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Delta Park 37
DK-2665 Vallensbæk Strand

Ricoh Danmark A/S

Annual report 2020/21

The annual report was presented and adopted at the Company's annual general meeting

on Aug 31 20 21

chairman

CVR no. 56 47 04 17

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Ricoh Danmark A/S
Annual report 2020/21
CVR no. 56 47 04 17

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ricoh Danmark A/S for the financial year 1 April 2020 – 31 March 2021.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 March 2021 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the financial year 1 April 2020 – 31 March 2021.

Further, in our opinion, the Management commentary gives a fair review of the development in the Group and the Parent Company's activities and financial matters, of the results for the year and of the Group and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Vallensbæk Strand, 31 August 2021
Executive Board:

Søren Krogh-Nielsen

Board of Directors:

David Mills
Chairman

Nicola Clare Downing

Søren Krogh-Nielsen

Torben Lønnqvist Frederiksen
employee representative

Jørgen Henrik Norup

employee representative

Independent auditor's report

To the shareholders of Ricoh Danmark A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Ricoh Danmark A/S for the financial year 01 April 2020 – 31 March 2021, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 March 2021, and of the results of their operations and cash flows for the financial year 01 April 2020 – 31 March 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 ISAs and the additional requirements applicable in Denmark 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 and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and 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 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 and the Parent'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 in preparing the consolidated financial statements and the parent financial statements, 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 and the Parent'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 and the parent 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 and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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 those charged with governance 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.

København, 31 August 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jens Jørgensen Baes
State-Authorised Public Accountant
Identification No (MNE) mne14956

Jan Larsen
State-Authorised Public Accountant
Identification No (MNE) mne16541

Management's Review

Company details

Ricoh Danmark A/S
Delta Park 37
2665 Vallensbæk Strand

Telephone:	+45 70 10 67 68
Website:	www.ricoh.dk
E-mail:	info@ricoh.dk
CVR no.:	56 47 04 17
Established:	8 July 1976
Registered office:	Vallensbæk
Financial year:	1 April 2020 – 31 March 2021

Board of Directors

David Mills, chairman
Nicola Clare Downing
Søren Krogh-Nielsen
Torben Lønnqvist Frederiksen
Jørgen Henrik Norup

Executive Board

Søren Krogh-Nielsen

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampgade 6
2300 København S

Annual general meeting

The annual general meeting will be held on 31 August 2021.

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Ricoh Danmark A/S
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Management's Review

Financial highlights for the Group

DKKm	2020/21	2019/20	2018/19	2017/18	2016/17
Revenue	233	279	298	320	363
Gross profit	79	88	91	108	112
Profit from ordinary activities	0	3	3	4	10
Net financial	-1	0	0	0	0
Tax	0	-1	-2	-4	0
Profit/loss for the year	-1	2	1	0	11
Total assets	245	249	274	258	275
Investment in property, plant and equipment	0	0	0	0	1
Equity	128	129	127	117	117
Gross margin	33,9%	31.5%	30.5%	33.9%	30.8%
Profit margin	-0.4%	0.7%	0.4%	0%	3.0%
Solvency ratio	52,2%	51,8%	46.5%	45.3%	42.5%
Return on equity	-0,8%	1,6%	1.1%	0%	9.8%
Average number of employees	106	115	137	162	162

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial Rations. For terms and definitions, please see the accounting policies.

Management's Review

Operating review

Principal activities

The principal activities of Ricoh Danmark A/S are to provide services, technology and work smarter solutions to large and small businesses that will transform their business transactions and document management processes. The Company does this through its core capabilities in Managed Document, Services, Production Printing, Office Solutions, AV and IT Services. This can be offer to the customers via leasing contracts in the subsidiary (Ricoh Capital Danmark A/S), if financing is requested.

In Denmark, Ricoh's head office is located in Vallensbæk Strand, there are branches in Aarhus and Kolding, and further we are represented throughout Denmark via partners and distributors. We have a strong nationwide service organization with highly and specialized service engineers.

Ricoh clients, partners and employees can stay up-to-date with the latest views from Ricoh at:

- Facebook: www.facebook.com/ricoheurope
- Twitter: www.twitter.com/ricoheurope
- You Tube: www.youtube.com/ricoheurope
- Home page: www.ricoh.com

Ricoh Danmark is part of Ricoh Europe in London, which is part of the ultimate global Ricoh parent company in Tokyo.

Development in activities and financial position

The Group has continued the introduction of innovative and environmentally responsible products in the high-end office print category, launched well-received products in the production printing market and has a new and innovative AV solutions for to enable customers to work smarter

The financial year 2020/21 was a reasonable year for Ricoh Danmark A/S considering all. The Company strengthened its competitive position. This was even with negative impacts of Covid-19 - impacting throughout the whole fiscal year.

In financial year 2020/21 the following expense line items of respectively "Other external expenses" and "Staff costs" have been impacted by C-19 reimbursement programs from Danish Authorities amounting to DKK 700 thousand respectively DKK 5,548 thousand, thereby reducing overall expenses. Furthermore, a European restructuring initiative also impacted the financial year 2020/21 by DKK 5,743 thousand in Denmark, included in "Staff costs".

Operating review

The Group made an operating profit before interest and tax at breakeven level with specifically DKK -284 thousand (2019/20: DKK 2,461 thousand).

The parent company made a net result for the financial year of DKK -4,023 thousand (2019/20: -379 DKK thousand) that has been transferred to reserves.

Management considers the results to be satisfactory, considering the overall weaker printing market combined with significant negative effects of pandemic situation as well as mentioned efficiency measures.

