light of their role of overseeing business execution with their extensive knowledge of the actual situation of the Company serving full-time.

(Outside Director)

Basic compensation for Outside Directors consists of compensation pertaining to management oversight, compensation pertaining to advice to management, and compensation based on positions, such as Chairperson of the Nomination Committee and Chairperson of the Compensation Committee. The amount of compensation is set with reference to objective data from external specialized agencies.

2. Bonuses (short-term incentive)

Bonuses are monetary compensation paid after the end of a fiscal year as compensation that reflects the Company’s performance and shareholder value improvements in the target fiscal year, and operating profit is used as the basis for calculating the amount of payment. Operating profit, which correlates with market capitalization, is set as an important indicator to clarify that Directors are responsible for improving performance of the Company as a whole and shareholder value. In addition, in order to clarify that Directors are responsible for achieving the targets set for important indicators, we have established an indicator that uses ROE results for each fiscal year as an incentive to enhance return on capital, and another indicator, the annual DJSI* Rating, which we are pursuing as an incentive to improve ESG on a Company-wide basis. Furthermore, the Compensation Committee, regardless of the results calculated by the formula below, deliberates whether or not to pay bonuses, reflecting also the status of governance and non-financial factors, and makes recommendations to the Board of Directors. Based on these recommendations, the Board of Directors decides whether or not to submit a proposal of paying Directors’ bonuses to the general meeting of shareholders.

Regarding bonuses for Directors in FY2020, the Board of Directors decided at its meeting on May 7, 2021 not to pay bonuses for Directors in light of the recording of an operating loss of 45.4 billion yen for the

full year, following the deliberation by the Compensation Committee accordingly. Therefore, there is no disclosure item regarding the bonus calculation method and performance indicator results for FY2020. In addition, the formula for FY2021 will be reviewed as necessary after evaluating the achievements and expected effects of introducing the business unit structure.
* Dow Jones Sustainability Index (DJSI): A share index jointly developed by Dow Jones in the US and S&P Global, a company specializing in research on sustainable investment, the Dow Jones Sustainability Index measures the sustainability of major companies around the world from the three perspectives of economy, environment and society.

(Reference)
The calculation method for the amount of bonuses paid in FY2020 is as follows.

Formula for calculating Directors' bonuses

Individual bonus amount = [Base points: Position points × Profit factor: Factor determined based on consolidated operating profit (Factor = operating profit in thousands of yen / 20,000)] × Achievement of target ROE in the current fiscal year = Result / target × DJSI Rating

Director's position	Position points
President	6,000
Corporate Executive Vice President	3,040
None	1,680

Degree of achievement	Factor
110% or more	1.2
105 or more and less than 110%	1.1
100 or more and less than 105%	1.0
95 or more and less than 100%	0.9
Less than 95%	0.8

Rating	Factor
World	1.05
Asia/Pacific	1.00
Not included	0.95

3. Compensation that reflects the improvement of shareholder value (medium- to long-term incentive)
Compensation that reflects the stock price consists of the following "compensation for acquiring stock," and "stock-based compensation with stock price conditions" for the purpose of further strengthening Directors' commitment to improving the Company's corporate value over the medium- to long-term.

(Compensation for acquiring stock)
Compensation for acquiring stock is paid monthly as fixed salary during the term of office with the aim of steadily increasing the number of shares held by Directors and as an incentive for increasing shareholder value over the medium- to long-term. The entire amount paid is used for the acquisition of stock by the Ricoh Executive Stock Ownerships Plan. The fixed salary is set for each position within the range of the total compensation decided at the general meeting of shareholders, and the total compensation paid for FY2020 was 9.84 million yen.

(Stock-based compensation with stock price conditions)
Stock-based compensation with stock price conditions aims to raise awareness of contributions to improving medium- to long-term corporate value and shareholder value by clarifying the link between Directors' compensation and the value of the Company's stock, and by making Directors share benefits and risks of fluctuations in stock prices with shareholders.
Under the system of the stock-based compensation with stock price conditions, the Company contributes up to 100 million yen per fiscal year to the Board Incentive Plan trust (hereinafter referred to as "Trust")

established by the Company, with a trust period of approximately 3 years. The Trust uses contributed funds to acquire shares of the Company from the stock market, and the number of the Company's shares equivalent to the number of points granted to each Director by the Company is delivered to each Director through the Trust.
In principle, a Director receives delivery of the shares of the Company at retirement.
The number of points granted to each Director by the Company corresponds to the position of each Director in accordance with the Share Grant Regulations determined by the resolution of the Board of Directors. As the system is intended for the Directors to share benefits and risks of stock price fluctuations with shareholders, the final number of shares to be delivered will in principle be determined by multiplying the points granted by a rate (0 to 200%) obtained from the results of comparison of the growth rate of the Company's stock price during the term of office with the growth rate of TOPIX. In addition, the malus-clawback clause has been established to request the return of stock-based compensation in the event of serious misconduct that causes damage to the Company during the Director's term of office.
The amount recorded as expenses based on the points granted for the stock-based compensation with stock price conditions in FY2020 is 11.87 million yen. As no Directors retired in FY2020, there is no disclosure item regarding the actual growth rate of the Company's stock price.

1	Directors who are eligible for this system	Directors of the Company (excluding Outside Directors and Non-executive Directors)
2	Period	Three fiscal years from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022
3	Maximum amount of money that the Company will contribute as funds for the acquisition of the Company's shares required to be delivered to the eligible Directors during the period.	300 million yen in total (100 million yen per fiscal year)
4	How to acquire the Company's shares	Acquisition from the stock market (including off-floor trading)
5	Maximum number of points awarded to eligible Directors	300,000 points in total (100,000 points per fiscal year) * 1 point is 1 share of the Company
6	Standard for granting points	Points are granted in a number corresponding to the position of the eligible Director, adjusted by the comparison results between the growth rate of the Company's stock price and the growth rate of TOPIX (Tokyo Stock Price Index)
7	When to deliver the Company's shares to the eligible Directors	Upon retirement, in principle

(Reference)
The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of Shareholders held on June 27, 2007.

Policy on determining the ratio of fixed and variable compensation
In order to clarify the responsibility of each position to business performance, the ratio of variable compensation (bonuses, compensation for acquiring stock and stock-based compensation with stock price conditions) is designed to increase for officers of a higher position with higher management responsibility, compared to the ratio of fixed compensation (basic compensation). For the President who is at the highest position, the fixed / variable ratio is about 6: 4 when the standard performance target is achieved, and the variable compensation exceeds the fixed compensation when business performance and stock price rise sharply.
We will continue to deliberate on the appropriate amount of compensation for each compensation category, with a policy of increasing the ratio of performance-linked compensation, with an emphasis on improving corporate value and shareholder value over the medium- to long-term.

Other important matters regarding decisions on individual compensation, etc.
1) Return of stock-based compensation (malus-clawback clause)
Regarding stock-based compensation with stock price conditions, the malus clause and the clawback clause are stipulated in the Share Grant Regulations determined by the Board of Directors of the

Company. For a person who was dismissed or resigned from the position of Director due to serious misconduct that causes damage to the Company, all or part of the points granted up to that time will expire by a resolution of the Board of Directors. At the same time, no further points will be granted. The persons subject to the system will not be eligible for beneficiary rights related to the expired points. Furthermore, the Company can request those who have already received the delivery of the Company's shares and the delivery of money in lieu of the Company's shares to return the amount obtained by multiplying the total number of share delivery points by the closing price of the Company's shares on the Tokyo Stock Exchange on the date such request is made.

2) Prohibition of stock trading for a certain period
Regarding stock-based compensation with stock price conditions, as a response to insider trading regulations, even after the delivery of the Company's shares, the shares shall not be bought or sold until one year has elapsed from the date following the recipient's retirement.

3) Handling of compensation amid significant environmental changes, etc.
In the event of a significant change in the business environment, sudden deterioration of business performance, and quality issues that may damage corporate value, serious accidents, scandals, etc., the compensation for Directors may be temporarily reduced or suspended by a resolution of the Board of Directors.

Reasons why the Board of Directors has determined that the content of individual compensation, etc. for Directors is in line with the policy for determining compensation
In determining the content of individual compensation for Directors in FY2020, the Compensation Committee conducted a multifaceted examination including consistency with the above policy for determining compensation, and the Board of Directors deliberated and made decisions, basically respecting the recommendation made by the Compensation Committee. Therefore, we have determined that the content of individual compensation for Directors in FY2020 was in line with the above policy for determining compensation.

Policy of Compensation for Audit & Supervisory Board Members
Compensation of Audit & Supervisory Board Members is appropriately reflected by expected role of the Auditors only.

(ii) The total amount of compensation, etc., total amount of each type and number of persons for each Directors and Audit & Supervisory Board Members Category

Category		Total compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)				Number of Persons
			Fixed	Short-term	Medium to long-term		
			Basic compensation	Bonuses	Compensation for acquiring stock*	Stock-based compensation with stock price conditions	
Directors (excluding Outside Directors)		215	193	-	9	11	4
Audit & Supervisory Board Members (excluding Outside Audit &Supervisory Board Members)		57	57	-	-	-	3
Outside Directors and Audit & Supervisory Board Members	Subtotal	93	93	-	-	-	10
	Outside Directors	59	59	-	-	-	5
	Outside Audit & Supervisory Board Members	34	34	-	-	-	5
Total		366	345	-	9	11	17

Notes:
1. It was decided that aggregate basic compensation of Directors should not exceed ¥46 million per month (including ¥7 million per month for Outside Directors), according to the resolution of the 116th Ordinary General Meeting of Shareholders held on June 17, 2016. It was decided that aggregate basic compensation of Audit & Supervisory Board Members should not exceed ¥9 million per month, according to the resolution of the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.
2. The compensation paid to Directors excludes employee wages for Directors who are also employees.
3. It was decided that stock price-linked compensation was abolished and stock-based incentive with stock price conditions was introduced according to the resolution of the 119th Ordinary General Meeting of Shareholders held on June 21, 2019.

(iii) The individual amount of compensation to Directors and Audit & Supervisory Board Members

Category	Total amount of compensation, etc. (Millions of Yen)	Category	Company	Total amount of each type (Millions of Yen)			
				Basic compensation	Bonuses	Compensation for acquiring stock*	Stock-based compensation with stock price conditions
Yoshinori Yamashita	94	Director	Ricoh Company, Ltd.	81	-	4	7

Notes: CEO and only members who were awarded with consolidated remuneration of ¥100 million or more in total are stated above.

(iv) The portion of an employee's salary for Directors who concurrently serve as employees
There is no significant amount for the portion of employee's salary for Directors who concurrently serve as employees.

(5) Information on share holdings

1) Standards and principle of classification of equity securities

The Company classified the securities, which is held for the movement of stock value or dividend income, as pure investment and others are equity securities for purposes other than pure investment.

2) Equity securities held for purposes other than pure investment

a. The holding policy, the methods of evaluation for rational reason and contents of evaluating the worth to verify each issue by the Board of Directors

From the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company shall be able to hold shares of the relating partners only when such holding of shares is deemed necessary and effective for the future development of Ricoh Group, while taking into consideration of the returns such as dividends.

Specifically, the Board of Directors will verify each issue whether the benefits and risks of the holding are worth the capital cost, and if the holding loses significance in the medium- to long-term, they will be reduced accordingly.

b. Number of stock names and Nonconsolidated Statement of Financial Position Amount as of March 31, 2021.

	Number of stock names	Non-consolidated Statement of Financial Position Amount as of March 31, 2021 (Millions of Yen)
Unlisted securities	36	724
Other than unlisted securities	18	14,255

(Stocks increasing shares in year ended March 31, 2021)

Not applicable.

(Stocks decreasing shares in year ended March 31, 2021)

	Number of stock names	Nonconsolidated Statement of Financial Position Amount as of March 31, 2021 (Millions of Yen)
Unlisted securities	2	323
Other than unlisted securities	3	119

c. Information regarding number of shares, amount recorded in Nonconsolidated Statement of Financial Position, specified investment securities and deemed holding securities.

Specified investment securities

Stock Name	Fiscal year ended March 31, 2021 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2021 (Millions of Yen)	Fiscal year ended March 31, 2020 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2020 (Millions of Yen)	Purpose and effect of holding, reason of increasing the number of shares	Share of common stock owned by each company
SAN-AI OIL CO.,LTD.	3,362,820 4,415	3,362,820 3,796	Maintaining and enhancement of stable sales business relationships	Yes
OTSUKA CORPORATION	390,000 2,020	390,000 1,801	Facilitation and enhancement of business alliance	Yes
NIDEC CORPORATION	121,976 1,638	60,988 341	Maintaining and enhancement of stable procurement relationships The number of shares has increased by split of stock.	None
Sindoh Co., Ltd	313,748 941	313,748 629	Maintaining and enhancement of stable procurement relationships	None
WACUL INC.	330,000 904	- -	Facilitation and enhancement of business alliance Since the stock was listed on the Tokyo Stock Exchange Mothers, it is indicated in this table from the Fiscal year ended March 31, 2021.	None
HISAMITSU PHARMACEUTICAL CO., INC.	118,100 851	118,100 595	Maintaining and enhancement of stable sales business relationships	Yes
MAX Co., Ltd.	500,000 818	500,000 832	Maintaining and enhancement of stable procurement relationships	Yes
Ushio Inc.	500,429 730	500,429 516	Maintaining and enhancement of stable sales and procurement relationships	Yes
Central Japan Railway Company	40,000 662	40,000 692	Maintaining and enhancement of stable sales business relationships	None
Sumitomo Mitsui Trust Holdings, Inc.	112,409 433	112,409 351	Maintaining and enhancement of stable sales and financial relationships	None

XAVIS.co.,Ltd.	1,701,500	1,701,500	Facilitation and enhancement of business alliance	None
	366	206		
Tokio Marine Holdings, Inc.	34,500	34,500	Maintaining and enhancement of stable sales and insurance relationships	Yes
	181	170		
Nippon Paper Group, Inc.	81,024	81,024	Maintaining and enhancement of stable sales business relationships	Yes
	107	124		
Japan Pulp & Paper Co., Ltd.	17,185	17,185	Maintaining and enhancement of stable procurement relationships	Yes
	62	64		
Sompo Holdings, Inc.	12,403	12,403	Maintaining and enhancement of stable sales and insurance relationships	Yes
	52	41		
SMK Corporation.	12,409	12,409	Maintaining and enhancement of stable sales business relationships	Yes
	35	28		
STANLEY ELECTRIC CO., LTD.	5,813	5,813	Maintaining and enhancement of stable sales business relationships	Yes
	19	12		
TDK Corporation	930	930	Maintaining and enhancement of stable sales business relationships	None
	14	7		
The Dai-ichi Life Insurance Company, Limited	-	52,800	Sold on March 1, 2021.	Yes
	-	68		
KYOCERA Corporation	-	1,800	Sold on March 1, 2021.	None
	-	11		
Katakura Industries Co., Ltd.	-	5,000	Sold on October 9, 2020.	None
	-	5		

Deemed holding securities

Stock Name	Fiscal year ended March 31, 2021 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2021 (Millions of Yen)	Fiscal year ended March 31, 2020 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2020 (Millions of Yen)	Purpose and effect of holding, reason of increasing the number of shares	Shares of common stock owned by each company
SAN-AI OIL CO.,LTD	5,800,000 7,684	5,800,000 6,616	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Mitsubishi UFJ Financial Group, Inc.	7,790,000 4,691	7,790,000 3,221	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
STANLEY ELECTRIC CO., LTD.	1,300,000 4,311	1,300,000 2,799	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Ushio Inc.	1,388,000 2,055	1,388,000 1,492	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Mizuho Financial Group, Inc.	544,500 887	5,445,000 690	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes

(Notes)

1. Specified investment securities and deemed holding securities are not combined for disclosure of major shareholders.
2. “ - “ means the Company does not have the stocks.
3. “Shares of common stock owned by each company” included the shares of subsidiaries’ if the issuing company controls the subsidiaries management system as their principle business.
4. It is difficult to describe the quantitative effectiveness of holding, due to unable to disclose the business conditions of each issues. However, from the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company verify the rationality of holdings of shares whether effective for the future development of Ricoh

Group, whether the benefits and risks of the holding are worth the capital cost while taking into consideration of the returns such as dividends.

5. As of October 1, 2020, Mizuho Financial Group Co., Ltd. consolidated one share of its common stock into one for every 10 shares of common stock.

3) Equity securities held for pure investment

Not applicable.

V. FINANCIAL INFORMATION

Consolidated Financial Statements
For the year ended March 31, 2021
With Independent Auditor's Report

Index to Consolidated Financial Statements

Ricoh Company, Ltd. and its Subsidiaries

All schedules not listed have been omitted because they are not applicable or the required information has been otherwise supplied in the consolidated financial statements or the notes thereto.