Expectations and outlook for FY 2021/22

A strong foundation for the development of Ricoh Danmark has been created. Management expect to further increase development efforts and investment initiatives.

The Group's objective is to profitably grow sales by offering first class, high quality products and services for the business environment, clearly differentiating and pre-empting the competition with total document solutions- and smart office offerings, while making customers' businesses more productive, efficient and ultimately more profitable.

The key strategies employed by the Group to support this objective include:

- To become a relations-based group, seen as a partner of customers, offering tailored hardware and software solutions to add value to their Business. Management's Review
- To have the right people, with the right skills to sell, service and support the Group's products.
- To draw on support from the Group's internal partners within the Ricoh Group in areas of research and development, manufacturing, supply chain management and central service support to help achieve the objective.
- To strengthen the corporate brand and position of the Group to support the introduction of new products to new market segments.

The Group expects to continue to develop relationships with significant customers, maintain and enhance its competitive product range, leverage strategic relationships with other business partners and develop revenue and profit opportunities.

The current Covid-19 pandemic situation has stabilized into the new financial year, however it is difficult to fully estimate as mentioned in the risks section.

Based on the latest Forecasts, Management expects that the positive development will resume and currently plan for a positive result in the financial year 2021/22.

Operating review

Risks and uncertainties

The key risks and uncertainties facing the Group are:

Competitor risk: Failure to compete with competitors on areas including price, product range, quality and service could have an adverse effect on the Group's financial results.

People risk: Failure to attract, retain and motivate the best people with the right capabilities at all levels of the operation would be detrimental to the success of the Group.

Covid-19 pandemic risk: If businesses and society close down again, Ricoh's customers will be negatively impacted and so will Ricoh Danmark. In that case, also positive savings could impact through less parts and toner service consumptions if offices close down, so net impact more or less evens out.

Material events after the balance sheet date

No major events have occurred after the reporting date that may significantly affect the annual report.

Corporate Social Responsibility cf. 99a (CSR)

In 2000, Ricoh Group signed UN's Global Compact (UNGC) and in 2004, the "Ricoh Group CSR Charter" was established as well as the "Ricoh Group Code of Conduct", which both reflects the UNGC's 10 principles and applies to all entities within the Group. All 10 base principles (in the areas of human rights, labour, the environment and anti-corruption), are therefore fully integrated in all of our daily activities via our policies and key values.

On our global website http://www.ricoh.com/csr it is possible to view in details our CSR policies.

As the activity for the Danish Company comprise of trade and service of document related information technology on behalf of the Ricoh Group, the Danish Company follows the "Ricoh Group CRS Charter" and have more detailed local policies in respect of climate, environment and gender diversity, as per below.

Climate and Environment:

Group policies

In line with the Group's commitment to the environment and climate, it has established an Environmental Policy, which sees it making constant efforts to reduce the climate and environmental impact of the Group's operations. The Group continually seeks out and investigates alternative methods of performing its services. When more environmentally

Operating review

sound methods are identified, we will move promptly, when economic circumstances allow, adopting these practices.

The Group meets and exceeds key current European regulations and guidance standards, which complement our long-term objectives for:

— Energy Conservation and the Prevention of Global Warming - (Energy Star, Blue Angel, EuP directive)

— Resource Conservation and Recycling (WEEE regulations, Battery Directive)

— Pollution Prevention (RoHS, REACH, Hazardous waste regulations)

On our national website http://www.ricoh.dk it is possible to view in details our environmental policy, read about our ISO14001 international environmental certification and our implementation of WEEE / RoHS regulations on the environment recycling area.

Local group policies

Based on the overall Ricoh Group policies, the Danish Group has since 2015/16 initiated various activities to reduce CO2 emission. Visual Communication to reduce travel cost, default eco power saving mode on all sold units, and company cars are continuously being exchanged to diesel engines that are more efficient when leasing car contracts are renewed. These activities have resulted in being on track with the overall goal to reduce our CO_2 emissions and impact on climate.

Use of paper has also dropped in 2020/21 and we expect that this improvement will continue due to our New Ways of Working (NWOW) concept.

Even though, Ricoh Danmark A/S hasn't prepared any local CRS statement including environment, climate and human right specifically, we are committed to follow UN Global Compact rules https://www.unglobalcompact.org and the overall CSR's commitments by Ricoh Group, as per above.

As such, we are aspired to conduct all our business activities in a sustainable matter, by creating value to society, employees and being a reliable partner to our customer. We enhance our corporate value by ensuring that societal and environmental considerations are integrated in our core business strategies. Management's Review

Gender distribution requirements cf. 99b:

Ricoh is an equal opportunities employer and all applications are treated on merit, regardless of sex, disability, religious belief, marital status, colour, race or ethnic origins.

In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged.

The training, career development and promotion of disabled persons are, as far as possible, consistent with that of other employees.

As the female gender currently is underrepresented in Ricoh Danmark's management, we have developed policies and goals for the future in an attempt to equalize the gender composition in the future.

Operating review

The Board of Directors consist of five members in 2021. This leads to a female composition of 20% on the current Board of Directors. The company will strive to achieve equal gender representation for all management positions in Ricoh Danmark A/S, which comprises the three top levels of management (Board of Directors/senior management and middle managers). For 2020/21, Ricoh has improved so that the composition now is represented by 13 male and 5 female managers within senior and middle management.

Besides the above quantitative goals, we have for many years had gender equality build in our CSR policies and have established the following qualitative targets on this background:

— Our employees should feel that Ricoh have an open and unbiased culture in which the individual can use his skills best possible, regardless of gender.

— Ricoh's female employees should feel that they have same opportunities for career and leadership positions as their male colleagues.

Ricoh has implemented specific actions to ensure that the above-mentioned target is achieved by 2021, including that both genders are represented in the candidate selection phase for management positions (where there are qualified applicants of both genders) and that as many women as possible participate in our internal management training program.

Implementation of "policy on the gender composition of management" with associated targets are developed and adopted so late in the fiscal year that no changes in our gender composition are reported yet.

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Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Income Statement / Statement of comprehensive income

		Group		Parent Company	
DKK'000	Note	2020/21	2019/20	2020/21	2019/20
Revenue	4	232,627	279,462	226,626	272,220
Cost of sales	5	-124,126	-154,726	-122,493	-154,408
Other external expenses		-29,484	-36,607	-28,903	-32,692
Gross profit		79,017	88,130	75,230	85,120
Staff costs	6	-74,395	-78,884	-74,395	-78,884
Depreciation and impairment	7	-4,906	-6,785	-4,906	-6,785
Operating profit/loss		-284	2,461	-4,070	-549
Financial income	10	0	1,176	0	1,128
Financial expenses	11	-1,091	-974	-1,061	-971
Profit/loss before tax		-1,375	2,663	-5,131	-392
Tax on profit/loss for the year	12	282	-659	1,108	13
Profit/loss for the year/total comprehensive income/loss		-1,093	2,004	-4,023	-379

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Consolidated financial statements and parent company financial statements 1 April 2020– 31 March 2021

Statement of financial position

		Group		Parent Company	
DKK'000	Note	2020/21	2019/20	2020/21	2019/20
ASSETS					
Goodwill	13	12,637	12,637	12,637	12,637
Finance lease receivables	15	44,908	54,296	0	0
Property plant and equipment	14	471	1,177	471	1,177
Right of use asset	22	4,962	7,688	4,962	7,688
Equity investment in subsidiary	9	0	0	500	500
Contract costs		3,644	4,525	3,644	4,525
Deposits		699	705	699	705
Non-current assets		67,321	81,028	22,913	27,232
Inventories		6,625	6,978	6,625	6,978
Trade receivables	15	52,720	69,805	50,537	67,223
Contract costs		4,508	5,211	4,508	5,211
Finance lease receivables	15	29,490	33,633	12,687	568
Receivables from affiliated companies		3,660	5,178	14,129	12,997
Other receivables	15	1,668	1,116	1,668	1,116
Tax receivable		180	90	180	90
Prepayments		2,481	1,461	2,180	1,169
Cash and cash equivalents	18	75,990	44,011	75,990	44,011
Current assets		177,322	167,483	168,504	139,363
TOTAL ASSETS		244,643	248,511	191,417	166,595

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Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Statement of financial position

		Group		Parent Company	
DKK'000	Note	2020/21	2019/20	2020/21	2019/20
Equity	16				
Share capital		23,501	23,501	23,501	23,501
Retained earnings		104,759	105,852	87,348	91,371
Total equity		128,260	129,353	110,849	114,872
Liabilities					
Provisions for pension liabilities	19	175	329	175	329
Provision for restructuring		5,743	0	5,743	0
Provisions for deferred tax	17	3,475	5,985	2,686	3,884
Lease liabilities	22	2,239	5,568	2,239	5,568
Non-current liabilities		11,632	11,882	10,843	9,781
Loans and borrowings		49,204	67,069	0	0
Lease liabilities	22	2,802	2,778	2,802	2,778
Trade payables		13,854	13,585	13,730	13,451
Payables to affiliated companies		11,358	3,555	28,007	5,599
Other payables		20,097	15,241	19,943	15,144
Deferred income		5,297	5,048	5,243	4,970
Tax payables		2,139	0	0	0
Current liabilities		104,751	107,276	69,725	41,942
Total liabilities		116,383	119,158	80,568	51,723
TOTAL EQUITY AND LIABILITIES		244,643	248,511	191,417	166,595

Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Statement of changes in equity

	Group		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2020	23,501	105,852	129,353
Cumulative effects of changes in accounting policies	0	0	0
Opening balance reflecting change in accounting policies	23,501	105,852	129,353
Comprehensive income in 2020/21			
Profit for the year	0	-1,093	-1,093
Total comprehensive income for the period	0	-1,093	-1,093
Equity at 31 March 2021	23,501	104,759	128,260
Equity at 1 April 2019	23,501	103,848	127,349
Comprehensive income in 2019/20			
Profit for the year	0	2,004	2,004
Total comprehensive income for the period	0	2,004	2,004
Equity at 31 March 2020	23,501	105,852	129,353

	Parent Company		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2020	23,501	91,371	114,872
Cumulative effects of changes in accounting policies		0	0
Opening balance reflecting change in accounting policies	23,501	91,371	114,872
Comprehensive income in 2020/21			
Profit for the year	0	-4,023	-4,023
Total comprehensive loss for the period	0	-4,023	-4,023
Equity at 31 March 2021	23,501	87,348	110,849
Equity at 1 April 2019	23,501	91,750	115,251
Comprehensive income in 2019/20			
Loss for the year	0	-379	-379
Total comprehensive income for the period	0	-379	-379
Equity at 31 March 2020	23,501	91,371	114,872

Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Cash flow statement

DKK'000	Note	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
Operating profit/loss for the year		-284	2,663	-4,070	-379
Depreciation, amortisation and impairment losses		791	6,785	791	6,785
Other adjustments of non-cash operating items		5,589	-153	5,589	-153
Amortisation IFRS15		1,584	646	1,584	646
Cash flow from operating activities before changes in working capital		7,680	9,941	3,894	6,899
Changes in working capital	21	34,778	16,711	8,714	19,392
Cash flow from operating activities		42,458	26,652	12,608	26,291
Interest income received		0	1,176	0	1,128
Interest expense paid		-1,091	-974	-1,061	-971
Corporation tax paid		-180	910	-180	910
Cash flow from operating activities		41,187	27,764	11,367	27,358
Acquisition of property plant and equipment		-85	-634	-85	-634
Disposal of property plant and equipment		0	10	0	10
Acquisition of Right to use assets		0	-10,574	0	-10,574
Cash flow from investing activities		-85	-11,198	-85	-11,198
Loans from Group Enterprises		9,321	-8,626	21,276	-8,220
Payment of Right to use assets		-579	7,688	-579	7,688
Cash flow from financing activities		8,742	-938	20,697	-532
Cash flows for the year		49,844	15,628	31,979	15,628
Cash and cash equivalents at the beginning of the year		-23,058	-55,626	44,011	28,383
Cash and cash equivalents at year end*		26,786	-23,058	75,990	44,011

Cash and cash equivalents	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
Bank balances	0	0	0	0
Pool balances, receivables	75,990	44,011	75,990	44,011
Pool balances, Liability	-49,204	-67,069	0	0
	26,786	-23,058	75,990	44,011

Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Overview of notes

Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Notes

1 Accounting policies

General information

Ricoh Danmark A/S is a limited liability company incorporated and domiciled in Denmark. The annual report comprises both consolidated financial statements and separate parent company financial statements.

The consolidated financial statements of Ricoh Danmark A/S for 2020/21 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements applying to reporting class C medium entities under the Danish Financial Statements Act.

On 31 August 2021, the Board of Directors approved this annual report for publication and approval by the shareholder at the annual general meeting to be held on 31 August 2021.

Basis of preparation

The financial statements are presented in DKK thousands.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Ricoh Danmark A/S and subsidiaries over which Ricoh Danmark A/S exercises control. Ricoh Danmark A/S is considered to exercise control over another entity when the Company has the voting power in the subsidiary, the possibility or right to receive dividends from the subsidiary and possibility to use the voting power to influence the rate of dividends.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements prepared in accordance with the group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Notes

1 **Accounting policies (continued)**

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency translation adjustments resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Income statement

Revenue
Ricoh implemented IFRS 15 Revenue from contracts with customers as of 1 April 2020. Ricoh recognises 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

Revenue is measured at the amount of consideration promised in a contract with a customer, after deducting discounts, rebates, refunds, etc. Revenue is measured at the consideration promised in contracts with customers, less discounts, rebates 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 recognised revenue will occur.

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.

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 recognised. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Ricoh judges the

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Notes

1 **Accounting policies (continued)**

performance obligation of the maintenance contract as making the machine always available for the customers. For the 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 recognised as billed.
As for the sales of services, for services related to documents, etc., revenue is recognized at the time of offering the service to the customer.

The financial component related to instalment sales receivables is adjusted since it is billed and paid for on a monthly basis for the term of the instalment contract. Other promised consideration includes no significant financing component as Ricoh receives consideration within one year after satisfying the performance obligation.

Profits from sale of lease machines are included in the Company's revenue. Gains from lease contracts are included as income from lease contracts.

Revenues comprise rental from lease contracts and lease services. The rental covers interest income related to the entered lease agreements, document fee, etc., and any gains related to entered agreements.

Cost of sales

Cost of sales comprises the value of goods and materials corresponding to the revenue for the year and current losses on the sale of lease machines.

Expenses regarding lease contracts comprise interest expenses related to financing the portfolio, insurance and any losses related to the entered agreements.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution, office expenses, etc., as well as other administrative expenses.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses.

Depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment losses on property, plant and equipment as well as gains and losses from current replacement of non-current assets.

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Notes

1 Accounting policies (continued)

Financial income and expense

Financial income and expenses comprise interest income and expenses, which include interest from cash in hand and exchange rate adjustments.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's statement of comprehensive income in the financial year when the dividends are declared. To the extent that the dividends exceed the accumulated earnings in the period, an impairment test is conducted.

Impairment losses are recognised in the statement of comprehensive income as financial expense.

Corporation tax and deferred tax

Tax for the year consists of current tax and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognised in the income statement, other comprehensive income or equity.

Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation.

Deferred tax assets and liabilities are offset provided the Company has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously. Adjustment is made to deferred tax resulting from the elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the reporting date. Changes in deferred tax due to changes in tax rate are recognised in the income statement.

The Company and the subsidiary Ricoh Capital Danmark A/S are jointly taxed. Ricoh Danmark A/S is the administrative company.

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Notes

1 **Accounting policies (continued)**

Assets

Goodwill

Goodwill is initially recognised in the statement of financial position at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units (CGU) is based on the management structure and internal financial control.

Goodwill is tested annually for impairment.

The recoverable amount of the CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Depreciation on other assets is provided on a straight-line basis over their estimated useful lives, as follows:

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Notes

1 Accounting policies (continued)

Leasehold improvements	5 years
Fixtures, fittings, tools and equipment	3-7 years
Lease machines	3-5 years

The cost of an asset is divided into separate components that are depreciated separately if their useful lives differ.

The assets' residual values and useful lives are reviewed and adjusted annually if appropriate.

Current losses and profits on sale of lease machines are included in the Company's revenue and cost of sales.

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If an indication of impairment is identified, an impairment test is carried out. If the carrying amount of investments exceeds

the recoverable amount, a corresponding impairment loss is recognised. Impairment losses are recognised in the income statement as financial items.

When other reserves than earned profit in subsidiaries are distributed, the distribution entails a reduction in the cost of equity investments when the distribution resembles repayment of the Parent Company's investment.