Consolidated Statement of Financial Position

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents (Note 7)	262,834	334,810
Time deposits (Note 7)	50	238
Trade and other receivables (Note 8)	392,780	392,132
Other financial assets (Note 14 and 15)	87,226	92,823
Inventories (Note 9)	201,248	192,016
Other current assets	36,428	46,725
Subtotal	980,566	1,058,744
Assets classified as held for sale (Note 10)	1,125,582	-
Total current assets	2,106,148	1,058,744
Non-current assets:		
Property, plant and equipment (Note 11 and 13)	201,569	191,963
Right-of-use assets (Note 14)	59,425	63,653
Goodwill and intangible assets (Note 12 and 13)	231,898	225,510
Other financial assets (Note 14 and 15)	139,181	136,093
Investments accounted for using the equity method (Note 38)	14,305	79,504
Other investments (Note 16)	14,951	18,504
Other non-current assets	29,550	29,773
Deferred tax assets (Note 22)	70,618	84,124
Total non-current assets	761,497	829,124
Total assets (Note 5)	2,867,645	1,887,868

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings (Note 18)	51,492	82,731
Trade and other payables (Note 17)	246,055	287,160
Lease liabilities (Note 14)	27,230	25,475
Other financial liabilities (Note 20)	-	1,669
Income tax payables	9,455	7,213
Provisions (Note 19)	11,686	12,946
Other current liabilities (Note 21)	233,909	240,322
Subtotal	579,827	657,516
Liabilities directly related to assets held for sale (Note 10)	969,069	-
Total current liabilities	1,548,896	657,516
Non-current liabilities:		
Bonds and borrowings (Note 18)	128,172	139,676
Lease liabilities (Note 14)	38,741	46,737
Accrued pension and retirement benefits (Note 23)	99,795	70,463
Provisions (Note 19)	6,458	11,413
Other non-current liabilities (Note 21)	34,143	34,469
Deferred tax liabilities (Note 22)	2,913	3,742
Total non-current liabilities	310,222	306,500
Total liabilities	1,859,118	964,016
Equity:		
Common stock (Note 25)	135,364	135,364
Additional paid-in capital (Note 25)	186,173	186,231
Treasury stock (Note 25)	(37,795)	(45,024)
Other components of equity	41,768	82,097
Other comprehensive income related to disposal group held for sale (Note 10)	130	-
Retained earnings (Note 25)	594,731	561,578
Total equity attributable to owners of the parent	920,371	920,246
Non-controlling interests (Note 37)	88,156	3,606
Total equity	1,008,527	923,852
Total liabilities and equity	2,867,645	1,887,868

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

Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Sales (Note 5 and 29)	2,008,580	1,682,069
Cost of sales (Note 21)	(1,287,003)	(1,109,762)
Gross profit	721,577	572,307
Selling, general and administrative expenses (Note 13, 21, 30 and 31)	(658,435)	(619,740)
Other income (Note 21 and 27)	15,911	5,791
Impairment of goodwill (Note 13)	(13)	(3,787)
Operating profit (loss)	79,040	(45,429)
Finance income (Note 32)	4,926	4,373
Finance costs (Note 32)	(8,319)	(3,617)
Share of profit (loss) of investments accounted for using the equity method (Note 38)	244	3,645
Profit (loss) before income tax expenses	75,891	(41,028)
Income tax expenses (Note 22)	(31,478)	8,364
Profit (loss)	44,413	(32,664)
Profit (loss) attributable to:		
Owners of the parent	39,546	(32,730)
Non-controlling interests	4,867	66

	Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Earnings per share (attributable to owners of the parent) (Note 34) :		
Basic	54.58	(45.20)
Diluted	54.58	(45.20)

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

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

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Profit (loss)	44,413	(32,664)
Other comprehensive income (loss) (Note 33) :		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	(2,481)	13,804
Net changes in fair value of financial assets measured through other comprehensive income	(946)	2,868
Share of other comprehensive income of investments accounted for using equity method	-	197
Total components that will not be reclassified subsequently to profit or loss	(3,427)	16,869
Components that will be reclassified subsequently to profit or loss:		
Net changes in fair value of cash flow hedges	190	(827)
Exchange differences on translation of foreign operations	(29,562)	38,594
Share of other comprehensive income of investments accounted for using equity method	-	81
Total components that will be reclassified subsequently to profit or loss	(29,372)	37,848
Total other comprehensive income (loss)	(32,799)	54,717
Comprehensive income (loss)	11,614	22,053
Comprehensive income (loss) attributable to:		
Owners of the parent	6,949	21,897
Non-controlling interests	4,665	156

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

Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen						
				Other components of equity			
	Common stock	Additional paid-in capital	Treasury stock	Remeasure-ments 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	Exchange differences on translation of foreign operations
Balance as of April 1, 2019	135,364	186,086	(37,394)	-	7,815	59	65,771
Profit (loss)							
Other comprehensive income (loss) (Note 33)				(2,473)	(776)	255	(29,603)
Comprehensive income (loss)	-	-	-	(2,473)	(776)	255	(29,603)
Net change in treasury stock			(401)				
Dividends declared and approved to owners (Note 25)							
Share-based payment transactions (Note 24)		43					
Share-based payment transactions of subsidiaries (Note 24)							
Transfer from other components of equity to retained earnings				2,473	(1,623)		
Equity transactions with non-controlling shareholders		44					
Transfer to other comprehensive income related to disposal group held for sale (Note 10)					(225)	95	
Total transactions with owners	-	87	(401)	2,473	(1,848)	95	-
Balance as of March 31, 2020	135,364	186,173	(37,795)	-	5,191	409	36,168
Profit (loss)							
Other comprehensive income (loss) (Note 33)				13,882	2,880	(839)	38,552
Comprehensive income (loss)	-	-	-	13,882	2,880	(839)	38,552
Net change in treasury stock			(7,296)				
Dividends declared and approved to owners (Note 25)							
Share-based payment transactions (Note 24)		58	5				
Share-based payment transactions of subsidiaries (Note 24)							
Loss of control of subsidiaries (Note 28)							
Transfer from other components of equity to retained earnings				(13,882)	(264)		
Other			62				
Total transactions with owners	-	58	(7,229)	(13,882)	(264)	-	-
Balance as of March 31, 2021	135,364	186,231	(45,024)	-	7,807	(430)	74,720

	Millions of Yen					
	Other components of equity	Other comprehensive income related to disposal group held for sale	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Total other components of equity					
Balance as of April 1, 2019	73,645	-	574,876	932,577	86,411	1,018,988
Profit (loss)			39,546	39,546	4,867	44,413
Other comprehensive income (loss) (Note 33)	(32,597)			(32,597)	(202)	(32,799)
Comprehensive income (loss)	(32,597)	-	39,546	6,949	4,665	11,614
Net change in treasury stock				(401)		(401)
Dividends declared and approved to owners (Note 25)			(18,841)	(18,841)	(1,227)	(20,068)
Share-based payment transactions (Note 24)				43		43
Share-based payment transactions of subsidiaries (Note 24)				-	31	31
Transfer from other components of equity to retained earnings	850		(850)	-		-
Equity transactions with non-controlling shareholders				44	(1,724)	(1,680)
Transfer to other comprehensive income related to disposal group held for sale (Note 10)	(130)	130		-		-
Total transactions with owners	720	130	(19,691)	(19,155)	(2,920)	(22,075)
Balance as of March 31, 2020	41,768	130	594,731	920,371	88,156	1,008,527
Profit (loss)			(32,730)	(32,730)	66	(32,664)
Other comprehensive income (loss) (Note 33)	54,475	152		54,627	90	54,717
Comprehensive income (loss)	54,475	152	(32,730)	21,897	156	22,053
Net change in treasury stock				(7,296)		(7,296)
Dividends declared and approved to owners (Note 25)			(14,851)	(14,851)	(34)	(14,885)
Share-based payment transactions (Note 24)				63		63
Share-based payment transactions of subsidiaries (Note 24)				-	4	4
Loss of control of subsidiaries (Note 28)				-	(84,676)	(84,676)
Transfer from other components of equity to retained earnings	(14,146)	(282)	14,428	-		-
Other				62		62
Total transactions with owners	(14,146)	(282)	(423)	(22,022)	(84,706)	(106,728)
Balance as of March 31, 2021	82,097	-	561,578	920,246	3,606	923,852

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

Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and its Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss)	44,413	(32,664)
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization (Note 5)	120,688	104,618
Impairment losses of property, plant and equipment and intangible assets (Note 13)	909	24,879
Impairment of goodwill (Note 13)	13	3,787
Other income (Note 27)	(6,748)	(1,502)
Share of profit (loss) of investments accounted for using the equity method (Note 38)	(244)	(3,645)
Finance income and costs (Note 32)	3,393	(756)
Income tax expenses (Note 22)	31,478	(8,364)
(Increase) decrease in trade and other receivables	16,408	29,727
(Increase) decrease in inventories	3,158	16,413
(Increase) decrease in lease receivables	(33,953)	15,572
Increase (decrease) in trade and other payables	(18,987)	(4,712)
Increase (decrease) in accrued pension and retirement benefits	(6,805)	(12,315)
Other, net	(4,966)	14,056
Interest and dividends received	4,557	3,418
Interest paid	(4,429)	(3,259)
Income taxes paid	(32,184)	(18,291)
Net cash provided by (used in) operating activities	116,701	126,962
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment	8,615	4,823
Expenditures for property, plant and equipment	(86,596)	(42,155)
Proceeds from sales of intangible assets	221	60
Expenditures for intangible assets	(27,188)	(24,779)
Payments for purchases of investment securities	(14,982)	(1,052)
Proceeds from sales of investment securities	3,985	491
Net (Increase) decrease in time deposits	12	(168)
Purchases of business, net of cash acquired (Note 6)	(16,462)	(8,431)
Net increase (decrease) from sales of investments in subsidiaries (Note 28)	-	7,846
Other, net	(32,196)	(194)
Net cash provided by (used in) investing activities	(164,591)	(63,559)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) of short-term debt (Note 18)	6,068	(19,428)
Proceeds from long-term debt (Note 18)	292,885	98,482
Repayments of long-term debt (Note 18)	(200,950)	(12,817)
Proceeds from issuance of bonds (Note 18)	72,119	-
Repayments of bonds (Note 18)	(42,148)	(12,413)
Repayments of lease liabilities (Note 18)	(30,065)	(35,728)
Dividends paid (Note 25)	(18,841)	(14,851)
Payments for purchases of treasury stock	(401)	(7,296)
Other, net	(2,910)	(34)
Net cash provided by (used in) financing activities	75,757	(4,085)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(4,278)	7,338
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,589	66,656
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	240,099	263,688
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	263,688	330,344

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

Notes: The difference in the amount of “cash and cash equivalents” between consolidated statement of financial position and consolidated statement of cash flows represents a reclassification to assets classified as held for sale at the year ended March 31, 2020 and bank overdrafts at the year ended March 31, 2021.

Notes to Consolidated Financial Statements

Ricoh Company, Ltd. and its Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the "Company") is a company domiciled in Japan. The consolidated financial statements of the Company as of and for the year ended March 31, 2021 comprise the Company and its subsidiaries ("Ricoh" as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are comprised of the Office Printing segment, including the multifunctional printers ("MFPs") and copiers, related parts and supplies, the Office Services segment, including personal computers, servers, network equipment, related service and support, the Commercial Printing segment, including cut sheet printers, continuous feed printers, the Industrial Printing segment, including inkjet heads, imaging systems and industrial printers, the Thermal Media segment, including thermal media and Other, including industrial optical component/module, electronic components and digital cameras (see Note 5, "Operating Segments").

2. BASIS OF PREPARATION

(1) Statements of Compliance

Ricoh's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") based on the stipulations of Article 93 of the "Regulations Concerning Terminology, Form and Method for Preparing Financial Statements". Ricoh meets all the requirements for "Regulations Concerning Terminology, Form and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance of Japan Regulation No. 28, 1976).

(2) Basis of Measurement

Ricoh's consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities, including financial instruments measured at fair value and retirement benefit assets and liabilities as shown in Note 3, "significant accounting policies".

(3) Functional and Presentation Currency

The items included in financial statements of each group company are measured by the currency of the primary economic environment in which each group company operates ("functional currency"). The 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.

(4) Early Adoption of New Standards

Ricoh did not have early adoption of any new standards.

(5) Use of Estimates and Judgments

For the preparation of consolidated financial statements in accordance with IFRS, it is required that management makes 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.

For the consolidated financial statements for the fiscal year under review, Ricoh assumes that although the spread of COVID-19 continues to affect its business results, to a certain extent, over the next fiscal year and beyond, the accelerated vaccination rollout will gradually contain the pandemic in the future.
The items on which estimates and assumptions have a significant effect in the consolidated financial statements are Impairment losses on tangible assets, intangible assets and goodwill and Recognition of deferred tax assets. Ricoh tests goodwill and fixed assets for impairment and evaluates the recoverability of

deferred tax assets on the grounds that future business plans are established in accordance with certain assumptions in consideration of the above scenarios. Please refer to Note 13 - Impairment losses (Impairment losses on tangible assets, intangible assets and goodwill) and Note 22 - Income taxes (Recognition of deferred tax assets) for more information.

The following notes include information in respect to uncertainties of judgments and estimates which have a significant risk to cause material adjustments in the next fiscal year.

• Note 14 - Lease (Estimation of lease terms)
• Note 19 - Provisions (Estimation of expenditures required to settle obligations)
• Note 23 - Employee benefits (Pension accounting)
• Note 26 - Financial Instruments and related disclosures (Estimation of allowance for doubtful receivables, fair value of securities)
• Note 29 – Sales (Estimation of variable considerations for revenue recognition)

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Business Combinations

Business combinations are accounted for using the acquisition method. Goodwill is recognized and measured as the excess of the net of the acquisition date amounts of identifiable assets acquired and liabilities assumed over the aggregate of consideration transferred, the amount of any noncontrolling interests and, in case of business combinations achieved in stages, the acquisition date fair value of the previously held equity interest. If the consideration of the acquisition is lower than the fair value of the identifiable assets and liabilities, the difference is immediately recognized as profit in the consolidated statement of profit or loss. If the amount of initial accounting for a business combination is not determined by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting is incomplete are reported and are adjusted during the measurement period, which is one year from the acquisition date. The acquisition related costs are charged to expenses as incurred.

Business combinations of entities under common control or business combinations in which all the combined entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations when that control is not transitory are accounted for based on the carrying amounts.

(b) Subsidiaries

Subsidiaries are entities which are controlled by Ricoh. Ricoh controls an entity when it is exposed to or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained until the date when it is lost. When necessary, the accounting policies of subsidiaries have been adjusted in order to ensure consistency with the accounting policies adopted by Ricoh. All intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

On the disposal of interests in subsidiaries, if Ricoh retains control over the subsidiaries, they are accounted for as equity transactions. Any difference between the adjustment to the noncontrolling interests and the fair value of the consideration received is recognized directly in equity as Ricoh Company, Ltd. shareholders' equity. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

(c) Associates

Associates are entities over which Ricoh has significant influence but does not have control to govern financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized at cost on acquisition. The investments include goodwill recognized on acquisition.

Ricoh's share of the income and expenses of the associates accounted for using the equity method and changes in Ricoh's share in such equity are included in the consolidated financial statements from the date when significant influence or joint control is obtained until the date it is lost. The accounting policies of associates accounted for using the equity method have been adjusted to ensure consistency with those applied by Ricoh.

(2) Foreign Currency

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currencies of Ricoh by applying the rate of exchange prevailing at the date of transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies at the prevailing exchange rate at the reporting date. Nonmonetary assets and liabilities measured at fair value that are denominated in foreign currencies are retranslated using the exchange rate at the date when the fair value was determined. Exchange differences arising from retranslation are recognized in profit or loss.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions of foreign operations are translated using the exchange rate at the reporting date. In addition, the income and expenses of foreign operations are translated using the average exchange rate for the year excluding those cases in which exchange rates are fluctuating significantly.

Foreign exchange translation differences are recognized in other comprehensive income. On disposal of the entire interest in foreign operations and on the partial disposal of the interest involving loss of control, significant influence or joint control, the cumulative amount of the foreign exchange translation differences related to such foreign operations is reclassified to profit or loss at the time of such disposal.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits available for withdrawal on demand and short-term investments due within 3 months or less and are substantially free from any price fluctuation risk.

(4) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventory includes purchase costs and conversion costs that contain appropriate allocation of fixed and variable overhead expenses. These costs are assigned to inventories mainly by the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(5) Assets held for sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification requires both of conditions, when the asset (or disposal group) is available for immediate sale in its present condition and when its sale is highly probable. For the sale to be highly probable, management must be committed to a plan to sell the asset (or disposal group) and the sale must be expected to be concluded within one year from the date of the classification.

After the classification, the asset (or disposal group) is measured at the lower of its carrying amount and fair value less costs to distribute and depreciation on the asset (or disposal group) ceases. Regarding the measurement, an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell is recognized through profit or loss. The gain can be recognized up to the amount not in excess of the cumulative impairment loss that has been recognized.

(6) Property, Plant and Equipment

(a) Recognition and measurement

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment loss. The cost of items of property, plant and equipment includes costs directly attributable to the acquisition and initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. When the useful life of each part of an item of property, plant and equipment varies, it is accounted for as a separate item of property, plant and equipment.

(b) Subsequent costs

Ordinary maintenance and repairs are charged to expense as incurred. Major replacements and improvements are capitalized to the extent they enhance the future economic benefit of the asset.

(c) Depreciation

Depreciation of property, plant and equipment is mainly computed by the straight-line method based on the estimated useful life of each item. The depreciation period generally ranges from 2 to 60 years for buildings and structures, 1 to 20 years for machinery and vehicles and 1 to 20 years for tools, equipment and fixtures. The depreciation method, useful life and residual value are reviewed at the end of each reporting period and changed when necessary.

(7) Goodwill and Intangible Assets

(a) Goodwill

Goodwill measurements at initial recognition are presented in “(1) Principles of Consolidation (a) Business Combinations". It is not amortized and is measured by deducting impairment loss from cost.

(b) Intangible Assets

Intangible assets are measured at cost less any accumulated amortization and accumulated impairment loss.

(i) Capitalized software costs

Ricoh capitalizes certain internal and external costs incurred to acquire or create internal use software during the application development stage as well as upgrades and enhancements that result in additional functionality. The capitalized software is amortized on a straight-line basis generally over 2 to 10 years.

(ii) Development assets

An intangible asset arising from development activities (or from the development phase of an internal project) shall be recognized if, and only if, Ricoh can demonstrate all of the following:

• the technical feasibility of completing the intangible asset so that it will be available for use or sale;

• its intention to complete the intangible asset for use or sale;

• its ability to use or sell the intangible asset;

• how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization of such asset commences on the commercial production date after the completion of an internal project, and the asset is amortized on a straight-line basis over its estimated useful life, generally ranging from 2 to 10 years, that is the period over which it is expected to generate net cash inflows. Other development expenditure and expenditure on research activities are recognized as an expense as incurred.

(iii) Other intangible assets

Intangible assets acquired separately are measured at cost at initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill are measured at fair value on the acquisition date.

(iv) Amortization (other than development assets)

Intangible assets with definite useful lives are amortized over the estimated useful life and a determination is made as to whether there exists any indication of impairment. Intangible assets consisting primarily of software, customer relationships and trademarks are amortized on a straight-line basis over 1 to 20 years. Intangible assets with indefinite useful lives and intangible assets that are not ready to use are not amortized, but are tested annually for impairment until the asset's life is determined to no longer be indefinite.