Inventories

Inventories comprise of finished goods and goods for resale in the form of hardware for document-related information technology. Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost. Write-down is made for obsolescence.

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1 Accounting policies (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

• The rights to receive cash flows from the asset have expired, or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Notes

1 **Accounting policies (continued)**

Contract costs
Ricoh recognizes the incremental costs of obtaining contracts with customers as an asset if those costs are expected to be recoverable, and records them in "contract costs" in the 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 evenly based on the estimated contract terms.

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

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
• Building 12 to 56 months
• Vehicles 12 to 25 months

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

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Notes

1 Accounting policies (continued)

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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Notes

1 Accounting policies (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in loans and borrowings.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of vehicles, buildings and warehouse (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of vehicles, buildings and warehouse that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Finance leases are treated as described under receivables and the related obligation as described under financial liabilities.

All other leases are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of benefits.

Consolidated financial statements and parent company financial statements 1 April 2020 – 31 March 2021

Notes

1 **Accounting policies (continued)**

Shareholder's equity

Dividend distribution to the Company's shareholder is recognised as a liability at the time when the dividends are approved by the Company's shareholder. Dividends proposed for the year are disclosed as a separate item under equity.

Share premium comprises amounts in addition to the nominal share capital that have been paid by the shareholder in connection with capital increases. The reserve is part of the Company's distributable reserves.

Liabilities

Financial liabilities

Financial liabilities are initially recognised at fair value (typically the amount of the proceeds received), net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost; any difference between the cost (the proceeds) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities also include the outstanding obligation under finance leases measured at amortised cost.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation. The amount recognised as a provision is Management's best estimate of the present value of the amount at which the liability is expected to be settled.

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Notes

1 Accounting policies (continued)

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred income includes payments received in respect of income in subsequent years.

Cash flow statement

Cash flows from operating activities

Cash flows from operating activities are presented using the indirect method and stated as the consolidated profit/loss adjusted for non-cash operating items, including depreciation and impairment losses, provisions and changes in working capital, interest received and paid and corporation taxes paid. Working capital comprises current assets less current liabilities excluding the items included in cash and cash equivalents, borrowings, tax payables and provisions.

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Notes

1 **Accounting policies (continued)**

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from disposals, cash flows from the purchase and sale of property plant and equipment and cash flows financial leasing.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the amount or composition of the Group's share capital and related expenses as well as cash flows from draw down and repayment of borrowings as well as payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalent represents cash and cash equivalent and cash held inside Ricoh Europe's cash pool scheme.

Financial ratios

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios and have been calculated as follows:

Gross margin $$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Profit margin $$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Revenue}}$$

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Notes

2 Significant accounting estimates and judgements

In connection with the preparation of the consolidated financial statements, Management has made accounting estimates and judgements that affect the assets and liabilities reported at the reporting date as well as the income and expenses reported for the financial period. Management continuously reassesses these estimates and judgements based on a number of other factors in the given circumstances.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

Estimates and assumptions

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Leases - Classification of lease contracts

— The Group consist of a sales and leasing Company. Based on the terms and conditions of the leasing contracts entered into with customers, the group assesses the classification of the leasing contracts.

— The Group has assessed that all contracts entered through the leasing Company are finance leases.

3 New accounting regulation not yet adopted

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- IFRS 9/ IAS39/ IFRS 7/ IFRS 4/ IFRS 16 Interest rate benchmark reform – phase 2
- IFRS 3 References to conceptual framework
- IAS 37 Onerous contracts – costs of fulfilling a contract
- IAS 16 PP&E: Proceeds before intended use
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- IFRS 17 Insurance Contracts.
- IAS 1 Classification of liabilities as current or non-current including og effective date

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Notes

DKK'000	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
4 Revenue				
Sale of goods	112,224	133,417	112,224	133,417
Sale of services	114,403	138,803	114,402	138,803
Income from lease contracts	6,000	7,242	0	0
	232,627	279,462	226,626	272,220

It is Management's assessment that segmentation relating to geographical areas does not provide other relevant information. This is substantiated by that 98 % of sales are to customers in Denmark.

Transaction price allocated to the remaining performance obligation

The remaining performance obligation of the contracts, related mainly to maintenance contracts of machines and including 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 5 years. Ricoh does not disclose information about remaining performance obligations.

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Notes

4 Revenue (continued)

Future minimum lease payments under non-cancellable leases recognised as receivable are as follows:

DKK'000	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
0-1 years	29,490	33,623	12,687	568
1-5 years	44,908	54,306	0	0
	74,398	87,929	12,687	568

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
5 Cost of sales				
Cost of sales	124,126	154,726	122,493	154,408
Write-down of inventories	691	365	691	365

Write-down on cost price of inventories held at 31 March 2021 amounted to DKK 691 thousand (31 March 2020: DKK 365 thousand). The book value of inventory that has been written down to net realisable value amounts to DKK 2,872 thousand (31 March 2020: DKK 3,508 thousand).

There have been no reversals of write-downs in the period from changes in estimates, only from sale of inventory that was been written-down.

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
6 Staff costs				
Salaries and remuneration	67,342	70,301	67,342	70,301
Defined contribution plans	5,176	5,665	5,176	5,665
Other social security expenses	1,079	1,023	1,079	1,023
Other staff costs	798	1,895	798	1,895
	74,395	78,884	74,395	78,884
Average numbers of employees	106	115	106	115

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Notes

6 Staff costs (continued)

"Salaries and remuneration" includes respectively C-19 reimbursement programs from Danish Authorities amounting to DKK 5,548 thousand as well as restructuring initiative of DKK 5,743 thousand.