(8) Impairment losses of tangible assets, right-of-use assets, goodwill and intangible assets

At the end of each reporting period, Ricoh assesses whether there is any indication of impairment for non-financial assets, excluding inventories and deferred tax assets. If any such indication exists, the assets are tested for impairment based on the recoverable amount. Irrespective of whether there is any indication of impairment, Ricoh test goodwill, an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually. A cash generating unit ("CGU") is the smallest group of assets which generates cash inflows that are largely independent from the cash inflows of other assets or groups of assets. A CGU or group of CGUs to which the goodwill is allocated is determined based on the unit by which the goodwill is monitored for internal management purposes and is not larger than the operating segment before aggregation.

The grouping of assets is based on business management units for performance management accounting.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset that are not considered in estimating future cash flows. Because corporate assets do not generate independent cash inflows, if there is an indication that corporate assets may be impaired, the assets are tested based on the recoverable amount of the CGU to which they belong. If the carrying amount of an asset or a CGU exceeds the recoverable amount, an impairment loss is recognized. The impairment loss recognized related to a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit.

At the end of each reporting period, Ricoh assesses whether there is any indication that an impairment loss recognized in prior periods for an asset or CGU may no longer exist or may have decreased. If any such indication exists in an asset or CGU, the recoverable amount of the asset or CGU is estimated. In cases in which the recoverable amount exceeds the carrying amount of the asset or CGU, the impairment loss is reversed. The carrying amount after the reversal of the impairment loss will not exceed the carrying amount, net of depreciation and amortization, that would have been determined if no impairment loss had been recognized in prior years. Impairment loss recognized for goodwill is not reversed in subsequent periods.

(9) Leases

(a) Leases as lessee

Ricoh assesses whether the contract is or contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the underlying asset is real estate, Ricoh allocates the consideration of the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. When the underlying asset is other than real estate, Ricoh elects not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

For a contract that is or contains a lease, Ricoh recognizes right-of-use assets and lease liabilities at the commencement date of the lease. Lease liabilities are measured at the present value of outstanding lease payments discounted using the lessee's incremental borrowing rate at the commencement date. Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted for the prepaid lease payments and other factors.

Right-of-use assets are measured at cost and depreciated on a straight-line basis over the shorter of their estimated useful lives and lease terms. Lease payments are apportioned between interest expenses and the reduction of the outstanding liability using the effective interest method.

Interest expenses are presented on the consolidated statement of profit or loss separately from depreciation expenses of right-of-use assets.

Ricoh does not recognize right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and leases for low-value assets. Ricoh recognizes the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

(b) Leases as lessor

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Other leases are classified as operating leases. In circumstances in which the lessor is a manufacturer or dealer, the profit or loss from a finance lease is recognized in accordance with the same revenue recognition policy as that for products sales. Finance income is recognized over the term of the lease using the effective interest method. In circumstances in which the lessor is neither a manufacturer nor dealer, finance income is recognized over the term of the lease using the effective interest method.

The interest rate implicit in the lease is the discount rate that causes the aggregate present value of the minimum lease payments and the unguaranteed residual value to be equaled to the sum of the fair value of the leased asset and any initial direct costs incurred by the lessor.

Income from operating leases are recognized on a straight-line basis over the term of the lease.

(10) Provisions

Provisions are recognized when Ricoh has present obligations (legal or constructive) as a result of past events, when it is probable that outflows of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of the amount of the obligations. Where the time value of money is material, the provision is measured based on the present value using a discount rate that reflects the risks specific to the liability.

The estimated costs of dismantling, removing and restoring assets and any other expenditures arising from a contractual obligation are recognized as provisions for asset retirement obligation, which is included in the cost of “Property, plant and equipment”. The estimated costs and discount rate are reviewed annually, and where Ricoh considers it is necessary to change them, the liability is added to or deducted from the cost of the related asset as a change in accounting estimate.

The warranties provision corresponds to the cost of product warranties related to after-sales service and is recognized based on the estimated cost of after-sales service during the warranty period. The warranty costs were included in “Cost of sales”.

(11) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached to the grants. Government grants related to income are recognized in profit or loss over the period in which the related costs for which the grants are intended to compensate are recognized, and are mainly deducted in the related expenses. With regard to government grants for the purchase of assets, the amount of the grant is credited to deferred income and recognized in profit or loss over the expected useful life of the relevant assets.

(12) Employee benefits

(a) Post-employment benefits

Ricoh has defined benefit corporate pension plans and defined contribution plans.

The net obligations for defined benefit plans are recognized at the present value of the amount of future benefits that the employees have earned in the current and prior periods less the fair value of any plan assets on a plan-by-plan basis. Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and directly reclassified to retained earnings from other components of equity. Past service costs are recognized in profit or loss.

The contribution to the defined contribution plans is recognized as an expense when the related service is provided by the employee.

(b) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if Ricoh has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(13) Share-based Payment

Ricoh has equity-settled share-based compensation plans.

Under the equity-settled share-based compensation plan, the amount of services received is measured with reference to the fair value of the granted capital instruments at the granted date, and is recognized as an expense over the vesting period. The same amount is recognized as an increase in additional paid-in capital.

(14) Financial Instruments

Ricoh classifies the financial assets and liabilities that it holds into the following categories: (i) financial assets measured at amortized cost, (ii) debt instruments measured at fair value through other comprehensive income (iii) equity instruments measured at fair value through other comprehensive income, (iv) financial assets measured at fair value through profit or loss and (v) financial liabilities measured at amortized cost.

(a) Initial recognition and measurement

Ricoh initially recognizes trade and other receivables on the date that they are originated. Financial assets purchased or sold in the ordinary course of business are initially recognized on the settlement date. Financial assets measured at fair value through profit or loss are initially measured at fair value. Financial assets measured at amortized cost, debt instruments and equity instruments measured at fair value through other comprehensive income are initially measured at fair value plus transaction costs directly attributable to the acquisition. However, trade receivables that do not contain a significant financing component are initially measured at the transaction price.

(b) Classification and subsequent measurement

(i) Financial assets measured at amortized cost

Financial assets held by Ricoh are measured at amortized cost if both of the following conditions are met:

・The financial asset is held in a business model in which the objective is to hold financial assets in order to collect contractual cash flows; and

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, the carrying amounts of the financial assets measured at amortized cost are recognized using the effective interest method less impairment loss, if any. Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss for the period.

(ii) Debt instruments measured at fair value through other comprehensive income

Financial assets held by Ricoh are classified as debt instruments measured at fair value through other comprehensive income if both of the following conditions are met.

・The financial asset is held in a business model in which the objective is to hold financial assets in order to collect contractual cash flows and sale the financial asset; and

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are measured at fair value after initial recognition, and subsequent changes including foreign exchange, impairment gains or losses, and dividends from debt instrument are recognized as profit or loss. Other changes are included in other comprehensive income. When the debt instruments are derecognized, accumulated other comprehensive income is reclassified to retained earnings.

(iii) Equity instruments measured at fair value through other comprehensive income

Ricoh has made an irrevocable election to present subsequent changes in the fair value of financial assets, except financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income and classify them in equity instruments measured at fair value through other comprehensive income.

These financial assets are measured at fair value after initial recognition, and changes in the fair value are included in other comprehensive income. When the fair value significantly declines or the equity instruments are derecognized, accumulated other comprehensive income is reclassified to retained earnings.

Dividends from equity instruments measured at fair value through other comprehensive income are recognized as profit or loss.

(iv) Financial assets measured at fair value through profit or loss

Equity instruments that are not classified as equity instruments measured at fair value through other comprehensive income measured at fair value through profit or loss.

These financial assets are measured at fair value after initial recognition, and changes in their fair value are recognized in profit or loss.

(v) Financial liabilities measured at amortized cost

Bonds, borrowings, trade and other payables which Ricoh holds are initially measured at fair value less transaction costs directly attributable to the issuance. After initial recognition, these financial liabilities are measured at amortized cost.

(c) Derecognition of non-derivative financial assets and liabilities

Ricoh derecognizes financial assets when the contractual rights to the cash flows from the assets expire or Ricoh transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Ricoh derecognizes financial liabilities when contractual obligations are discharged, cancelled or expire.

(d) Impairment of non-derivative financial assets

With respect to impairment of financial assets measured at amortized cost, Ricoh recognizes a loss allowance for expected credit losses on such financial assets. At each reporting date, Ricoh assesses whether the credit risks on the financial assets have increased significantly since initial recognition. Ricoh assesses whether a credit risk on the financial assets has increased significantly based on a change in the default risk, considering past due information and the financial difficulties of the obligors.

If the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to the 12- month expected credit loss. If a credit risk on a financial instrument has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit loss. However, with respect to trade receivables that do not contain a significant financing component, the loss allowance is measured at an amount equal to the lifetime expected credit loss (simplified approach).

The expected credit loss of financial asset is estimated in a way that reflects the following:

・an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;

・the time value of money; and

・reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amounts of these measurements are recognized in profit or loss. If an event that reduces an impairment loss occurs after the impairment loss has been recognized, the impairment loss will be reversed to the extent of the decrease and credited to profit or loss.

(e) Equity

(i) Ordinary shares

Incremental costs, net of tax, directly attributable to the issuance of equity instruments are deducted from equity.

(ii) Treasury shares

If the Company purchases its own equity instruments (treasury shares), the consideration paid, net of directly attributable transaction costs and tax, is recognized as a deduction from equity. If the Company disposes of treasury shares, any gain or loss arising from the disposal is recognized in equity.

(f) Derivative financial instruments and hedging activities

Ricoh manages its exposure to certain market risks, primarily foreign currency, interest rate and stock price risks through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets hedge effectiveness requirements. In general, a derivative may be designated as either (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value hedge") or (2) a hedge of the exposure to changes in variability of the expected cash flows associated with an existing asset or liability or a highly probable forecasted transaction ("cash flow hedge").

Ricoh formally documents all relationships between hedging instruments and hedged items as well as its risk management objectives and strategies for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the consolidated statement of financial position or to specific firm commitments or forecasted transactions.

(i) Fair value hedges

Derivative instruments designated as fair value hedges are measured at fair value. Changes in the fair values of derivatives designated as fair value hedges are recognized as gains or losses and are offset by the losses or gains resulting from the changes in the fair values of the hedged items.

(ii) Cash flow hedges

The effective portion of the gains and losses of hedging instruments in a cash flow hedge are recognized through other comprehensive income. Other comprehensive income is reclassified to profit or loss in the same period during which the hedged expected cash flows affect profit or loss. Changes in the fair values of the ineffective portions of cash flow hedges are recognized immediately in profit or loss.

(iii) Derivatives not designated as hedging instruments

Changes in the fair value of derivative financial instruments which do not qualify for hedge accounting are recognized in profit or loss.

(15) Revenue Recognition

Ricoh recognizes and measure revenue based on a 5-step approach as follows.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The specific revenue recognition standards are described in Note 29 Sales.

(16) Finance Income and Finance Costs

Finance income mainly comprises dividend income, interest income and foreign currency exchange gain. Dividend income is recognized on the date when the right to receive payment is established. Interest income is recognized when incurred using the effective interest method.

Finance costs mainly comprise interest costs and foreign currency exchange loss. Interest costs are recognized when incurred using the effective interest method.

(17) Income Taxes

Income taxes comprise current taxes and deferred taxes. These are recognized in profit or loss, except for those taxes which are recognized either in other comprehensive income, directly in equity or arising from business combinations. Current taxes are the expected taxes payable or receivable on taxable profit or loss using the tax rates and tax laws enacted or substantially enacted by the end of the reporting period adjusted by taxes payable or receivable in prior years. Deferred tax assets and liabilities are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax bases, net operating loss carryforwards and tax credit carryforwards.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not related to a business combination and, at the time of transaction, affects neither book basis or tax basis profits (tax losses). Deferred tax liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and investments accounted for by the equity method. However, if Ricoh is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future, deferred tax liabilities are not recognized. Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates accounted for by the equity method are recognized only to the extent that it is probable that there will be sufficient taxable profit against which the benefit of temporary differences can be utilized and the temporary differences will be reversed in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the temporary differences are expected to be reversed based on tax laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and income taxes are levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(18) Earnings Per Share

Basic earnings per share are calculated by dividing profit and loss attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, adjusted by the number of treasury shares. Diluted earnings per share are calculated by adjusting the effects of potentially dilutive ordinary shares.

(19) Operating Segments

Operating segments are components of business activities from which Ricoh may earn revenues and incur expenses, including revenues and expenses relating to transactions with other operating segments, and for which discrete financial information for operating results of all operating segments is available and is regularly reviewed by management in order to determine the allocation of resources to the segment and assess its performance.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards and interpretations that were not effective in the reporting period ended March 31, 2021 and which Ricoh has not yet adopted for the preparation of consolidated financial statements are set forth in the table below. Ricoh is currently evaluating the effect of IAS 12.

IFRSs	Title	Date on or after which the application is required for new reporting periods	Ricoh's applicable reporting period	Summaries of new IFRSs/amendments
IAS 12	Income Taxes	January 1, 2023	Period ending March 2024	Amendments of deferred tax related to assets and liabilities arising from a single transaction.

5. OPERATING SEGMENTS

Ricoh's Operating Segments Information is as follows.

Segments	Products & Services
Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Services	Personal computers, servers, network equipment, related services, support, software and service solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printers, related parts and supplies, services, support and software
Industrial Printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal papers, thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare, financial services

Segment profit (loss) is determined by subtracting "Cost of sales" and "Selling, general and administrative expenses" from "Sales," and is used by Ricoh's chief operating decision maker in deciding how to allocate resources and in assessing performance. Segment profit (loss) excludes certain corporate expenses such as costs related to human resources, legal relations, investor relations, public relations, corporate planning and environmental activities.

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

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Segment sales:		
Office Total	1,570,246	1,348,202
Office Printing	1,013,055	815,895
Office Services	557,191	532,307
Commercial Printing	178,396	134,661
Industrial Printing	23,006	24,689
Thermal Media	61,896	56,874
Other	202,564	138,312
Intersegment sales	(27,528)	(20,669)
Total segment sales	2,008,580	1,682,069
Segment profit (loss):		
Office Total	115,267	42,141
Office Printing	82,576	6,736
Office Services	32,692	35,405
Commercial Printing	21,606	(14,657)
Industrial Printing	(5,428)	(1,688)
Thermal Media	3,069	2,691
Other	(4,288)	(22,456)
Total segment profit	130,226	6,031
Reconciling items:		
Corporate expenses and elimination	(51,186)	(51,460)
Finance income	4,926	4,373
Finance costs	(8,319)	(3,617)
Share of profit of investments accounted for using equity method	244	3,645
Profit before income tax expenses	75,891	(41,028)

Intersegment sales represent sales of the Other segment to the Office Printing segment.

The following table represents significant restructuring activities for the years ended March 31, 2020 and 2021.

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Restructuring expenses:		
Office Printing	10,511	21,747
Other	-	577
Corporate	132	903
Total	10,643	23,227

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Total assets:		
Office Total	1,897,081	1,084,618
Office Printing	1,463,511	869,674
Office Services	433,570	214,944
Commercial Printing	164,549	72,573
Industrial Printing	24,820	24,496
Thermal Media	46,552	47,051
Other	286,376	78,025
Elimination	(4,513)	(4,628)
Corporate	452,780	585,733
Consolidated	2,867,645	1,887,868

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Capital expenditures:		
Office Total	66,032	36,546
Office Printing	60,827	32,356
Office Services	5,205	4,190
Commercial Printing	10,629	9,157
Industrial Printing	1,919	1,468
Thermal Media	3,466	1,897
Other	22,162	6,725
Corporate	9,576	11,141
Consolidated	113,784	66,934
Depreciation and amortization:		
Office Total	77,193	64,907
Office Printing	66,642	53,458
Office Services	10,551	11,449
Commercial Printing	15,260	12,882
Industrial Printing	2,366	2,068
Thermal Media	3,810	3,017
Other	14,872	10,222
Corporate	7,187	11,522
Consolidated	120,688	104,618

Assets are allocated to the operating segments which mainly benefited from the assets. Corporate assets consist primarily of cash and cash equivalents and other financial assets that are not related to specific operating segments.

(2) Sales by Product Category

Information for sales by product category is as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Sales:		
Office Total	1,570,246	1,348,202
Office Printing	1,013,055	815,895
Office Services	557,191	532,307
Commercial Printing	178,396	134,661
Industrial Printing	23,006	24,689
Thermal Media	61,896	56,874
Other	175,036	117,643
Total sales	2,008,580	1,682,069

* Each category includes the following product lines:

Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts and supplies, services, support and software
Office Services	Personal computers, servers, network equipment, related services, support, software and service & solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printer, related parts and supplies, services, support and software
Industrial printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal paper, thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare, financial services

(3) Geographic Information

Sales based on the location of customers and noncurrent assets, including property, plant and equipment, right-of-use assets, goodwill and intangible assets were as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Sales:		
Japan	872,378	753,041
The Americas	534,181	386,609
Europe, the Middle East and Africa	436,458	393,409
Other	165,563	149,010
Consolidated	2,008,580	1,682,069
The United States (included in The Americas)	445,474	327,858

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Non-current assets:		
Japan	233,301	210,513
The Americas	105,181	97,986
Europe, the Middle East and Africa	116,475	132,897
Other	37,935	39,730
Consolidated	492,892	481,126
The United States (included in The Americas)	88,618	84,185

* Part of the business in the Office Services segment have been reclassified into the Office Printing segment and Other segment during this fiscal year. In addition, certain corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

6. BUSINESS COMBINATIONS

(For the year ended March 31, 2020)

On August 5, 2019, Ricoh acquired DocuWare GmbH ("DocuWare"), which provides cloud and on-premise CSP (Contents Service Platform) to support document management and workflow automation, through the Company's wholly owned Europe holding subsidiary, Ricoh Europe Holdings, Plc., for a total cash consideration of ¥18,667 million, including transaction costs. With this acquisition, Ricoh aims to expand its Digital business. 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 had not been completed as of December 31, 2019 and the amounts disclosed previously were provisional based on the information available at that time. The allocation of the acquisition cost was completed as of March 31, 2020. As it was completed, the amounts of intangible assets and liabilities increased by ¥6,838 million and ¥1,132 million, respectively, and goodwill decreased by ¥5,706 million. The operating results of DocuWare have been included in the accompanying consolidated financial statements after the acquisition date.

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

	Millions of Yen
Fair value of the consideration transferred	18,532
Cash and cash equivalents	4,881
Trade receivables and other assets	1,795
Intangible assets	6,838
Liabilities	(6,276)
Net assets	7,238
Goodwill	11,294
Total	18,532

Goodwill arising from the acquisition of DocuWare consists primarily of future economic benefits and synergies with existing operations. The acquisition-related costs of ¥135 million were included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss. The consideration transferred is composed of cash and cash equivalents.

Sales and profit generated by DocuWare since the acquisition date amounted to ¥4,313 million and ¥33 million, respectively. Assuming the business combination was conducted at the beginning of the period, its effect on the consolidated statement of profit or loss would be ¥1,430 million in sales and ¥236 million (loss) in profit and the pro-forma information would be ¥2,010,010 million in sales and ¥44,177 million in profit, respectively. The amounts are unaudited by the independent auditor.

(For the year ended March 31, 2021)
There was no significant business combination.

7. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Cash and cash equivalents		
Cash and deposit	262,884	335,048
Less time deposit over 3 months	(50)	(238)
Total cash and cash equivalents on consolidated statement of financial position	262,834	334,810
Cash and cash equivalents included in assets held for sale	854	-
Bank overdrafts	-	(4,466)
Total cash and cash equivalents on consolidated statement of cash flows	263,688	330,344

8. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Notes receivables and electronically recorded monetary claims	38,723	37,475
Accounts receivables	297,662	304,172
Other receivables	64,781	58,693
Less allowance for doubtful receivables	(8,386)	(8,208)
Total	392,780	392,132

The amounts expected to be recovered or settled within or after 12 months after the reporting period are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Within 12 months	392,660	391,853
After 12 months	120	279
Total	392,780	392,132

9. INVENTORIES

Details of inventories are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Goods and products	112,331	114,421
Work in progress and raw materials	88,917	77,595
Total	201,248	192,016

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Amount of write-down	5,561	7,156

The amount of write-down is included in “Cost of sales” in the consolidated statement of profit or loss.

10. ASSETS CLASSIFIED AS HELD FOR SALE

(For the year ended March 31, 2020)
At a meeting on March 9, 2020, the Board of Directors of Ricoh Company Ltd. agreed to sell a portion of its shares in Ricoh Leasing Co., Ltd. (referred to as “Ricoh Leasing”), a consolidated subsidiary of the Company, to Mizuho Leasing Company, Ltd. (referred to as “Mizuho Leasing”).
This agreement enables Ricoh Leasing to expand its business domain and invest in growth beyond the scope of Ricoh even further than before, while at the same time to enhance the business base of vendor leasing, which is Ricoh Leasing's strength. In addition, the Company will improve its asset efficiency and while maintaining its relationship with Ricoh Leasing, reduce risks arising from financial assets on the balance sheet. This will enable flexible financing and proactive investment in growth areas.
Along with the agreement, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, Ricoh reclassified assets and liabilities owned by Ricoh Leasing and its subsidiaries to “Assets classified as held for sale” and “Liabilities directly related to assets held for sale”. Ricoh measured the disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The reportable segments in which the assets and the liabilities are presented are the Office Printing segment, the Office Services segment, the Commercial Printing and the Other segment.

The details of the non-current asset and the disposal group are as follows.

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

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

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

As described in Note 38, Subsequent Events, on April 23, 2020, the Company concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, the Company's voting rights in Ricoh Leasing is now 33.7%, and Ricoh Leasing, which used to be a consolidated subsidiary of the Company, became an affiliate accounted for under the equity method.

As for the impacts of loss of control on assets and liabilities as of March 31, 2021 and on profit and loss for the year ended March 31, 2021, please refer to Note 28 "LOSS OF CONTROL OF SUBSIDIARY."

(For the year ended March 31, 2021)
Not applicable.

11. PROPERTY, PLANT AND EQUIPMENT

Cost, accumulated depreciation and impairment loss, and the carrying amount of property, plant and equipment are as follows:

Cost

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2019	29,426	267,561	223,982	498,760	8,083	1,027,812
Effects of changes in accounting policy	-	-	-	(723)	-	(723)
Opening Balance reflecting changes in accounting policy	29,426	267,561	223,982	498,037	8,083	1,027,089
Additions	-	7,580	2,709	46,836	29,471	86,596
Acquisitions through business combinations	-	61	3	1,407	17	1,488
Disposals	(168)	(5,427)	(9,749)	(61,523)	(24)	(76,891)
Transfers from construction in progress	-	6,902	6,824	7,369	(21,095)	-
Exchange differences	(129)	(2,401)	(2,545)	(7,043)	(447)	(12,565)
Decrease due to reclassification to assets classified as held for sale	-	(9,667)	(127)	(96,963)	(4,281)	(111,038)
Others	-	(1,513)	27	2,397	1,174	2,085
Balance as of March 31, 2020	29,129	263,096	221,124	390,517	12,898	916,764
Additions	-	3,422	2,744	18,956	17,033	42,155
Acquisitions through business combinations	-	18	8	270	-	296
Disposals	(1,502)	(8,392)	(10,084)	(26,354)	(418)	(46,750)
Transfers from construction in progress	-	10,443	4,976	5,260	(20,679)	-
Exchange differences	88	3,245	3,509	15,157	473	22,472
Others	-	(1,632)	(84)	5,746	(1,073)	2,957
Balance as of March 31, 2021	27,715	270,200	222,193	409,552	8,234	937,894

Accumulated depreciation and impairment loss

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Total
Balance as of April 1, 2019	(1,356)	(187,356)	(187,333)	(401,480)	(777,525)
Effects of changes in accounting policy	-	-	-	705	705
Opening Balance reflecting changes in accounting policy	(1,356)	(187,356)	(187,333)	(400,775)	(776,820)
Depreciation expense	-	(8,086)	(10,140)	(44,302)	(62,528)
Disposals	-	5,112	9,112	53,611	67,835
Impairment loss	-	(22)	(152)	(477)	(651)
Exchange differences	-	1,880	1,878	4,128	7,886
Decrease due to reclassification to assets classified as held for sale	-	669	70	49,443	50,182
Others	-	361	28	(1,488)	(1,099)
Balance as of March 31, 2020	(1,356)	(187,442)	(186,537)	(339,860)	(715,195)
Depreciation expense	-	(8,116)	(9,784)	(27,489)	(45,389)
Disposals	-	7,954	9,133	23,180	40,267
Impairment loss	-	(2,742)	(1,907)	(1,409)	(6,058)
Exchange differences	-	(2,193)	(2,741)	(13,282)	(18,216)
Others	-	230	209	(1,779)	(1,340)
Balance as of March 31, 2021	(1,356)	(192,309)	(191,627)	(360,639)	(745,931)

Carrying amount

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2019	28,070	80,205	36,649	97,280	8,083	250,287
Balance as of March 31, 2020	27,773	75,654	34,587	50,657	12,898	201,569
Balance as of March 31, 2021	26,359	77,891	30,566	48,913	8,234	191,963

12. GOODWILL AND INTANGIBLE ASSETS

Cost, accumulated amortization and impairment loss, and the carrying amount of goodwill and intangible assets are as follows:

Cost

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2019	313,393	165,711	85,474	79,921	20,336	664,835
Additions	-	12,423	-	-	136	12,559
Acquisitions through business combinations	14,287	6,172	1,327	-	-	21,786
Increase through internal development activities	-	-	-	14,629	-	14,629
Disposals	-	(22,466)	(138)	(13,302)	(42)	(35,948)
Exchange differences	(8,158)	(2,752)	(1,888)	-	(257)	(13,055)
Decrease due to reclassification to assets classified as held for sale	(97)	(3,116)	-	-	(1)	(3,214)
Others	(379)	(491)	-	-	201	(669)
Balance as of March 31, 2020	319,046	155,481	84,775	81,248	20,373	660,923
Additions	-	13,407	-	-	178	13,585
Acquisitions through business combinations	7,916	91	3,697	-	-	11,704
Increase through internal development activities	-	-	-	11,194	-	11,194
Disposals	-	(3,088)	(2,547)	(28,736)	(20)	(34,391)
Exchange differences	11,165	4,781	5,698	-	892	22,536
Others	-	(292)	-	-	350	58
Balance as of March 31, 2021	338,127	170,380	91,623	63,706	21,773	685,609

Accumulated amortization and impairment loss

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2019	(188,518)	(124,431)	(81,023)	(34,124)	(16,933)	(445,029)
Amortization expense	-	(10,606)	(637)	(16,806)	(254)	(28,303)
Disposals	-	21,584	138	12,532	42	34,296
Impairment loss	(13)	(258)	-	-	-	(271)
Exchange differences	4,383	2,224	1,595	-	173	8,375
Decrease due to reclassification to assets classified as held for sale	-	1,154	-	-	-	1,154
Others	-	753	-	-	-	753
Balance as of March 31, 2020	(184,148)	(109,580)	(79,927)	(38,398)	(16,972)	(429,025)
Amortization expense	-	(11,948)	(850)	(16,066)	(295)	(29,159)
Disposals	-	3,146	2,291	28,418	(1)	33,854
Impairment loss	(3,787)	(626)	(66)	(18,010)	-	(22,489)
Exchange differences	(4,427)	(2,793)	(5,185)	-	(976)	(13,381)
Others	-	129	-	-	(28)	101
Balance as of March 31, 2021	(192,362)	(121,672)	(83,737)	(44,056)	(18,272)	(460,099)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2019	124,875	41,280	4,451	45,797	3,403	219,806
Balance as of March 31, 2020	134,898	45,901	4,848	42,850	3,401	231,898
Balance as of March 31, 2021	145,765	48,708	7,886	19,650	3,501	225,510

Amortization expense of development assets were included in ”Cost of sales”, and amortization expense of other intangible assets were included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

13. IMPAIRMENT LOSS

(1) Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit groups

Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit group was as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Office Services Total	224	14
Commercial Printing (Common function group excluding sales)	-	26,547
Commercial Printing Total	-	26,547
Industrial Printing (Common function group excluding sales)	342	162
Industrial Printing Total	342	162
Other Total	356	1,943
Impairment loss Total	922	28,666

(2) Impairment loss on Property, plant and equipment and goodwill and intangible assets by class

Impairment loss on Property, plant and equipment and goodwill and intangible assets by class was as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2020
Buildings and structures	22	2,742
Machinery and vehicles	152	1,907
Tools, equipment and fixtures	477	1,409
Property, plant and equipment Total	651	6,058
Goodwill	13	3,787
Software	258	626
Trademarks and customer relationships	-	66
Development assets	-	18,010
Goodwill and intangible assets Total	271	22,489
Right-of-use assets	-	119
Impairment loss Total	922	28,666

Impairment loss for the year ended March 31, 2020 was included in “Cost of Sales” in the amount of ¥234 million, “Selling, general and administrative expenses” in the amount of ¥674 million and “Impairment of goodwill” in the amount of ¥13 million, respectively. Impairment loss for the year ended March 31, 2021 was included in “Selling, general and administrative expenses” in the amount of ¥24,879 million and “Impairment of goodwill” in the amount of ¥3,787 million, respectively.

(3) Impairment losses and the background

(For the year ended March 31, 2020)

Ricoh recognized impairment loss on property, plant and equipment and goodwill and intangible assets in other business, Industrial Printing and Office Services due to the actual profit falling below the assumed profit. Ricoh decreased these carrying amounts to zero.

The value in use is calculated by discounting the estimated cash flows using the pre-tax weighted average cost (7% to 12%) based on the projection approved by management and the growth rate. Business plans are projected for 5 years and the growth rate does not exceed the long-term average growth rate for the market in which the asset is used.

The major components of the above-mentioned impairment by reportable segment are as follows.
Other segment: ¥356 million.
Industrial Printing segment: ¥342 million.

(For the year ended March 31, 2021)
Ricoh recognized impairment loss on goodwill and intangible assets including development assets in Commercial Printing (Common function group excluding sales, which is a cash-generating unit group related to the production and development functions in the commercial printing business). In the Commercial Printing (Common function group excluding sales), a future plan was formulated incorporating the future business growth, with a careful consideration of the business impact from the COVID-19 pandemic. Therefore, the timing of realizing the projected profit is expected to be delayed than initially planned. In addition, Ricoh decided to convert a part of its domestic plants, which originally operated to manufacture office equipment, into production bases for business targeting printing companies and their in-house printing. In line with this decision, the allocation of related expenses was reviewed and reflected to the future plan. As a result, impairment loss was recognized for assets including goodwill that generated from past acquisitions. The carrying amounts of the assets were written down to the recoverable amounts that were measured based on the value in use.

The value in use is calculated by discounting the estimated cash flows based on the projection approved by management and the growth rate after the projection period using the pre-tax weighted average cost of 10%. In estimating the value in use, Ricoh considers the number of commercial printing presses sold and print output volume in the projection, the growth rate after the projection period, and the discount rate are recognized as key assumptions.

Impairment loss of ¥23,906 million and ¥2,641 million are included in selling, general and administrative expenses and impairment of goodwill, respectively, in the consolidated statements of profit or loss. The major details by asset are impairment loss of ¥18,514 million on intangible assets (mainly development assets), ¥2,641 million on goodwill and ¥5,392 million on property, plant and equipment.

(4) Impairment test of goodwill
(For the year ended March 31, 2020)
The recoverable amount of goodwill was determined based on the value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-3 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (7 to 12%).

Ricoh has made several assumptions concerning when the impact of the spread of COVID-19 will come to an end. Ricoh expects the performance will recover most likely from the third quarter of FY2020, while also considering possibilities for a recovery in performance starting from the second quarter of FY2020 or from FY2021. Ricoh tests goodwill for impairment using the value in use calculated by weighted average based on the assumptions of the probability and cashflow in consideration of the above several scenarios.
Office Printing (Europe, Middle East and Africa sales group) CGU group is exposed to a significant risk of resulting in a material adjustment to the carrying amounts of goodwill within the next financial year.
The recoverable amount in Office Printing (Europe, Middle East and Africa sales group) exceeds its carrying amount by ¥16,695 million, however this headroom will reduce to ¥7,600 million under the most pessimistic scenario out of the aforementioned scenarios.

The result of estimations of the growth rate and the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the growth rate falls or the discount rate rise in each.

	Growth rate	Discount rate
Office Printing (Europe, Middle East and Africa sales group)	-3.9%	+1.9%

Ricoh expects that the carrying amount will not exceed the recoverable amount even if there are reasonably possible changes in the major assumptions underlying the recoverable amount (growth rate, discount rate, etc.) in other CGU or CGU group which goodwill are allocated.

(For the year ended March 31, 2021)
The recoverable amount of goodwill was determined based on the value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate after the projection period. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-4 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (9 to 14%). Business plans are projected for within 5 years and the growth rate does not exceed the long-term average growth rate for the market in which the asset is used.

As described in Note 2. BASIS OF PREPARATION- (5) Use of Estimates and Judgments, Ricoh assumes that although the spread of COVID-19 continues to affect its business results, to a certain extent, over the next fiscal year and beyond, the accelerated vaccination rollout will gradually contain the pandemic in the future.

Office Printing (Europe, Middle East and Africa sales group) CGU group is exposed to a significant risk of resulting in a material adjustment to the carrying amounts of goodwill within the next financial year. The recoverable amount in Office Printing (Europe, Middle East and Africa sales group) exceeds its carrying amount by ¥31,529 million. In estimating the value in use, Ricoh considers the sales volume and print output volume of MFPs, etc. in the projection, the growth rate after the projection period, and the discount rate are recognized as key assumptions.

The result of estimating of the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the discount rate rise. Ricoh expects that the carrying amount will not exceed the recoverable amount even if there are reasonably possible changes in the sales volume and print output volume of MFPs, etc. in the projection, and the growth rate underlying the recoverable amount.

	Discount rate
Office Printing (Europe, Middle East and Africa sales group)	+4.9%

Ricoh expects that the carrying amount will not exceed the recoverable amount even if there are reasonably possible changes in the major assumptions underlying the recoverable amount (growth rate, discount rate, etc.) in other CGU or CGU group which goodwill are allocated.

The details of goodwill after recognition of impairment losses by CGU or CGU group are as follows.

	Millions of Yen	Millions of Yen
	As of March 31, 2020	As of March 31, 2021
Office Printing (Common function group excluding sales)	64,128	65,469
Office Printing (Europe, Middle East and Africa sales group)	44,546	48,431
Office Services (DocuWare)	11,414	12,775
Office Printing (Japan sales group)	4,981	4,981
Other CGUs, CGU groups	9,829	14,109
Total	134,898	145,765

14. LEASE

(1) As Lessor

Lease receivables are included in other financial assets.

Ricoh is engaged in the leasing business of Ricoh's products. Most of these leases are accounted for as finance leases.

Residual risk on leased equipment is not significant, because of the existence of a secondary market with respect to the equipment and having sales means such as extension of arrangement with customer.

(a) Finance lease

Future receivables under finance leases are as follows:

The table below does not include the amount included in "Assets classified as held for sale."

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Gross investments in finance leases		
Due in 1 year or less	102,624	109,798
Due after 1 year through 2 years	73,401	72,341
Due after 2 year through 3 years	46,897	46,637
Due after 3 year through 4 years	24,248	24,458
Due after 4 year through 5 years	7,944	7,952
Due after 5 years	866	1,319
Undiscounted lease receivables	255,980	262,505
Unguaranteed residual value	(5,110)	(5,746)
Future finance income	(26,128)	(26,912)
Present value of minimum lease payments receivable	224,742	229,847

The following table presents selling profit or loss and finance income on the net investment in the lease.