In accordance with section 98b(2) of the Danish Financial Statements Act, Management's remuneration is not presented.

DKK'000	2020/21	2019/20	2020/21	2019/20
7 Depreciation				
Depreciation on property, plant and equipment	791	829	791	829
Depreciation IFRS16 building	1,340	2,839	1,340	2,839
Depreciation IFRS16 vehicles	2,775	3,117	2,775	3,117
	4,906	6,785	4,906	6,785

Depreciation is included in the financial statement item Depreciation and impairment.

8 Fees to auditor appointed at the general meeting

Pursuant to section 96(3) of Danish Financial Statements Act, fee paid to the Company's auditors appointed at the general meeting has not been disclosed.

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DKK'000	Parent Company 2020/21	Parent Company 2019/20
9 Equity investments in subsidiaries		
Cost at 1 April	500	500
Cost at 31 March	500	500
Carrying amount at 31 March	500	500

Name	Registered office	Equity interest	Equity	Profit for the year
Ricoh Capital Danmark A/S	Vallensbæk	100 %	17,917	2,930

DKK'000	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
10 Financial income				
Other financial income	0	582	0	582
Foreign exchange gain	0	594	0	546
	0	1,176	0	1,128
11 Financial expenses				
Foreign exchange losses (net)	540	747	510	743
Interest on lease liabilities	43	162	43	162
Other interest expenses	508	65	508	66
	1,091	974	1,061	971

Intercompany balances derived from ordinary sales within the Group does not carry interest.

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12 Tax

Tax on profit for the year can be specified as follows:

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Current tax	-2,139	0	0	0
Deferred tax	2,511	-659	1,198	13
Adjustment of tax and deferred tax relating to previous years	-90	0	-90	0
	282	-659	1,108	13

Tax on profit for the year is recognised as follows:

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Computed 22% tax on profit before tax (2019/20: 22%)	303	-586	1,129	86
Tax effect of:				
Other expenses/income not deductible for tax purposes	69	-73	69	-73
Adjustment due to deviation in tax rate	0	0	0	0
Adjustment of tax and deferred tax relating to previous years	-90	0	-90	0
	282	-659	1,108	13
Effective tax rate	20,5	24.7	21,6	3.4

13 Goodwill

Cost at 1 April	12,637	12,637	12,637	12,637
Cost at 31 March	12,637	12,637	12,637	12,637
Carrying amount at 31 March	12,637	12,637	12,637	12,637

Goodwill is allocated the cash-generating unit Ricoh Danmark A/S.

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Notes

13 Goodwill (continued)

Impairment tests

Management has tested the carrying amount of goodwill based on guidelines from Ricoh Group. The test has been performed with a DCF model for the current business, being Ricoh Danmark A/S as the identified cash generating united (CGU), comparing the discounted cash flows with book values at year-end.

The impairment tests did not indicate any need for impairment write-down. At 31 March 2021 net present value amounts to DKK 51,012 thousand, compared to book value of DKK 12,637 thousand.

The impairment tests were based on budgets for 2021/22 approved by the Board of Directors and projections for the next 5 years and a terminal period. The budget for 2021/22 shows an increase in revenue and gross profit compared to actuals for 2020/21.

Value in use is determined on the basis of a discount rate before tax of 8.7%. No growth in the terminal period has been applied.

A significant assumption when preparing the impairment test is the TP agreement entered with the Group related to the Company's performance and results that ensures that the Company has a certain profit margin. Consequently, Management has assessed that there is no significant estimation uncertainty related to the valuation of goodwill.

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14 Property, plant and equipment

	Group			
DKK'000	Lease machines	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2020	361	3,484	828	4,673
Additions	0	84	0	84
Disposals	0	0	0	0
Cost at 31 March 2021	361	3,568	828	4,757
Depreciation and impairment losses at 1 April 2020	249	2,581	666	3,496
Depreciation	76	576	138	791
Depreciation on disposals	0	0	0	0
Depreciation and impairment losses at 31 March 2021	325	3,157	804	4,286
Carrying amount at 31 March 2021	36	411	24	471

	Parent Company			
DKK'000	Lease machines	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2020	361	3,484	828	4,673
Additions	0	84	0	84
Disposals	0	0	0	0
Cost at 31 March 2021	361	3,568	828	4,757
Depreciation and impairment losses at 1 April 2020	249	2,581	666	3,496
Depreciation	76	576	138	791
Depreciation on disposals	0	0	0	0
Depreciation and impairment losses at 31 March 2021	325	3,157	804	4,286
Carrying amount at 31 March 2021	36	411	24	471

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DKK'000	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
15 Receivables				
Trade receivables	52,720	69,805	50,537	67,223
Financial lease receivable	74,398	87,929	12,687	568
Other receivables	1,668	1,116	1,668	1,116
	128,786	158,850	64,892	68,907
Specification of receivables overdue				
Due by 1-30 days	4,408	12,541	4,135	11,871
Due by 30-90 days	4,201	6,127	3,476	5,042
Due by more than 90 days	3,652	3,344	2,106	1,306
Write-down of receivables overdue	-1,556	-2,415	-243	-201
Carrying amount of receivables overdue	10,705	19,597	9,474	18,018
Specification of development in write-down				
Write-down at 1 April	-2,415	-2,684	-201	-496
Adjustment of write-down during the year	788	2,433	-105	-458
Realised losses during the year	71	-2,164	63	753
Write-down at 31 March	-1,556	-2,415	-243	-201

Amounts under finance leases	Group	Parent
Year 1	40,282	12,687
Year 2	20,211	0
Year 3	12,042	0
Year 4	6,842	0
Year 5	2,015	0
Onwards	0	0
Undiscounted lease payments	81,392	12,687
Unguaranteed residual values	0	0
Less unearned finance income	-5,396	
Present value of minimum lease payments	75,996	12,687
Impairment loss allowance	1,598	0
Net investment in the lease	74,398	12,687

The Company does not have any significant credit risks related to individual customers as the client portfolio is spread out on a significant number of customers. Internal assessments are made on an ongoing basis, both related to credit risks of individual costumers and the total credit exposure. If a significant risk is identified, Ricoh Europe will be involved to decide the necessary actions to be taken to mitigate or address the risk.

Receivables relates to debtors in Denmark.

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Notes

16 Equity

Capital management

Ricoh Danmark A/S and Ricoh Capital Danmark A/S are participants in the cash pool for Ricoh Europe Group. The capital management for the group is centralised in Ricoh Europe Finance Limited.

Share capital

	Shares issued			
	Number		Nominal value (DKK'000)	
	2020/21	2019/20	2020/21	2019/20
1 April	23,501	23,501	1,000	1,000
31 March – fully paid	23,501	23,501	1,000	1,000

The share capital consists of 23,501 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
17 Deferred tax				
Deferred tax at 1 April	-5,985	-5,326	-3,884	-3,897
Deferred tax for the year recognised in profit for the year	2,510	-659	1,198	13
Adjustment of tax relating to previous years	0	0	0	0
Deferred tax at 31 March	-3,475	-5,985	-2,686	-3,884
Deferred tax is recognised in the statement of financial position as follows:				
Deferred tax (asset)	1,944	2,253	1,893	1,074
Deferred tax (liability)	- 5,419	- 8,238	-4,579	-4,958
Deferred tax at 31 March, net	-3,475	-5,985	-2,686	-3,884
Deferred tax relates to:				
Provisions	1,406	117	1,356	117
Property, plant and equipment	-434	-2,878	406	402
Intangible assets	-2,780	-2,780	-2,780	-2,780
Other	-1,667	-443	-1,667	-1,622
	-3,475	-5,985	-2,686	-3,884

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18 Cash and cash equivalents

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Pool balances	75,990	44,011	75,990	44,011
Bank balances	0	0	0	0
	75,990	44,011	75,990	44,011

19 Provisions for pension obligations

The provisions for pension obligations are calculated as the monthly pension for the expected period of payment. No actuarial calculations have been carried out, as the amount is not material. The provision covers one pensioner. The annual payment is DKK 153 thousand.

20 Contingent liabilities and collateral

Contingent liabilities

The Company is jointly registered for VAT with Ricoh Capital Danmark A/S and severally liable for the payment thereof, amounting to DKK 4,391 thousand (31 March 2020: DKK 5,404 thousand).

The Company is jointly taxed with other Danish companies in the Ricoh Group. As the administrative company, together with the other companies included in the joint taxation, the Company has joint and several unlimited liabilities for Danish corporation taxes and withholding taxes on dividends and interest. Corporation tax and withholding tax payable within the joint taxation group amounted to DKK 2,139 thousand at 31 March 2021 (31 March 2020: DKK 0 thousand).

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DKK'000	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
21 Changes in working capital				
Change in inventories	353	3,721	353	3,721
Change in receivables, Finance lease receivable etc.	29,050	21,028	3,010	21,028
Prepaid costs/deferred income, net	249	1,769	273	1,741
Change in trade payables and other payables	5,125	-9,807	5,078	-7,098
	34,777	16,711	8,714	19,392

22 **Leases**

The Group has entered into leases in respect of buildings and fixtures and fittings. The lease term is typically between 1 and 5 years with a renewal clause after the end of the term (for leased premises, up to 6 years). None of the leases contain contingent rent.

The Group also has certain leases of vehicles, buildings and warehouse with lease terms of 12 months or less. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

DKK'000 2020/21	Buildings	Vehicles	Total
Cost at 1 April 2020	3,641	7,327	10,968
Foreign exchange adjustments	0	0	0
Additions	0	0	0
Disposals	-200	-3,542	-3,743
Cost at 31 March 2021	**3,441**	**3,784**	**7,225**
Depreciation and impairment losses at 1 April	-546	-2,734	-3,280
Foreign exchange adjustments	0	0	0
Depreciation	-1,341	-2,775	-4,116
Disposals	168	4,964	5,113
Depreciation and impairment losses at 31 March	-1,719	-544	-2,263
Carrying amount at 31 March	**1,722**	**3,240**	**4,962**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities

DKK'000	
As at 1 April 2020	8,346
Additions	416
Disposals	-68
Interest	101
Payments	-3,755
As at 31 March 2021	**5,041**
Current	2,802
Non-current	2,239

Maturity analysis for lease liabilities

DKK'000	<1 year	1-5 years	>5 years	Total
2020/21				
Lease liabilities	3,573	0	5,041	8,614

The Group had total cash outflows for leases of DKK thousand 2,023 in 2020/21. At 31 March 2021, the Group is committed to DKK thousand 2,419 for short-term leases.

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22 Leases (continued)

The Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Future minimum lease payments under non-cancellable leases are receivable as follows:

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
0-1 years	31,098	35,478	12,687	568
1-5 years	49,756	62,069	0	0
>5 years	0	0	0	0
	80,854	97,547	12,687	568

For 2020/21 DKK 3,049 thousand (2019/20: DKK 4,911 thousand) has been recognised in revenue in the consolidated statement of comprehensive income regarding operating leases.

23 Financial risks and financial instruments

Risk management policy

Following its operating, investing and financing activities, the Group is exposed to a number of financial risks, including currency and interest rate risks, liquidity risks and credit risks.