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Selling profit or loss	33,055	29,880
Finance income on the net investment in the lease	31,731	18,024

(b) Operating lease

Future receivables under operating leases are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Due in 1 year or less	12,752	10,062
Due after 1 year through 2 years	4,536	6,082
Due after 2 year through 3 years	3,149	4,044
Due after 3 year through 4 years	2,155	1,529
Due after 4 year through 5 years	838	444
Due after 5 years	316	105
Undiscounted lease receivables	23,746	22,266

The following table presents operating lease income.

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Lease income	38,225	31,461
Income relating to variable lease payments	1,843	1,773

(2) As Lessee

Ricoh leases many assets including land, buildings, machinery, equipment and fixtures.

Information on leases, as a lessee, is as follows:

(a) Right-of-use assets

Carrying amount of right-of use assets consists of the follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Land, buildings and structures	52,716	49,847
Vehicles and other	6,709	13,806
Total	59,425	63,653

The amount of right-of-use assets increased by ¥17,691 million and ¥27,137 million for the year ended March 31, 2020 and 2021, respectively.

Total cash outflow for leases were ¥31,315 million and ¥36,877 million for the year ended March 31, 2020 and 2021, respectively.

(b) Income and expenses relating to leases

Income and expenses relating to leases consist of the following:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Depreciation expenses for right-of-use assets:		
Land, buildings and structures	25,917	24,496
Vehicles and other	3,940	5,574
Total	29,857	30,070
Expenses relating to short-term lease and lease of low-value assets	2,001	4,039

Income and expenses with sublease and sale and lease back were not material.

Interest expense on lease liabilities are described in Note 32, Finance income and finance costs. Analysis of the contractual maturities of lease liabilities are described in Note 26, Financial instruments and related disclosures - (4) Liquidity risk management.

(c) Extension option and termination options

In Ricoh, each company is responsible for managing its lease contracts, and lease conditions are individually negotiated, resulting in a wide range of contract conditions. Extension option and termination option are mainly included in real estate leases for offices and warehouses. These options are used as necessary for the lease contractor to utilize real estate for business.

15. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Derivative assets	2,054	407
Lease receivables	229,852	235,593
Less allowance for doubtful receivables	(5,499)	(7,084)
Total	226,407	228,916
Current	87,226	92,823
Noncurrent	139,181	136,093

16. OTHER INVESTMENTS

The components of other investments are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Securities	14,096	17,770
Bonds	855	734
Total	14,951	18,504
Current	-	-
Noncurrent	14,951	18,504

17. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Notes payables and electronically recorded obligations	35,759	43,926
Accounts payable	143,674	157,269
Other payables	66,622	85,965
Total	246,055	287,160

18. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Unsecured Bonds:		
0.35% straight bonds, payable in yen, due July 2020, issued by the Company	11,955	-
0.22% straight bonds, payable in yen, due July 2022, issued by the Company	11,955	12,980
0.20% straight bonds, payable in yen, due December 2023, issued by the Company	10,000	10,000
0.47% straight bonds, payable in yen, due December 2028, issued by the Company	10,000	10,000
6.75% straight bonds, payable in yen, due December 2025, issued by a consolidated subsidiary	1,532	1,562
7.30% straight bonds, payable in yen, due November 2027, issued by a consolidated subsidiary	2,255	2,297
Total bonds	47,697	36,839
Unsecured loans		
From banks and insurance companies		
weighted average interest rate	0.24%	0.23%
due 2028	101,955	148,441
Long-term borrowings arising from securitization of lease receivables (see Note 26)	736	507
Subtotal	150,388	185,787
Less current maturities included in "Current liabilities"	(22,216)	(46,111)
Total	128,172	139,676

All bonds outstanding as of March 31, 2021 are redeemable at the option of Ricoh under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on additional secured borrowings as defined in the agreements. Ricoh was in compliance with all such covenants as of March 31, 2021.

The table above does not include the carrying amount of financial liabilities included in "Liabilities directly related to assets held for sale."

Short-term borrowings consist of the following:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Borrowings, principally from banks	26,664	36,620
Commercial paper	2,612	-
Total	29,276	36,620

	Weighted average interest rate (*)	
	As of March 31, 2020	As of March 31, 2020
Borrowings, principally from banks	1.5%	0.4%
Commercial paper	2.5%	-

*Weighted average interested rate is the rate on the balance of borrowings at the end of the period.

The table above does not include the carrying amount of financial liabilities included in "Liabilities directly related to assets held for sale."

Movement of liabilities related to financing activities consisted of the following:

	Millions of yen						
				Non-cash changes			
	As of April 1, 2019	Effect of changes in accounting policy (ii)	Changes arising from cash flows	Additions	Transfer to liabilities directly related to assets held for sale	Exchange differences	As of March 31, 2020
Short-term debt	65,313	-	31,068	-	(66,220)	(885)	29,276
Long-term debt (i)	664,338	-	66,935	-	(627,707)	(875)	102,691
Bonds (i)	203,768	-	29,971	-	(185,000)	(1,042)	47,697
Lease liabilities(ii)	-	83,278	(30,065)	18,818	(2,383)	(3,677)	65,971
Total	933,419	83,278	97,909	18,818	(881,310)	(6,479)	245,635

(i) Including the current portion.
(ii) This is the impact of applying IFRS 16 'Lease'.

	Millions of yen						
			Non-cash changes				
	As of April 1, 2020	Changes arising from cash flows	Additions	Changes in the scope of consolidation (ii)	Exchange differences	Others	As of March 31, 2021
Short-term debt	29,276	23,572	-	(22,822)	2,128	4,466	36,620
Long-term debt (i)	102,691	42,665	-	2,110	1,482	-	148,948
Bonds (i)	47,697	(12,413)	-	-	1,555	-	36,839
Lease liabilities	65,971	(35,728)	27,489	17,071	2,899	(5,490)	72,212
Total	245,635	18,096	27,489	(3,641)	8,064	(1,023)	294,619

(i) Including the current portion.
(ii) This is due mainly to the impact of deconsolidation of Ricoh Leasing.

19. PROVISIONS

The changes in provisions are as follows:

	Millions of Yen				
	Asset retirement obligation	Warranties provision	Restructuring provision	Other provisions	Total
Balance as of April 1, 2020	4,878	1,849	7,704	3,713	18,144
Increase for the year	945	2,249	15,206	1,933	20,333
Decrease for the year (applied against provisions)	(46)	(1,153)	(11,877)	(1,211)	(14,287)
Decrease for the year (unused amounts reversed)	(79)	(170)	(557)	(208)	(1,014)
Interest expense for discounting	53	-	-	-	53
Others	135	53	830	112	1,130
Balance as of March 31, 2021	5,886	2,828	11,306	4,339	24,359
Current liabilities	-	2,828	8,276	1,842	12,946
Noncurrent liabilities	5,886	-	3,030	2,497	11,413

Ricoh recognizes provisions for asset retirement obligation when there is a contractual obligation to dismantle, remove or restore assets at the end of lease contract or obligation to decontaminate certain fixed assets. Future expected outflows of economic benefits are long-term in nature and may be affected by future business plans.

The warranties provision corresponds to the cost of product warranties related to after-sales service and is recognized based on the estimated cost of after-sales service during the warranty period. The warranty costs were included in in “Cost of sales”.

The restructuring provision consists of expenditures on restructuring activities such as fixed costs reductions in order to enhance competitiveness. Restructuring provisions are expected to be utilized mainly within the next fiscal year. However, they may be affected by future business plans.

Other provisions mainly consist of litigation provisions.

20. OTHER FINANCIAL LIABILITIES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Derivative liabilities	-	1,669
Total	-	1,669
Current	-	1,669
Noncurrent	-	-

21. GOVERNMENT GRANTS

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached to the grants. Government grants related to income are recognized in profit or loss over the period in which the related costs for which the grants are intended to compensate are recognized, and are mainly deducted in the related expenses. With regard to government grants for the purchase of assets, the amount of the grant is credited to deferred income and recognized in profit or loss over the expected useful life of the relevant assets.

For the year ended March 31, 2021, government grants related to income were mainly employment grants related to COVID-19. Government grants for the purchase of assets, principally arising in the Office Printing segment, were related to capital expenditures on R&D of the Company and the production facility of a manufacturing subsidiary in Japan.

For the year ended March 31, 2021, the amount of government grants recognized in the consolidated statement of profit or loss was ¥17,016 million, which were deducted by ¥6,118 million in "cost of sales" and ¥9,538 million in "selling, general and administrative expenses", and were included by ¥1,360 million in "other income".

The total balance of government grants, presented as deferred income in “other current liabilities” or “other non-current liabilities” in the consolidated statement of financial position as of March 31, 2020 and March 31, 2021 was ¥4,302 million and ¥3,844 million, respectively.

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

22. INCOME TAXES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen						
	As of April 1, 2019	Recognized in profit or loss	Recognized in other comprehen-sive income	Acquisitions through business combinations	Reclassification to assets classified as held for sale	Exchange differences and other	As of March 31, 2020
Deferred tax assets:							
Accrued expenses	23,787	(153)	-	-	(633)	(145)	22,856
Unrealized profit on inventories	12,793	(2,038)	-	-	(264)	(470)	10,021
Depreciation and amortization	7,564	420	-	-	(331)	(1)	7,652
Accrued pension and retirement benefits	30,829	754	(158)	-	(498)	(244)	30,683
Net operating loss carryforwards	19,547	(1,009)	-	73	-	(323)	18,288
Other	23,641	(8,352)	-	387	(1,316)	(169)	14,191
Total deferred tax assets	118,161	(10,378)	(158)	460	(3,042)	(1,352)	103,691
Deferred tax liabilities:							
Finance leases	(551)	63	-	-	-	-	(488)
Undistributed earnings of subsidiaries and affiliates	(1,405)	491	-	-	-	50	(864)
Net gain on fair value of financial asset through other comprehensive income	(2,661)	-	431	-	120	(274)	(2,384)
Goodwill and intangible assets	(20,541)	1,959	-	(2,051)	-	75	(20,558)
Other	(11,538)	(1,615)	110	-	882	469	(11,692)
Total deferred tax liabilities	(36,696)	898	541	(2,051)	1,002	320	(35,986)

	Millions of Yen					
	As of April 1, 2020	Recognized in profit or loss	Recognized in other comprehen-sive income	Acquisitions through business combinations	Exchange differences and other	As of March 31, 2021
Deferred tax assets:						
Accrued expenses	22,856	(440)	-	24	365	22,805
Unrealized profit on inventories	10,021	(1,178)	-	-	488	9,331
Depreciation and amortization	7,652	3,920	-	3	746	12,321
Accrued pension and retirement benefits	30,683	(20)	(8,070)	-	1,636	24,229
Net operating loss carryforwards	18,288	10,167	-	-	245	28,700
Other	14,191	8,687	-	-	736	23,614
Total deferred tax assets	103,691	21,136	(8,070)	27	4,216	121,000
Deferred tax liabilities:						
Undistributed earnings of subsidiaries and affiliates	(864)	(1,029)	-	-	(53)	(1,946)
Net gain on fair value of financial asset through other comprehensive income	(2,384)	-	(1,305)	-	287	(3,402)
Goodwill and intangible assets	(20,558)	1,667	-	(1,057)	(28)	(19,976)
Other	(12,180)	(2,531)	214	-	(797)	(15,294)
Total deferred tax liabilities	(35,986)	(1,893)	(1,091)	(1,057)	(591)	(40,618)

Ricoh assesses the probability that a portion or all of the future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards can be used to offset future taxable profits on recognition of deferred tax assets. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and whether loss carryforwards are utilizable. Ricoh considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the temporary differences are deductible or loss carryforwards are utilizable, Ricoh believes it is more likely than not that the deferred tax assets of these deductible differences will be realized. The amount of the deferred tax assets considered realizable, however, will be reduced if estimates of future taxable income during the carryforward period are reduced.

As described in Note 2. BASIS OF PREPARATION- (5) Use of Estimates and Judgments, Ricoh assumes that although the spread of COVID-19 continues to affect its business results, to a certain extent, over the next fiscal year and beyond, the accelerated vaccination rollout will gradually contain the pandemic in the future. As a result of that, Ricoh assumes that there are no significant fluctuations to the recoverability of deferred tax assets.

Ricoh applies the consolidated taxation system in Japan. Most of the recognized deferred tax assets are related to the consolidated taxation system in Japan. In the business plan in estimating the taxable income of the future consolidated taxation system group, Ricoh recognizes that the sales volume of MFPs and consumables such as toner are an important assumption.

Net operating loss carryforwards, deductible temporary differences and foreign tax credit carryforwards for which deferred tax assets have not been recognized are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Net operating loss carryforwards	84,672	110,071
Deductible temporary differences	1,007	4,629
Foreign tax credit carryforwards	2,056	2,107
Total	87,735	116,807

The expiration date and amounts of net operating loss carryforwards for which deferred tax assets are not recognized are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Within 4 years	17,379	27,517
After 5 years and thereafter	67,293	82,554
Total	84,672	110,071

The expiration date of foreign tax credit carryforwards is within 4 years.

The above amounts do not include net operating loss carryforwards in which deferred tax assets related to local taxes (residence tax and enterprise tax) are not recognized as it is not covered by the consolidated taxation system. The amount of net operating loss carryforwards related to residence tax and enterprise tax as of March 31, 2020 were ¥63,351 million and ¥110,729 million, respectively, and as of March 31, 2021 were ¥42,942 million and ¥79,866 million, respectively.

The amounts of recognized deferred tax assets over the amounts of deferred tax liabilities and the recoverability of deferred tax assets are dependent on future taxable profits as of March 31, 2020 and 2021 were ¥9,780 million and ¥65,461 million, respectively. These deferred tax assets were recognized in the Company or some other subsidiaries which recognized tax losses for the year ended March 31, 2020 and 2021. The Company and certain subsidiaries assess the probability that such subsidiaries can utilize deductible temporary differences, net operating loss carryforwards and foreign tax credit carryforwards against future taxable profits.
The amounts of the recognized deferred tax assets in the domestic consolidation taxation group as of March 31, 2020, are not included above because net operating losses are not recognized in domestic consolidation taxation group in the year ended March 31, 2019 and 2020. And the amounts of recognized deferred tax assets in domestic consolidation taxation group are included for the current fiscal year March 31, 2021 because net operating losses are recognized in this year ended.

Details of current and deferred tax expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2020
Current tax expense:		
Current year	21,998	10,879
Total current tax expense	21,998	10,879
Deferred tax expense:		
Origination and reversal of temporary differences	8,415	(18,606)
Changes in unrecognized deferred tax assets in previous years	1,065	(637)
Total deferred tax expense	9,480	(19,243)
Total provision for income taxes	31,478	(8,364)

The amount of the benefits arising from previously unrecognized tax losses, tax credit or temporary differences of a prior period that were used to reduce current tax expenses for the year ended March 31, 2020 and 2021 were ¥1,195 million and ¥1,812 million, respectively, and these benefits were included in the current tax expense.

The Company and its domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, represent a statutory income tax rate of approximately 31% for the year ended March 31, 2020 and 2021.

Reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2021
Statutory income tax rate	31%	31%
Nondeductible expenses	1	(1)
Nontaxable income	(0)	0
Changes in unrecognized deferred tax assets in previous years	1	1
Tax credits for research and development and other	(0)	-
Income tax exposures	(1)	1
Taxes on undistributed earnings of foreign subsidiaries	15	(12)
Difference in statutory tax rates of foreign subsidiaries	(5)	4
Impairment of goodwill	-	(3)
Share of profit (loss) of investments accounted for using the equity method	0	3
Other, net	(1)	(4)
Effective income tax rate	41	20

Ricoh does not recognize deferred tax liability on undistributed retained earnings of domestic subsidiaries because dividends from domestic subsidiaries are almost tax-free under the domestic tax law. Ricoh does not recognize deferred tax liability on the taxable temporary differences associated with a portion of undistributed retained earnings in foreign subsidiaries because Ricoh is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The amount of those taxable temporary differences as of March 31, 2020 and 2021 were ¥425,391 million and ¥359,101 million, respectively.

23. EMPLOYEE BENEFITS

(1) Defined benefit plans

Ricoh has defined benefit corporate pension plans and lump-sum payment plans. The benefits of these defined benefit plans are provided based on employees' years of service, compensation level and other terms. Contributions to these plans have been made to provide future pension payments in conformity with actuarial calculations determined by the current basic rate of salary.

The Company and certain subsidiaries have contract-type corporate pension plans based on pension provision. The Company and certain subsidiaries have established Ricoh's group corporate pension provisions stipulating the contents of the pension plan such as eligibility requirements, contents and method for determining benefit payments and burden of contributions by agreement with their employees and have had these plans approved by the Minister of Health, Labour and Welfare. The Company and certain subsidiaries maintain plans by exchanging contracts with trust banks and insurance companies for the payment of contributions and the management of accumulated funds. The trust banks maintain and manage the plan assets while they perform actuarial calculation and payments of annual and lump-sum benefits.

The Company and certain subsidiaries are responsible for operations related to the administration and investment of pension reserves for the participants in compliance with laws and regulations and any orders issued by the Minister of Health, Labour and Welfare. Furthermore, the Company and certain subsidiaries are prohibited from engaging in any actions that could hinder proper administration and investment of the pension reserves for the purpose of furthering their own interests or the interests of third parties other than the participants.

For the year ended March 31, 2020, certain overseas subsidiaries offered voluntary lump-sum pension payout options to employees and made a lump-sum payment to applicants of this offer. As a result, Ricoh recognized settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2020.

The changes in the defined benefit obligations and plan assets of the pension plans are as follows:

Domestic plans	Millions of Yen For the year ended March 31, 2020	Millions of Yen For the year ended March 31, 2021
Net defined benefit obligations at beginning of year:	55,332	51,924
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	231,139	219,495
Current service cost	7,925	7,327
Interest cost	919	1,077
Actuarial gain (i)	(6,208)	(1,551)
Benefits paid	(14,280)	(13,601)
Decrease due to disposal of interest in subsidiaries	-	(2,629)
Defined benefit obligations at end of year	219,495	210,118
Changes in plan assets:		
Fair value of plan assets at beginning of year	175,807	167,571
Interest income	635	746
Income related to plan assets (ii)	(4,022)	16,455
Employer contributions	9,823	10,117
Partial withdrawal of plan assets	(430)	(400)
Benefits paid	(14,242)	(13,601)
Decrease due to disposal of interest in subsidiaries	-	(1,646)
Fair value of plan assets at end of year	167,571	179,242
Net defined benefit obligations at end of year	51,924	30,876

Foreign plans	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Net defined benefit obligations at beginning of year:	50,721	49,006
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	242,680	243,376
Current service cost	918	1,338
Past service cost	-	(136)
Interest cost	6,912	6,176
Plan participants' contributions	73	314
Actuarial loss (i)	9,633	9,665
Settlements	(8,937)	-
Benefits paid	(9,900)	(9,663)
Increase due to acquisitions through business combinations	2,273	403
Exchange differences and other	(276)	14,461
Defined benefit obligations at end of year	243,376	265,934
Changes in plan assets:		
Fair value of plan assets at beginning of year	191,959	194,370
Interest income	5,952	5,296
Income related to plan assets (ii)	5,124	13,533
Employer contributions	7,121	10,957
Plan participants' contributions	73	314
Partial withdrawal of plan assets	(852)	(677)
Settlements	(7,691)	-
Benefits paid	(9,900)	(9,663)
Increase due to acquisitions through business combinations	1,201	-
Exchange differences and other	1,383	13,118
Fair value of plan assets at end of year	194,370	227,248
Net defined benefit obligations at end of year	49,006	38,686

(i) Actuarial loss for the year ended March 31, 2020 arising from changes in demographic assumptions was ¥8,062 million (gain). Other actuarial loss arose from changes in financial assumptions.

Actuarial gain and loss for the year ended March 31, 2021 arose mainly from changes in financial assumptions.

(ii) Income related to plan assets excludes interest income.

The weighted average of significant actuarial assumptions used to determine defined benefit obligations are as follows:

	Domestic plans		Foreign plans	
	As of March 31, 2020	As of March 31, 2021	As of March 31, 2020	As of March 31, 2021
Discount rate	0.5%	0.5%	2.7%	2.4%
Rate of compensation increase	2.4%	2.4%	2.2%	1.8%

In situations in which the discount rate changes, the effects on the defined benefit obligation as of March 31, 2020 and 2021 are shown below. The sensitivity analysis is based on the assumption that there are no other changes in the actuarial calculations, but, in fact, other changes in assumptions could possibly affect the defined benefit obligation. Ricoh does not expect any changes in the rate of compensation to increase.

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Increase of 0.5 of a percentage point	(26,223)	(27,461)
Decrease of 0.5 of a percentage point	27,092	29,642

The fair value of plan assets as of March 31, 2019 by asset class is as follows:

	Millions of Yen		
	As of March 31, 2020		
Domestic plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	14,821	-	14,821
Pooled funds	-	38,101	38,101
Debt securities:			
Domestic bonds	-	-	-
Pooled funds	-	65,144	65,144
Life insurance company general accounts	-	24,266	24,266
Other assets	13	25,226	25,239
Total assets	14,834	152,737	167,571

	Millions of Yen		
	As of March 31, 2020		
Foreign plans	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	1,001	-	1,001
Pooled funds	-	31,417	31,417
Debt securities:			
Foreign bonds	59,929	-	59,929
Pooled funds	-	68,435	68,435
Life insurance company general accounts	-	29,987	29,987
Other assets	416	3,185	3,601
Total assets	61,346	133,024	194,370

The fair value of plan assets as of March 31, 2021 by asset class is as follows:

Domestic plans	Millions of Yen As of March 31, 2021 Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	19,631	-	19,631
Pooled funds	-	50,095	50,095
Debt securities:			
Domestic bonds	-	-	-
Pooled funds	-	64,809	64,809
Life insurance company general accounts	-	23,381	23,381
Other assets	15	21,311	21,326
Total assets	19,646	159,596	179,242

Foreign plans	Millions of Yen As of March 31, 2021 Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	3,904	-	3,904
Pooled funds	-	44,586	44,586
Debt securities:			
Foreign bonds	90,385	-	90,385
Pooled funds	-	77,492	77,492
Life insurance company general accounts	-	23,407	23,407
Other assets (i)	(20,292)	7,766	(12,526)
Total assets	73,997	153,251	227,248

(i) Assets with quoted market prices in an active market represents a portfolio of investments that primarily consists of Liability Driven Investment（LDI）, designated to match the plan assets with a change in the present value of the defined benefit obligation arising from a change in indices such as interest rates and inflation.

Ricoh’s investment objectives are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and debt and equity securities and prohibit speculative investment in derivative financial instruments. Ricoh addresses diversification by utilizing mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Ricoh’s model portfolio for domestic plans consists of three major components: approximately 40% is invested in equity securities, approximately 35% is invested in debt securities and approximately 25% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Outside of Japan, investment policies vary by country, but the long-term investment objectives and strategies remain consistent. Ricoh's model portfolio for foreign plans has been developed as follows: approximately 20% is invested in equity securities, approximately 75% is invested in debt securities and approximately 5% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Ricoh expects to contribute ¥18,430 million to its pension plans for the year ending March 31, 2022.

The weighted average duration of defined benefit obligations was mainly 12 years as of March 31, 2021.

(2) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2020 and 2021 were ¥12,214 million and ¥ 10,312 million, respectively.

(3) Employee benefit expense

The employee benefit expense included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss for the years ended March 31, 2020 and 2021 were ¥ 637,169 million and ¥ 548,377 million, respectively.

24. SHARE-BASED PAYMENT

(1) Share-Based Compensation Plans using Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers of the Company

(a) Details of share-Based compensation plans

The Company has introduced a share-based compensation plan with stock price conditions (hereinafter, "the plan") for the Company's board directors and executive officers (excluding outside board directors; hereafter, "directors and executive officers") from the year ended March 31, 2020. This is aimed at reinforcing common interest between the Company's directors and executive officers and the shareholders. It will also achieve a highly transparent and fair share-based incentive system, with stock price conditions, to show commitment to sustainable development and medium to long-term improvement of our corporate value.

The Company has adopted a Board Incentive Plan trust in which beneficiaries include the directors and executive officers. Under the plan, the Company's shares are acquired through the trust using money contributed by the Company as the source of funds. In accordance with "Rules relating to grand of shares" established by the Company, from the date of commencement of the plan, points (1 point = 1 shares) are granted to the directors and executive officers each month at the end of the month during the period which the plan applies. The plan is designed so that the number of shares granted to the directors and executive officers are based on the comparative result of the growth rate of the Company's stock price and the growth rate of TOPIX (Tokyo stock price index) within a certain time frame. In principle, by carrying out the prescribed beneficiary vesting procedures at the time of retirement for directors and executive officers, those individuals are able to receive shares of the Company, with the number of shares corresponding to the number of points granted.

The plan is accounted for as equity-settled share-based compensation.

(b) Number of points granted during the period and weighed average fair value of points

The fair value of the points on the date of grant is determined by adjusting the market value of the Company's shares taking expected dividends in account.

The number of points granted during the period and the weighted average fair value of the points are as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2021
Number of points granted during the period	39,600	57,230
Weighted average fair value (yen)	1,094	1,101

(c) Share-bases payment expenses

Share-based payment expenses for the year ended March 31, 2020 and 2021 were ¥ 43 million and ¥ 63 million, respectively. This expense was presented within Selling, general and administrative expenses in the consolidated statement of profit or loss.

(2) Share-Based Compensation Plans using Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers of Ricoh Leasing.

(For the year ended March 31, 2020)

(a) Details of share-based compensation plans

Ricoh Leasing, a consolidated subsidiary of Ricoh, has introduced a share-based compensation plan (hereinafter, “the plan”) for Ricoh Leasing’s board directors and executive officers (excluding outside board directors; hereafter, “Ricoh Leasing directors and executive officers”) from the year ended March 31,2020. The plan clarifies the linkage between remuneration of Ricoh Leasing directors and executive officers and Ricoh Leasing’s business performance. The objectives of introducing the plan are to raise awareness that Ricoh Leasing directors and executive officers contribute to improving medium to long-term performance and increasing corporate value by sharing profit and risks due to change in stock prices with shareholders.

Ricoh Leasing has adopted Board Incentive Plan trust in which beneficiaries include Ricoh Leasing directors and executive officers as the structure for the plan. Under the plan, Ricoh Leasing shares are acquired through the trust using money contributed by Ricoh Leasing as the source of funds. In accordance with “Rules relating to grand of shares” established by Ricoh Leasing, from the date of commencement of the plan, points (1 point = 1 shares) are granted to Ricoh Leasing directors and executive officers each month on the end of the month during the period which the plan applies. Vesting conditions include the requirement that the recipient is a current office holder as a Ricoh Leasing director or executive officer, and points are granted according to office held and the degree of achievement of performance targets. In principle, at the time of their retirement as Ricoh Leasing directors and executive officers, by carrying out the prescribed beneficiary vesting procedures, they are able to receive shares of the Company, with the number of shares corresponding to the number of points granted.

The plan is accounted for as equity-settled share-based compensation.

(b) Number of points granted during the period and weighted average fair value of points

The fair value of the points on the date of grant is determined by adjusting the market of Ricoh Leasing’s shares taking expected dividends in account.

The number of points granted during the period and the weighted average fair value of the points are as follows:

	Number of shares
	For the year ended March 31, 2020
Number of points granted during the period	11,297
Weighted average fair value (yen)	2,900

(c) Share-bases payment expenses

Share-based payment expenses was ¥31 million for the year ended March 31, 2020. This expense was presented within Selling, general and administrative expenses in the consolidated statement of profit or loss.

(For the year ended March 31, 2021)

For the year ended March 31, 2021, Ricoh Leasing was excluded from the scope of consolidation. The amount which was recognized in March 31, 2021 was not significant, and thus the description of the company's share-based payment is omitted.

25. CAPITAL AND RESERVES

(1) Common Stock

The numbers of shares authorized and issued are as follows:

	Number of shares	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Authorized:		
Ordinary shares	1,500,000,000	1,500,000,000
Issued:		
Balance, beginning of year	744,912,078	744,912,078
Adjustment for the year	-	-
Balance, end of year	744,912,078	744,912,078

The number of shares of treasury stock as of March 31, 2020 and 2021 included in the number of shares issued shown above were 20,478,528 shares and 26,692,132 shares, respectively. The Company has established the Board Incentive Plan trust in which beneficiaries include directors and executive officers from the year ended March 31, 2020. The number of the shares in the Company owned by the trust as of March 31, 2020 and 2021 were 421,500 shares and 415,800 shares, respectively. The shares owned by the trust were included in the number of shares of treasury stock.

(2) Reserves

(a) Additional Paid-in Capital

Under the Company Law of Japan ("the Company Law"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company's general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥162,716 million and ¥235,913 million as of March 31, 2020 and 2021, respectively, were not restricted by the limitations under the Company Law.

(3) Dividends

Dividends paid are as follows:

Resolution	Class of shares	Amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders held on June 21, 2019	Ordinary shares	9,423	13.0	March 31, 2019	June 24, 2019
Board of Directors' meeting held on November 1, 2019	Ordinary shares	9,423	13.0	September 30, 2019	December 2, 2019
Ordinary general meeting of shareholders held on June 26, 2020	Ordinary shares	9,423	13.0	March 31, 2020	June 29, 2020
Board of Directors' meeting held on November 4, 2020	Ordinary shares	5,436	7.5	September 30, 2020	December 1, 2020

Note: The total amount of dividends by the resolution of the board of directors' meeting held on November 1, 2019 includes ¥5 million corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.
In addition, the total amount of dividends by the resolution of the ordinary general meeting of shareholders held on June 26, 2020 and the board of directors' meeting held on November 4, 2020 include ¥5 million and ¥3 million respectively corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

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

Note: The total amount of dividends by the resolution of the board of directors' meeting held on June 24, 2021 includes ¥5 million corresponding to the Company's shares owned by the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers.

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Capital risk management

Ricoh's capital management policy is to maintain a strong financial position, which enables us to procure sufficient funds for business expansion and to build an efficient capital structure in order to achieve continuous growth and increase corporate value.

Ricoh manages net interest-bearing debt, where cash and deposits are deducted from interest-bearing debt, capital (equity attributable to owners of the parent company) and the debt-to-equity ratio (ratio of interest-bearing debt to equity). The amounts as of each year end are as set forth in the table below.

In addition, Ricoh manages net interest-bearing debt, excluding debt from sales financing, for managerial purposes.

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Interest-bearing debt	245,635	294,619
Cash and deposit	(262,884)	(335,048)
Net interest-bearing debt	(17,249)	(40,429)
Capital (equity attributable to owners of the parent)	920,371	920,246
Debt Equity Ratio	(0.02)	(0.04)

(2) Market risk management

(a) Foreign currency exchange rate risk

(i) Foreign currency exchange rate risk management

The financial results, assets and liabilities are subject to foreign exchange fluctuations because of the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China.

Ricoh enters into foreign currency contracts to hedge against the potentially adverse impact of foreign currency fluctuations on those assets and liabilities denominated in foreign currencies.

(ii) Foreign currency contracts

Foreign currency contracts are as follows:

Foreign Currency Contracts

	As of March 31, 2020		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	¥108.83	14,851	409
Euro/¥	¥119.55	4,782	69
Pound/Euro	€1.12	20,676	137

	As of March 31, 2021		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	-	-	-
Euro/¥	¥129.80	42,842	(1,344)
Pound/Euro	€1.17	25,442	(81)

(iii) Sensitivity analysis for foreign currency risk

The following table represents Ricoh's sensitivity analysis of financial instruments for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before income tax expenses in the consolidated statement of profit or loss that would have resulted from a 1 yen appreciation of the Japanese yen against the U.S. dollar and the euro at the end of the year. The analysis is based on the assumption that such balances and interest rates are constant.

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
U.S. dollar	(20)	(47)
Euro	(125)	(105)

(b) Interest rate risk

(i) Interest rate risk management

Ricoh's interest-bearing debt is mainly bonds and borrowings with fixed interest rates.

Ricoh maintains positions in cash and cash equivalents that exceed the outstanding balance of its interest-bearing debt. At present, the current level of interest rate risk is minor.

(ii) Sensitivity analysis for interest rate

If the interest rate of financial instruments held by Ricoh as of March 31, 2020 and 2021 had increased by 1%, the impact on profit before income taxes in the consolidated statement of profit or loss would have been as set forth below.

The analysis assumes interest-bearing debt with floating rates affected by interest rate fluctuation and is based on the assumption that other factors, including the impact of foreign exchange fluctuation, are constant.

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Profit before income tax expense	(183)	(3)

(3) Credit risk management

(a) Credit risk of financial assets

Trade and other receivables are exposed to customer credit risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management responsible for trade receivables is focused on establishing appropriate credit limits, ongoing credit evaluations and account monitoring procedures.

Ricoh adjusts credit limits based on the results of the monitoring procedures in order to minimize potential risks such as the concentration of credit risk and credit default. In addition, Ricoh measures and recognizes an allowance for doubtful receivables by estimating future credit losses with consideration for future situations.

Ricoh considers whether credit risk on that financial instrument has increased significantly since initial recognition by evaluating changes in default risk with reference to factors including the decline of counterparty results and delinquency information. Additionally, Ricoh recognizes credit-impaired financial asset if it experiences serious overdue payment such as over 180 days or more and customers with serious financial difficulties. Ricoh directly reduces the gross carrying amount of a financial asset when there are no reasonable expectations of recovering a financial asset in its entirety, such as when receivables are legally extinguished.

To reduce credit risk in derivative transactions, Ricoh uses only creditworthy financial institutions.

The total carrying amount of financial assets represents the maximum amount of exposure to credit risk.

(i) The measurement of expected credit losses on trade receivables and lease receivables

Ricoh applies the simplified method in which the loss allowance on trade receivables and lease receivables is measured in an amount equal to the lifetime expected credit losses.

(ii) The measurement of expected credit loss on loans and other receivables

When at the end of the reporting period, the credit risk on loans and other receivables has not significantly increased since initial recognition, Ricoh calculates the amount of loss allowance on these financial instruments by estimating the 12-month expected credit loss collectively based upon both historical credit loss experience and forward-looking information such as economic conditions. Ricoh manages loan transactions by ongoing credit evaluations, establishing appropriate credit limits and monitoring accounts periodically to minimize the credit risk of these financial instruments.

(b) Quantitative and qualitative information on expected credit loss

Allowance for doubtful trade receivables and lease receivables is as follows:

	Millions of Yen		
	Non-credit-impaired doubtful receivables	Credit-impaired doubtful receivables	Total
As of April 1, 2019	15,477	42,798	58,275
Provision	3,788	2,572	6,360
Charge-offs	(1,739)	(1,455)	(3,194)
Write-offs	-	(37,037)	(37,037)
Reclassification to assets classified as held for sale	(7,732)	(1,995)	(9,727)
Exchange differences and other	(342)	(450)	(792)
As of March 31, 2020	9,452	4,433	13,885
Provision	1,359	1,123	2,482
Charge-offs	(597)	(1,324)	(1,921)
Exchange differences and other	506	340	846
As of March 31, 2021	10,720	4,572	15,292

The carrying amount of trade receivables and the allowance for doubtful receivables by the number of days past due is as follows:

(For the year ended March 31, 2020)

	Millions of Yen		
	Carrying amounts of receivables	Expected credit loss	Allowance for doubtful receivables for the entire period
Past due 180 days or less	559,507	1.7%	9,452
Past due 181 days or more	6,730	65.9%	4,433
Total	566,237	2.5%	13,885

(For the year ended March 31, 2021)

	Millions of Yen		
	Carrying amounts of receivables	Expected credit loss	Allowance for doubtful receivables for the entire period
Past due 180 days or less	567,224	1.9%	10,720
Past due 181 days or more	10,016	45.6%	4,572
Total	577,240	2.6%	15,292

(4) Liquidity risk management

Ricoh raises funds through borrowings from financial institutions or issuance of bonds. These liabilities are exposed to the liquidity risk that Ricoh would not be able to repay liabilities on the due date resulting from the deterioration of the financing environment.