The Group does not stand-alone have a formalised Risk Management policy. The Risk Management policy is based on overall instructions from Ricoh Europe via overall group policies, which amongst others covers currency risk, interest rate risks, liquidity risks and credit risks.

It is group policy not to engage in speculation in financial risks. Thus, the Group's financial management is aimed at managing and reducing the financial risks directly attributable to the Group's operations, investments and financing.

Management are on an ongoing basis considering the risk exposures and how to address these. When making the considerations the necessary functions within the Ricoh Group are involved, which includes treasury, legal etc.

Based on an assessment there is only limited risk related to currency risk, interest rate risks, liquidity risk, due to agreements entered into with Ricoh Europe. For credit risks, reference is made to note 15.

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23 Financial risks and financial instruments (continued)

Currency risks

The Group is exposed to currency fluctuations as the individual group companies settle purchases and sales and record receivables and payables in other currencies than their functional currencies – primarily EUR. No speculative currency transactions are made, and transactions are solely carried out based on commercial needs. No agreements on currency transaction hedging have been concluded during the financial year.

Denmark pursues a fixed-exchange-rate policy vis-à-vis EUR, meaning that the Group is not exposed to currency fluctuations in EUR. Fluctuations in other currency have an insignificant impact on the Group's result.

Interest rate risks

The Group has no significant interest rate risk since it is part of a cash pool arrangement and has no other debt to external parties, other than balances from normal course of business.

The embedded interest rates on leasing contracts are fixed within the duration of the lease contract.

Significant movements in the interest rate levels can have a positive/negative effect on the Company due to the relationship between the variable interest rate on loans against the fixed embedded rate on the leasing contracts.

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23 Financial risks and financial instruments (continued)

Maturity analysis

Liabilities are primarily short-term comprising Trade payables, other payables and payables to group entities falling due within one year.

The pension scheme provision is described in note 19.

	Group 2020/21					
DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	175	175	77	77	21	0
Loans and borrowings	49,204	49,204	49,204	0	0	0
Trade payable and other payable	33,951	33,951	33,951	0	0	0
Payable to group entities	11,358	11,358	11,358	0	0	0
Deferred income	5,297	5,297	5,297	0	0	0
(Finance) Lease receivables	74,398	81,392	26,484	13,798	41,110	0
Trade Receivables	52,720	52,720	52,720	0	0	0
Receivables from group entities	3,660	3,660	3,660	0	0	0
Other receivables	1,668	1,668	1,668	0	0	0

	Group 2019/20					
DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	329	329	77	77	175	0
Loans and borrowings	67,069	67,069	67,069	0	0	0
Trade payable and other payable	28,826	28,826	28,826	0	0	0
Payable to group entities	3,555	3,555	3,555	0	0	0
Deferred income	5,048	5,048	5,048	0	0	0
(Finance) Lease receivables	87,929	97,547	18,092	17,386	62,069	0
Trade Receivables	69,805	69,805	69,805	0	0	0
Receivables from group entities	5,178	5,178	5,178	0	0	0
Other receivables	1,116	1,116	1,116	0	0	0

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23 Financial risks and financial instruments (continued)

Parent Company 2020/21

DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	175	175	77	77	21	0
Trade payable and other payable	33,673	33,673	33,673	0	0	0
Payable to group entities	28,007	28,007	28,007	0	0	0
Deferred income	5,243	5,243	5,243	0	0	0
(Finance) Lease receivables	12,687	12,687	12,687	0	0	0
Trade Receivables	50,537	50,537	50,537	0	0	0
Receivables from group entities	14,129	14,129	14,129	0	0	0
Other receivables	1,668	1,668	1,668	0	0	0

Parent Company 2019/20

DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	329	329	77	77	175	0
Trade payable and other payable	28,595	28,595	28,595	0	0	0
Payable to group entities	5,599	5,599	5,599	0	0	0
Deferred income	4,970	4,970	4,970	0	0	0
(Finance) Lease receivables	568	568	568	0	0	0
Trade Receivables	67,223	67,223	67,223	0	0	0
Receivables from group entities	12,997	12,997	12,997	0	0	0
Other receivables	1,116	1,116	1,116	0	0	0

The carrying amount and fair value of the above categories are the same for both 2020/21 and 2019/20.

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24 Related party disclosures

The Group's related parties exercising control

— Ricoh Europe Holdings PLC. 20, Triton Street, London NW1 3BF, UK

The Company is included in the consolidated financial statements of Ricoh Europe Holdings PLC, UK, and ultimately in the consolidated financial statements of the ultimate parent company Ricoh Company Ltd., Japan. The consolidated financial statements of the parent company are available at https://www.ricoh.com/-/Media/Ricoh/Sites/com/IR/financial_data/securities_report/pdf/AnnualSecuritiesReport_121th.pdf

Related party transactions

Related party transactions comprised the following:

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Sale of goods	73,530	73,817	73,530	73,817
Purchase of goods	102,596	135,298	101,258	135,298
Service and group fees	14,480	14,654	13,354	13,711
	190,606	223,769	188,142	222,826

The Company has a rebate agreement with Ricoh Europe Ltd., which guarantees a minimum operating profit margin for the period. Rebate for the year amounted to DKK 23,503 thousand (2019/20: DKK 26,706 thousand)

Transactions with group entities have been eliminated in the consolidated financial statements in accordance with the accounting policies.

The interest charge on these accounts is shown in notes 10 and 11.

Management employees

The Group's related parties exercising significant influence comprise the Group's Board of Directors, Executive Board and management employees in the Parent Company.

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25 Events after the reporting date

No events have occurred after the reporting date that may significantly affect the annual report.