The Company and certain subsidiaries have committed limit of borrowing and overdraft facilities with financial institutions as well as commercial paper programs.

Ricoh has implemented a cash management system as a pooling-of-funds arrangement to achieve greater efficiencies in the utilization of liquidity on hand from one group company to another company through finance subsidiaries located in each region.

Ricoh has various funding methods and also has several committed lines of credit with financial institutions in order to reduce the liquidity risk.

An analysis of the contractual maturities of financial liabilities other than guarantee liabilities (including derivative financial instruments) is as follows:

For the year ended March 31, 2020, the table below does not include the amount included in "Liabilities directly related to assets held for sale."

	Millions of Yen							
	As of March 31, 2020							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	246,055	246,055	246,055	-	-	-	-	-
Short-term borrowings	29,276	29,296	29,296	-	-	-	-	-
long-term borrowings	102,691	103,193	10,486	42,404	30,188	20,102	13	-
Bonds	47,697	49,565	12,330	361	12,298	10,330	315	13,931
Lease liabilities	65,971	70,662	28,193	13,592	9,521	6,364	3,694	9,298
Subtotal	491,690	498,771	326,360	56,357	52,007	36,796	4,022	23,229
Derivative financial liabilities								
Foreign currency contracts	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
Total	491,690	498,771	326,360	56,357	52,007	36,796	4,022	23,229

	Millions of Yen							
	As of March 31, 2021							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	287,160	287,160	287,160	-	-	-	-	-
Short-term borrowings	36,620	36,706	36,706	-	-	-	-	-
long-term borrowings	148,948	149,527	46,391	32,934	28,723	41,121	313	45
Bonds	36,839	38,912	368	13,329	10,335	320	1,855	12,705
Lease liabilities	72,212	76,947	25,955	16,047	10,716	7,155	4,201	12,873
Subtotal	581,779	589,252	396,580	62,310	49,774	48,596	6,369	25,623
Derivative financial liabilities								
Foreign currency contracts	1,669	1,669	1,669	-	-	-	-	-
Subtotal	1,669	1,669	1,669	-	-	-	-	-
Total	583,448	590,921	398,249	62,310	49,774	48,596	6,369	25,623

The Company and its certain subsidiaries enter into limit of borrowing and overdrafts arrangements with financial institutions. These financial institutions also hold the commercial paper issued by the Company and certain subsidiaries.

The total of credit facilities are as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Limit of borrowing and overdrafts		
Used	13,016	265
Unused	264,228	347,404
Total	277,244	347,669
Issue limit of commercial paper		
Used	2,612	-
Unused	130,037	133,213
Total	132,649	133,213

(5) Fair value of financial instruments by type

The carrying amount and fair value of major financial instruments were as follows:

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

	Millions of Yen			
	As of March 31, 2020		As of March 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Trade receivables	150,891	156,381	-	-
Lease receivables	872,031	887,174	228,509	234,007
Installment loans	180,586	181,368	-	-
Derivative assets	2,342	2,342	407	407
Securities	29,760	29,760	17,770	17,770
Bonds	855	855	734	734
Total	1,236,465	1,257,880	247,420	252,918
Liabilities:				
Derivative liabilities	341	341	1,669	1,669
Bonds and borrowings	789,449	786,493	139,676	136,416
Total	789,790	786,834	141,345	138,085

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 their relatively short-term nature.

(ii) Trade and other receivables

Trade and other receivables settled in a short period and other receivables are not included in the table above because the carrying amounts approximate the fair values due to the short maturities of these instruments.

The fair value of the receivables expected not to be recovered or settled in a short period is calculated per each receivable classified per certain business type based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk.

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

(iii) Lease receivables and installment loans

The fair value of lease receivables and installment loans 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 and installment loans using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iv) Derivatives

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

(v) Securities and bonds

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

(vi) Bonds and borrowings

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

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

(vii) Measurement of financial instruments

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

At amortized cost: trade receivables, installment loans, bonds (as liabilities) and borrowings.
At fair value through profit or loss: derivative assets and liabilities.
At fair value through other comprehensive income: securities and bonds (as assets).

Ricoh classifies the equity securities it holds to maintain and strengthen relationships with the companies as the financial assets measured at fair value through other comprehensive income.

The names of the companies whose securities represent the largest holdings of such securities by the company and their fair value were as follows:
(For the year ended March 31, 2020)

Company name	Fair value (Millions of Yen)
SAN-AI OIL CO.,LTD.	3,796
OTSUKA CORPORATION	1,801
Coca-Cola Bottlers Japan Holdings Inc.	852
MAX Co., Ltd.	832
Casa Inc.	736
Central Japan Railway Company	692
Sindoh Co., Ltd	629
HISAMITSU PHARMACEUTICAL CO., INC.	595
Ushio Inc.	516
Broadleaf Co., Ltd.	422
Others	18,889
Total	29,760

(For the year ended March 31, 2021)

Company name	Fair value (Millions of Yen)
SAN-AI OIL CO.,LTD.	4,415
OTSUKA CORPORATION	2,020
NIDEC CORPORATION	1,638
Sindoh Co., Ltd	941
WACUL INC.	904
HISAMITSU PHARMACEUTICAL CO., INC.	851
MAX Co., Ltd.	818
Ushio Inc.	730
Central Japan Railway Company	662
Sumitomo Mitsui Trust Holdings, Inc.	433
Others	4,358
Total	17,770

Ricoh sold and derecognized some of its financial assets measured at fair value through other comprehensive income in consideration for improving assets efficiency as well as revising business relationships with the companies. The total amounts of the fair value of such financial assets at the time of sale and the cumulative gains or losses on the sales are as follows:

	For the year ended March 31, 2020 (Millions of Yen)	For the year ended March 31, 2021 (Millions of Yen)
Fair value	3,066	443
Cumulative gains (losses)	2,644	344
Dividend income	48	11

The dividends related to held investments in equity instruments designated at fair value through other comprehensive income for the year ended March 31, 2020 and 2021 were ¥518 million and ¥505 million, respectively.

Ricoh transfers to retained earnings the cumulative gains or losses arising from changes in the fair value if financial assets measured at fair value through other comprehensive income recognized in other components of equity when it disposes of an investment or when the fair value declines significantly. Cumulative gains or losses of other comprehensive income, net of tax, that were transferred to retained earnings for the year ended March 31, 2020 and 2021 were ¥1,623 million and ¥264 million, respectively.

(6) Fair value measurement applied in 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

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

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

	Millions of Yen			
	As of March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	407	-	407
Financial assets at fair value through other comprehensive income:				
Securities	15,317	-	2,453	17,770
Bonds	734	-	-	734
Total assets	16,051	407	2,453	18,911
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	1,669	-	1,669
Total liabilities	-	1,669	-	1,669

Note:

(i) Derivative instruments consist of foreign currency contracts and interest rate swap agreements. These derivative instruments are classified as Level 2 in the fair value hierarchy since they are valued using observable market data such as LIBOR based yield curves.

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

As to financial assets categorized at Level 3, significant changes in fair value are not expected in case that an unobservable input is replaced by a reasonable alternative assumption.

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

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Beginning balance	4,885	16,509
Total gains and losses:		
- in other comprehensive income (i)	(260)	(165)
Purchases	12,352	564
Sales	(425)	(119)
Decrease due to deconsolidation	-	(14,142)
Reclassified to Level 1 due to listing (ii)	-	(330)
Others	(43)	136
Ending balance	16,509	2,453

Note:

(i) Total gains and losses for the years ended March 31, 2020 and 2021 included in other comprehensive income relate to the shares not traded in the market. Related profit and loss was included in “Net changes in fair value of financial assets measured through other comprehensive income” (see Note 33, “Other Comprehensive Income”).

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

(7) Derivative financial instruments and hedging activities

Ricoh manages its exposure to certain market risks, primarily foreign currency and interest rate risks, through the use of derivative instruments. As a matter of policy, Ricoh does not enter into derivative contracts for trading or speculative purposes.

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets the hedge effectiveness requirements.

In general, a derivative instrument may be designated as either a hedge of the exposure to change in the fair value of a recognized asset or liability or an unrecognized firm commitment (“fair value hedge”) or a hedge of the exposure to change in the variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction (“cash flow hedge”).

The periods in which the cash flows associated with the cash flow hedge derivatives are expected to occur and the periods in which the cash flows are expected to enter into the determination of profit or loss are within 1 year.

Gains and losses resulting from the fair values of derivatives not designated as hedging instruments were ¥943 million (gain) and ¥2,907 million (loss) for the years ended March 31, 2020 and 2021, respectively, and are included in "Finance income" and "Finance costs" in the consolidated statement of profit or loss. The gains and losses as noted above were due mainly to the impact of foreign exchange fluctuation.

For the year ended March 31, 2020 and 2021, hedging instruments designated as cash flow hedges were as follows:
For the year ended March 31, 2020, the table below does not include the amount included in "Assets classified as held for sale" and "Liabilities directly related to assets held for sale."

	As of March 31, 2020 Millions of Yen			Presentation in the consolidated statement of financial position
	Contract amounts	Carrying amount Asset	Carrying amount Liability	
Cash flow hedges				
Foreign currency contracts	14,851	409	-	Other financial assets

	As of March 31, 2021 Millions of Yen			Presentation in the consolidated statement of financial position
	Contract amounts	Carrying amount Asset	Carrying amount Liability	
Cash flow hedges				
Foreign currency contracts	32,457	-	724	Other financial liabilities

For the year ended March 31, 2020 and 2021, cash flow hedge reserves were as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Cash flow hedge		
Foreign currency contracts	409	(513)

The ineffective portion recognized in profit or loss is not significant, and thus a description of changes in fair value is omitted for the hedging instruments which were used as a basis to recognize the ineffective portion.

(8) Financial assets and liabilities offset

(For the year ended March 31, 2020)
As for financial assets and liabilities arising from cash pooling, Ricoh has a legally enforceable right to offset and has the intention to settle the assets and liabilities between subsidiaries in Europe and the financial institution on a net basis or realize the assets and settle the liabilities simultaneously.

The amount of recognized financial assets and liabilities arising from the cash pooling contracts were as follows:

	Millions of Yen As of March 31, 2020		
	Gross amount	Offset amount	Carrying amount
Financial assets			
Cash and cash equivalents	19,274	(11,577)	7,697
Financial liabilities			
Bonds and borrowings	11,577	(11,577)	-

(For the year ended March 31, 2021)
Not applicable.

(9) Liquidated financial assets not qualifying for derecognition criteria

(For the year ended March 31, 2020)

Ricoh has liquidated financial assets such as “Trade and other receivables” and “Finance lease receivables”.

Ricoh Leasing is involved with structured entities mainly through securitization of finance lease receivables. These structured entities, which have been designed in a way that voting or similar rights are not the dominating factors in deciding who controls these entities, are consolidated.

Ricoh Leasing has the power to direct the activities of the structured entities that most significantly impact the entities’ economic performance, and has the right to the profit and the obligation of the losses that would be potentially significant to the entities as well. Therefore, the entities are considered controlled by Ricoh Leasing .

In accordance with the contractual arrangements with the structured entities, use of assets and the settlement of liabilities of these consolidated structured entities are restricted to the purposes for which they are structured.

The carrying amounts of assets and liabilities of the consolidated structured entities for Ricoh are as follows:

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

	Millions of Yen
	As of March 31, 2020
Finance lease receivables, net	71,920
Borrowings	60,293

Ricoh Leasing transfers a portion of its beneficial interests. This transaction is recorded as financial transactions since Ricoh Leasing retains a subordinated beneficial interest and, therefore, substantially all the risks and rewards of the transferred assets. Lease receivables recognized based on the accounting treatment of consolidation of the structured entities and borrowings are in substance only to be used to settle obligations of the structured entities’ liabilities.

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

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

	Millions of Yen	
	As of March 31, 2020	
	Carrying amount	Fair value
Finance lease receivables, net	71,920	73,233
Borrowings	60,293	60,238

Apart from the transactions mentioned above, certain foreign subsidiaries of the Company transferred lease receivables with recourse. Ricoh recognized receivables subject to these transfers as well as relevant liabilities as “Borrowings” since the risks and economic values were retained and these transactions did not meet the derecognition criteria for financial assets. The assets and liabilities that were accounted for as secured loans are as follows:

	Millions of Yen
	As of March 31, 2020
Finance lease receivables, net	736
Borrowings	736

The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	Millions of Yen	
	As of March 31, 2020	
	Carrying amount	Fair value
Finance lease receivables, net	736	777
Borrowings	736	736

(For the year ended March 31, 2021)
Certain foreign subsidiaries of the Company transferred lease receivables with recourse. Ricoh recognized receivables subject to these transfers as well as relevant liabilities as “Borrowings” since the risks and economic values were retained and these transactions did not meet the derecognition criteria for financial assets.
The following table presents the carrying amount of financial assets and related liabilities that are transferred but do not meet the derecognition criteria, as well as the fair value where related liabilities have recourse only to the transferred assets:

	Millions of Yen	
	As of March 31, 2021	
	Carrying amount	Fair value
Finance lease receivables, net	507	557
Borrowings	507	507

27. OTHER INCOME

The components of other incomes are as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Gain on sale of tangible assets and intangible assets	5,872	1,420
Government grants	673	1,360
Gain on sale of securities of affiliates	325	-
Others	9,041	3,011
Total	15,911	5,791

28. LOSS OF CONTROL OF SUBSIDIARY

(For the year ended March 31, 2020)
Not applicable.

(For the year ended March 31, 2021)
1. Overview of loss of control
At a meeting on March 9, 2020, the Board of Directors of the Company agreed to sell a portion of its shares in Ricoh Leasing, a consolidated subsidiary of the Company, to Mizuho Leasing Company, Ltd. (referred to as “Mizuho Leasing”).

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

2. Assets and liabilities as of the date which control was lost were as follows:

	Millions of Yen
	Carrying amount
Cash and cash equivalents	28,954
Trade and other receivables	219,572
Other financial assets	824,971
Property, plant and equipment	63,855
Other assets	46,144
Bonds and borrowings	(907,957)
Trade and other payables	(40,824)
Other liabilities	(51,229)
Net assets removed	183,486

Note: Assets and liabilities included in the derecognized subsidiary were the amounts before elimination of inter-company transactions.

3. Gain or loss arising from the sale of the subsidiary with loss of control was as follows:

	Millions of Yen
	For the year ended March 31, 2021
Cash received	36,800
Net assets removed	(183,486)
Non-controlling interests	84,676
Retained investment in former subsidiary	62,010
Gain or loss arising from the deconsolidation	-

Note: The loss amounting to ¥2,539 million from measuring the disposal group classified as held for sale at fair value less costs to sell was included in selling, general and administrative expenses.

4. Cash flows resulting from the sale of subsidiary were as follows:

	Millions of Yen
	For the year ended March 31, 2021
Cash received from the sale of subsidiary	36,800
Cash and cash equivalents of derecognized subsidiary	(28,954)
Net proceeds from the sale of subsidiary	7,846

29. SALES

1. Disaggregation of sales

As described in Note 5, Operating Segments, operating segments of Ricoh comprise the Office Printing segment, the Office Services segment, the Commercial Printing segment, the Industrial Printing segment, the Thermal Media segment and the Other segment. In addition, sales are classified by region based on the location of customers. The following table presents sales of each segment by geographic region.

	Millions of Yen				
For the year ended March 31, 2020	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Total	679,481	412,912	362,402	115,451	1,570,246
Office Printing	338,707	308,268	265,228	100,852	1,013,055
Office Service	340,774	104,644	97,174	14,599	557,191
Commercial Printing	25,397	93,257	47,686	12,056	178,396
Industrial Printing	4,154	6,243	5,034	7,575	23,006
Thermal Media	12,896	18,864	16,372	13,764	61,896
Other	150,450	2,905	4,964	16,717	175,036
Total segment sales	872,378	534,181	436,458	165,563	2,008,580
Revenue from contracts with customers	738,437	475,148	349,628	135,340	1,698,552
Revenue from other sources	133,941	59,033	86,830	30,223	310,028

* Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

* *Part of the business in the Office Services segment have been reclassified into the Office Printing segment and Other segment during this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

	Millions of Yen				
For the year ended March 31, 2021	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Total	618,517	294,250	333,123	102,312	1,348,202
Office Printing	308,990	209,057	209,454	88,394	815,895
Office Service	309,527	85,193	123,669	13,918	532,307
Commercial Printing	23,699	64,040	35,997	10,925	134,661
Industrial Printing	3,000	7,589	4,096	10,004	24,689
Thermal Media	12,712	17,146	14,402	12,614	56,874
Other	95,113	3,584	5,791	13,155	117,643
Total segment sales	753,041	386,609	393,409	149,010	1,682,069
Revenue from contracts with customers	739,473	343,481	316,944	124,281	1,524,179
Revenue from other sources	13,568	43,128	76,465	24,729	157,890

* Revenue from other sources includes revenue from lease contracts as defined under IFRS 16.

The business segments of Ricoh consist of the Office Printing, the Office Services, the Commercial Printing, the Industrial Printing, the Thermal Media and the Other segments. Each segment sells products and offers services. Revenue is measured at the amount of consideration promised in a contract with a customer, after deducting discounts, rebates, refunds, etc. depending on sales volume and other items. Variable considerations, including discounts, rebates, and other payments, are estimated considering all the information (historical, current and forecasted) that is reasonably available to the Company, and revenue is recognized only to the extent that it is highly probable that no significant reversal of recognized revenue will occur. Transactions in the Office Services and Other segments, which Ricoh acts as an agent, are presented on a net basis.

Ricoh makes provisions for product warranties since customers do not have the option to purchase a warranty separately. A warranty or a part of a warranty, does not provide a customer with service in addition to the assurance that the product complies with the agreed-upon specifications. There are no significant amounts for returns, refunds or other similar obligations.

For sales of products in the Office Printing, the Office Services, the Commercial Printing and the Industrial Printing segments, revenue is recognized upon customer approval for the machines or at the time of customer receipt of related supplies as the performance obligation is satisfied when legal title to and physical possession of the product and the significant risks and rewards of ownership of the product transfer to the customer.
For sales of main products of the Thermal and Other segments, revenue is recognized when the risks and rewards of ownership of the goods transfer from Ricoh to the customer at the time of customer receipt.

For the Office Printing and Commercial Printing segments, revenues from maintenance contracts in which the customer typically pays a variable amount based on usage, a stated fixed fee or a stated base fee plus a variable amount is recognized. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Ricoh judges the performance obligation of maintenance contract as making the machine constantly available for the customers. For maintenance contract in which the customer pays a stated fixed fee, revenue is recognized ratably over the contract period. For maintenance contracts in which the customer pays a variable amount based on usage or a stated base fee plus a variable amount, revenue is recognized as billed.

Sales of software and other services in the Office Services segment are mainly divided into two types: license-based maintenance services and cloud-based services. As for the license-based services, Ricoh recognize revenue when the performance obligation is satisfied, which is when the software is provided according to the customer specifications and the acceptance of the customer is confirmed. In contrast, Ricoh recognizes revenue related to maintenance services over time as the performance obligation is satisfied over the maintenance contract period. In addition, cloud-based services are provided for a certain period of time through applications that meet customer specifications. Similarly, Ricoh recognize revenue over the subscription period.

The financial factors related to installment sales receivables are adjusted since it is billed and paid for on a monthly basis for the term of the installment contract. Other promised consideration includes no significant financing component as Ricoh receives consideration within one year after satisfying the performance obligation.

2. Receivables and liabilities from contracts with customers

The ending balance of receivables and liabilities from contracts with customers were as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Receivables from contracts with customers	382,686	370,667
Contract liabilities	52,949	59,669

Liabilities from contracts with customers are recognized in other current liabilities and other non-current liabilities on the consolidated statements of financial position. Contract liabilities are mainly related to advanced payments from customers for maintenance contracts. For revenues recognized for the year ended March 31, 2020 and 2021, amounts included in liabilities from contracts with customers at the beginning of the fiscal year were ¥33,754 million and ¥18,873 million, respectively. For the year ended March 31, 2021, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in the previous period was not material.

3. Transaction price allocated to the remaining performance obligation

As of March 31, 2020 and 2021, the remaining performance obligation of the contracts with an initial service period of more than one year at the end of reporting period was ¥203,667 million and ¥196,143 million, respectively. These amounts related mainly to maintenance contracts of machines and included a fixed fee in the contract in which the customer pays a stated fixed fee or a stated base fee plus a variable amount. The transaction price allocated to the remaining contracts is expected to be recognized as revenue mostly over one to five years. Ricoh does not disclose information about remaining performance obligations that have original expected durations of one year or less.

4. Assets recognized from the costs to obtain or fulfill contracts with customers

Ricoh capitalizes the incremental costs of obtaining contracts with customers as an asset if those costs are expected to be recoverable and records them in “other current assets” and “other non-current assets” in the consolidated statements of financial position. Incremental costs of obtaining contracts are those costs that Ricoh incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Incremental costs of obtaining contracts recognized as assets by Ricoh are mainly the initial costs incurred related to sales commissions. The related assets are amortized on a straight-line basis over the estimated contract terms.

There are no assets recognized from the cost to fulfill contracts with customers.

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Assets recognized from costs to obtain a contract with customers	6,530	6,314

For the years ended March 31, 2020 and 2021, amortization associated with the assets recognized from the costs to obtain contracts with customers were ¥ 4,418 million and ¥4,219 million, respectively.

30. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Details of selling, general and administrative expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Personnel expenses	433,235	381,898
Depreciation and amortization expenses	53,334	54,422
Impairment losses of property, plant and equipment and intangible assets	674	24,879
Shipping and handling expenses	27,426	24,287
Restructuring expenses	10,337	22,471
Rental payments	7,259	7,452
Advertising expenses	6,099	4,013
Others	120,071	100,318
Total	658,435	619,740

31. RESEARCH AND DEVELOPMENT

Research and development expenses were as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Research and development expenses	88,222	79,193

32. FINANCE INCOME AND FINANCE COSTS

Details of finance income and finance costs are as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Finance income		
Dividend income		
Financial assets measured at fair value through other comprehensive income	566	516
Interest income		
Financial assets measured at amortized cost	3,953	1,597
Financial assets measured at fair value through other comprehensive income	38	27
Foreign currency exchange gain, net	-	2,213
Other finance income	369	20
Total finance income	4,926	4,373
Finance costs		
Interest costs		
Financial liabilities measured at amortized cost	4,464	1,841
Lease liabilities	1,250	1,149
Provisions	56	53
Foreign currency exchange loss, net	1,673	-
Other finance costs	876	574
Total finance costs	8,319	3,617

33. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income (loss) are as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Remeasurements of defined benefit plans		
Gain (loss) arising during the year	(2,481)	13,804
Total	(2,481)	13,804
Net changes in fair value of financial assets measured through other comprehensive income		
Gain (loss) arising during the year	(946)	2,868
Total	(946)	2,868
Net changes in fair value of cash flow hedges		
Gain (loss) arising during the year	2,051	(1,042)
Reclassification adjustments to profit or loss for the year	(1,861)	215
Total	190	(827)
Exchange differences on translation of foreign operations		
Gain (loss) arising during the year	(30,012)	38,594
Reclassification adjustments to profit or loss for the year	450	-
Total	(29,562)	38,594
Share of other comprehensive income of investments accounted for using equity method		
Gain (loss) arising during the year	-	313
Reclassification adjustments to profit or loss for the year	-	(35)
Total	-	278

Tax effects of other comprehensive income (loss) (including those attributable to noncontrolling interests) are as follows:

	Millions of Yen					
	For the year ended March 31, 2020			For the year ended March 31, 2021		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurements of defined benefit plans	(2,323)	(158)	(2,481)	21,874	(8,070)	13,804
Net changes in fair value of financial assets measured through other comprehensive income	(1,377)	431	(946)	4,173	(1,305)	2,868
Net changes in fair value of cash flow hedges	80	110	190	(1,041)	214	(827)
Exchange differences on translation of foreign operations	(29,562)	-	(29,562)	38,594	-	38,594
Share of other comprehensive income of investments accounted for using equity method	-	-	-	278	-	278
Total other comprehensive income (loss)	(33,182)	383	(32,799)	63,878	(9,161)	54,717

34. EARNINGS PER SHARE

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

(1) Basic earnings per share

	For the year ended March 31, 2020	For the year ended March 31, 2021
Profit (loss) attributable to owners of the parent (millions of yen)	39,546	(32,730)
Weighted average number of ordinary shares outstanding (thousands of shares)	724,595	724,175
Basic earnings (loss) per share (yen)	54.58	(45.20)

(2) Diluted earnings per share

	For the year ended March 31, 2020	For the year ended March 31, 2021
Profit (loss) attributable to owners of the parent (millions of yen)	39,546	(32,730)
Adjustments (millions of yen)	-	-
Profit (loss) used for calculation of diluted earnings per share (millions of yen)	39,546	(32,730)
Weighted average number of ordinary shares outstanding (thousands of shares)	724,595	724,175
Effect of dilutive potential ordinary shares		
Share-based payment (thousands of shares)	14	43
Weighted-average number of ordinary shares diluted (thousands of shares)	724,610	724,218
Diluted earnings (loss) per share (yen)	54.58	(45.20)

Note: For the purpose of calculation of basic earnings per share and diluted earnings per share, the shares of the Company held by Board Incentive Plan trust in which beneficiaries include directors and executive officers are accounted as treasury shares and the number of those shares are deducted from weighted-average number of ordinary shares outstanding during the year.

35. RELATED PARTIES

1. Transactions with related parties

(For the year ended March 31, 2020)

There were no material related-party transactions (except for transactions that were offset in the consolidated financial statements).

(For the year ended March 31, 2021)

Related-party transactions (except for transactions that were offset in the consolidated financial statements) during the year are as follows:

(Millions of Yen)

Type	Name	Transactions	Transaction volume	Account	Outstanding balance
Associates	Ricoh Leasing Co., Ltd.	Transfer of trade and other payables by factoring	76,749	Trade and other payables	27,576

Note:

Transactions with related parties are determined after price negotiations in consideration of market prices and other factors. There are no collateral or guarantee transactions.

2. Remuneration of key management personnel

Directors' remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Remuneration, including bonuses	319	263
Stock-based compensation	5	14
Total	324	277

36. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2020 and 2021, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating to ¥6,378 million and ¥5,956 million, respectively.

As of March 31, 2020 and 2021, there were no significant contingent liabilities.

37. GROUP ENTITIES

Refer to “4. Information on Affiliates” in “I. Overview of the Company”.

The Company recognized material non-controlling interests in Ricoh Leasing for the year ended March 31, 2020. Total assets of Ricoh Leasing as of March 31, 2020 was ¥1,109,600 million, and total liabilities was ¥966,592 million. For the years ended March 31, 2020, profit was ¥11,727 million, and comprehensive income was ¥11,205 million.

38. ASSOCIATES

1. Material associates

Ricoh’s material associate is Ricoh Leasing (reporting date: March 31).

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

Ricoh Leasing is engaged in the general leasing business in Japan. In addition to leasing Ricoh’s office equipment to customers, Ricoh Leasing conducts factoring transactions with Ricoh group companies in Japan.

The following table reconciles summarized financial statements of Ricoh Leasing to the carrying amounts of Ricoh’s equity interests.

	Millions of Yen
	As of March 31, 2021
Current assets	649,689
Non-current assets	556,329
Current liabilities	311,964
Non-current liabilities	703,583
Total equity	190,471
Percentage ownership interest	33.7%
Total equity attributable to Ricoh	64,189
Consolidation adjustments	400
Carrying amount of equity	64,589

The amount calculated by multiplying the number of shares of Ricoh Leasing held by Ricoh by the market price on the same day is ¥36,019 million as of March 31, 2021.
At the date of loss of control on April 23, 2020, residual investments were valued at fair value based on the dividend discounted model. The main inputs used to measure fair value at the date of loss of control were the dividends which are cash flows attributable to shareholders and the discount rate of 10%, with a fair value of ¥62,010 million. The fair value is calculated by multiplying the number of shares held by the quoted market prices, reflecting the premium on significant influence.

	Millions of Yen
	For the year ended March 31, 2021
Sales	60,592
Profit	10,626
Other comprehensive income	697
Share of:	
Profit	3,581
Other comprehensive income	235
Total comprehensive income	3,816
Dividends received by Ricoh	1,211

2. Individually immaterial associates

Carrying amounts of Ricoh's equity interests in individually immaterial associates were as follows:

	Millions of Yen	
	As of March 31, 2020	As of March 31, 2021
Associates	14,305	14,915

Ricoh's share of total comprehensive income in individually immaterial associates was as follows:

	Millions of Yen	
	For the year ended March 31, 2020	For the year ended March 31, 2021
Share of:		
Profit	244	64
Other comprehensive income	-	43
Total comprehensive income	244	107

39. SUBSEQUENT EVENTS

(Share Repurchase)
At the meeting of the Board of Directors of the Company held on March 3, 2021, the Company resolved a share repurchase. The status of share repurchase after March 31, 2021 is as follows.

The status of share repurchase

(1) Share category	Common stock
(2) Number of shares	20,130,700 shares
(3) Repurchase cost	¥24,751,424,700
(4) Period	April 1, 2021, through June 24, 2021
(5) Method	Open market purchase on Tokyo Stock Exchange

(Reference)
1. The matters for resolution at the Board of Directors meeting held on March 3, 2021

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

2. Total number of shares repurchase (as of June 24, 2021)

(1) Total number of shares repurchase	26,343,700 shares
(2) Total repurchase cost	¥32,042,364,500

40. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Hidetaka Matsuishi, Director and Executive Corporate Officer, on June 25, 2021.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ricoh Company, Ltd.:

Opinion

We have audited the consolidated financial statements of Ricoh Company, Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Valuation of fixed assets pertaining to Commercial Printing (common function group excluding sales)</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was Addressed in the Audit</th></tr>
<tr><td>The Group operates a commercial printing business that provides commercial printing products and services mainly to customers in the printing industry. Commercial Printing (common function group excluding sales) is a group of cash-generating units related to the production and development functions in the commercial printing business and mainly includes development assets.

In the current fiscal year, the Group recorded an impairment loss of 26,547 million yen on these fixed assets. Note 13 to the consolidated financial statements describes the details of impairment loss recognized in this fiscal year, and the events and circumstances that led to the Group's decision.

In performing impairment tests on fixed assets pertaining to Commercial Printing (common function group excluding sales), the Group measures the recoverable amount of the applicable group of cash-generating units based on the value in use. The value in use is the present value of the estimated future cash flows based on the business plan prepared by management and expected growth rate after the periods covered by the business plan.

In estimating the value in use, the Group uses the estimated number of units of multi-function printers to be sold and print output volume during the periods covered in the business plan, the expected growth rate after the periods covered by the business plan, and the discount rate, as significant assumptions. These assumptions can be affected by the deterioration of the market environment due to the COVID-19 pandemic, and other adverse changes that may decrease customers' willingness to invest and involve significant judgments made by management and uncertainties. Therefore, we identified the valuation of fixed assets pertaining to Commercial Printing (common function group excluding sales) as a key audit matter.</td><td>In testing the valuation of fixed assets pertaining to Commercial Printing (common function group excluding sales), we tested the design and operating effectiveness of controls over the processes related to the estimate of future cash flows based on the business plan, expected growth rate after the periods covered by the business plan, and the discount rate used for the impairment test and performed the following procedures, among others:

• We discussed with management the estimated number of units of commercial printing products to be sold and print volume, the expected growth rate, as well as effects of the deterioration of the market environment and decreases in customers' willingness to invest. In addition, we compared the estimates with available external information regarding the market forecast and performed a trend analysis using historical results.

• We evaluated the accuracy of the business plan by comparing the business plan prepared in the past with historical results.

• With the assistance of our network firm's fair value specialist, we evaluated the appropriateness of the method and discount rate used by management in estimating the value in use.

• We evaluated the effect on the recoverable amount using alternative assumptions, which reflected estimation uncertainty in the estimated future cash flows, growth rate, and discount rate.</td></tr>
</table>

Valuation of goodwill related to Office Printing (Europe, Middle East and Africa sales group)	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 13 to the consolidated financial statements, the Group recorded goodwill related to Office Printing (Europe, Middle East and Africa sales group) in the amount of 48,431 million yen at the end of the current fiscal year. The goodwill arose from the past acquisition, aiming to expand the Group's sales and services network and customer base in the Office Printing business, and there is a risk that expected cash flows are not generated due to deviations from the business plan, changes in the market environment, and other adverse changes. In testing goodwill for impairment, the Group measures the recoverable amount of the group of cash-generating units, including goodwill, based on the value in use. The value in use is the present value of the estimated future cash flows based on the business plan prepared by management and the expected growth rate after the periods covered by the business plan. In estimating the value in use, the Group uses the estimated number of units of multi-function printers to be sold and print output volume during the periods covered in the business plan, the expected growth rate after the periods covered by the business plan, and the discount rate, as significant assumptions. These assumptions can be affected by the continued impact of the COVID-19 pandemic in Europe, changes in office attendance rate, and adverse changes in demand due to an establishment of new working environment of the customers including remote working, and involve significant judgments made by management and uncertainties. Therefore, we identified the valuation of goodwill related to Office Printing (Europe, Middle East and Africa sales group) as a key audit matter.	In testing the valuation of goodwill related to Office Printing (Europe, Middle East and Africa sales group), we tested the design and operating effectiveness of controls over the processes related to the estimate of future cash flows based on the business plan and the expected growth rate after the periods covered by the business plan and discount rate used for the impairment test, and performed the following procedures, among others: • We discussed with management the estimated number of units of multi-function printers to be sold and print volume, the expected growth rate, as well as the effects of changes in demand due to the situation of the COVID-19 pandemic in the future and the establishment of new working environment of the customers. In addition, we compared the estimates with available external information regarding the market forecast and performed a trend analysis using historical results. • We considered the accuracy of the business plan by comparing the business plan prepared in the past with historical results. • With the assistance of our network firm's fair value specialist, we evaluated the appropriateness of the valuation method and discount rate used by management in estimating the value in use. • We evaluated the effect on the recoverable amount using alternative assumptions which reflected estimation uncertainty in the estimated future cash flows, expected growth rate and discount rate.

Valuation of deferred tax assets for the national tax filing group in Japan	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
Ricoh Company, Ltd. and some of its Japanese subsidiaries (collectively, the "national tax filing group") utilize the consolidated taxation system in Japan. As described in Note 22 to the consolidated financial statements, deferred tax assets, before offsetting against deferred tax liabilities, was 121,000 million yen at the end of the current fiscal year, and are mostly attributable to the national tax filing group in Japan. The Group recognizes deferred tax assets for deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards to the extent that it is probable that future taxable profits will be available against which they can be utilized. The future taxable profits of the national tax filing group in Japan are estimated based on the business plan prepared by management. Significant assumptions, including the estimated number of units of multi-function printers and consumables, such as toner, to be sold, are used in preparing the business plan. These assumptions can be affected by changes in the market environment due to the COVID-19 pandemic and the situation in the future, and changes in demand due to the establishment of new working environment of the customers including remote working, and involve significant judgments made by management and uncertainties. Therefore, we identified the valuation of deferred tax assets for the national tax filing group in Japan as a key audit matter.	In testing the valuation of deferred tax assets for the national tax filing group in Japan, we tested the design and operating effectiveness of controls over the process of estimating future taxable profits for the national tax filing group in Japan and performed the following procedures, among others: • We discussed with management the estimated number of units of multi-function printers and consumables, such as toner, to be sold, as well as effects of changes in demand due to the situation of the COVID-19 pandemic in the future and the establishment of new working environment of the customers. In addition, we compared the estimates with available external information regarding the market forecast and performed a trend analysis using historical results. • We evaluated the accuracy of the business plan by comparing the business plan prepared in the past with historical results. • We evaluated the effect on the recoverability of deferred tax assets using alternative assumptions which reflected estimation uncertainty in the estimates of future taxable profits.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu

June 25, 2021