
Ricoh Danmark A/S

Delta Park 37, DK-2665 Vallensbæk

Annual Report for 1 April 2021 - 31 March 2022

CVR No 56 47 04 17

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
3 /10 2022

David Mills
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ricoh Danmark A/S for the financial year 1 April 2021 - 31 March 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2022 of the Company and of the results of the Company operations for 1 April 2021 - 31 March 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vallensbæk Strand, 3 October 2022

Executive Board

Søren Krogh-Nielsen
CEO

Board of Directors

David Mills
Chairman

Søren Krogh-Nielsen

Nicola Clare Downing

Torben Lønnqvist Frederiksen

Independent Auditor's Report

To the Shareholder of Ricoh Danmark A/S

Opinion

We have audited the Financial Statements of Ricoh Danmark A/S for the financial year 1 April 2021 - 31 March 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 in accordance with 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

Independent Auditor's Report

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 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 Company'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 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

København S, 3 October 2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Jens Jørgensen Baes
statsautoriseret revisor
mne14956

Jan Larsen
statsautoriseret revisor
mne16541

Company Information

The Company

Ricoh Danmark A/S
Delta Park 37
DK-2665 Vallensbæk

CVR No: 56 47 04 17
Financial period: 1 April 2021 - 31 March 2022
Municipality of reg. office: Vallensbæk

Board of Directors

David Mills, Chairman
Søren Krogh-Nielsen
Nicola Clare Downing
Torben Lønnqvist Frederiksen

Executive Board

Søren Krogh-Nielsen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 København S

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	277.634	226.626	272.220	291.271	313.105
Operating profit/loss	3.770	-4.071	-549	-1.953	-742
Profit/loss before financial income and expenses	3.770	-4.071	-549	-1.953	-742
Net financials	-1.418	-1.061	157	406	-113
Net profit/loss for the year	2.130	-4.024	-379	-1.370	-3.485
Balance sheet					
Balance sheet total	168.497	178.874	166.595	176.353	175.156
Equity	103.120	100.990	114.872	115.251	107.549
Investment in property, plant and equipment	3.468	5.377	634	242	436
Number of employees	108	106	115	137	162
Ratios					
Gross margin	30,2%	33,2%	31,3%	29,5%	33,1%
Profit margin	1,4%	-1,8%	-0,2%	-0,7%	-0,2%
Return on assets	2,2%	-2,3%	-0,3%	-1,1%	-0,4%
Solvency ratio	61,2%	56,5%	69,0%	65,4%	61,4%
Return on equity	2,1%	-3,7%	-0,3%	-1,2%	-3,2%

In connection with changes to accounting policies, the comparative figures back from 2017/18 to 2019/20 have not been restated. See the description under accounting policies.

Management's Review

Key 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. The Group has continued the strive for introduction of innovative and environmentally responsible products to the overall gain of the customers and societies. The activity services mentioned can be offered to the customers via finance leasing contracts in the subsidiary (Ricoh Capital Danmark A/S).

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
- YouTube: 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 the year

The financial year 2021/22 was a reasonable good year for Ricoh Danmark A/S considering all. The company strengthened its competitive position. No material impacts of Covid-19 - besides more homeworking from our customers in general and thus less printing.

The Parent company, Ricoh Danmark A/S, made a net positive result for the financial year of DKK 2.130 thousand (2020/21 -4.024 thousand) that has been transferred to reserves, and at 31 March 2022 the balance sheet of the Company shows an equity of DKK 103.120 thousand (31 March 2021 100.990 thousand).

The Danish Group, including Ricoh Capital Denmark A/S, made an operating profit before interest and tax of DKK 7.017 thousand (2020/21 DKK -284 thousand).

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

Management's Review

Expectation and outlook

A strong foundation for the development of Ricoh Danmark has been created. Management expects 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 Company is to support this objective including:

- 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 Company 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 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 Budget and Forecast, Management expects that the positive development will further continue with positive consolidation of results in the financial year 2022/23.

Management's Review

Risks and uncertainties

The key risks and uncertainties facing the Company 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.

Global delivery shortages within electronic industry: some key electronic components have longer lead time than usual.

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

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 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 details on 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 entities has since 2015/16 initiated various activities to reduce CO2 emission. Visual Communication to reduce travel cost, default eco power saving

Management's Review

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 CO₂ emissions and impact on climate.

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

Ricoh Danmark A/S 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.

Subsequent events

As of June 1 2022, Ricoh Danmark A/S has acquired 100% of shares in Audio-Visuelt Centrum A/S (AVC), a unified communication, AV and professional services specialist with locations in Horsens and Brøndby, Denmark. AVC has a strong presence in the Danish AV integrator market. AVC has around 800 customers, operating at both a local and global level, and 56 employees including 23 installation & service engineers.

Furthermore as of June 16 2022, Ricoh A/S has taken over the graphics business of Quadient in Denmark. Ricoh has already a comprehensive portfolio of Graphic Communications and the high-quality products and solutions from Quadient will further support our continued focus on evolving our Graphic Communications capabilities in line with our customers' needs.

Income Statement 1 April - 31 March

	Note	2021/22	2020/21
		DKK	DKK
Revenue		277.634.480	226.626.477
Cost of Sales		-158.849.171	-122.492.747
Other external expenses		-34.879.565	-28.903.497
Gross profit/loss		83.905.744	75.230.233
Staff expenses	2	-76.513.694	-74.395.161
Depreciation		-3.621.758	-4.905.772
Profit/loss before financial income and expenses		3.770.292	-4.070.700
Financial expenses		-1.417.967	-1.061.081
Profit/loss before tax		2.352.325	-5.131.781
Tax on profit/loss for the year	3	-222.229	1.108.053
Net profit/loss for the year		2.130.096	-4.023.728

Balance Sheet 31 March

Assets

	Note	2021/22 DKK	2020/21 DKK
Land and buildings		332.346	1.721.869
Other fixtures and fittings, tools and equipment		4.880.029	3.686.632
Leasehold improvements		0	24.326
Property, plant and equipment	4	5.212.375	5.432.827
Investments in subsidiaries	5	500.000	500.000
Deposits	6	707.410	699.065
Fixed asset investments		1.207.410	1.199.065
Fixed assets		6.419.785	6.631.892
Inventories		14.634.551	6.624.944
Trade receivables		66.755.698	50.537.032
Receivables from group enterprises		14.103.836	14.129.019
Finance lease receivables		1.008.564	12.687.000
Other receivables		0	1.667.946
Deferred tax asset	9	0	94.140
Corporation tax		855.949	180.000
Prepayments	7	12.544.300	10.331.632
Receivables		95.268.347	89.626.769
Cash and cash equivalents		52.174.203	75.990.307
Currents assets		162.077.101	172.242.020
Assets		168.496.886	178.873.912

Balance Sheet 31 March

Liabilities and equity

	Note	2021/22 DKK	2020/21 DKK
Share capital		23.501.000	23.501.000
Retained earnings		79.619.343	77.489.247
Equity		103.120.343	100.990.247
Provision for deferred tax	9	195.864	0
Provisions for pensions and similar obligations		5.765.488	6.093.052
Provisions		5.961.352	6.093.052
Lease obligations		2.764.337	2.239.000
Long-term debt	10	2.764.337	2.239.000
Lease obligations	10	2.077.666	2.802.000
Trade payables		17.128.289	13.729.551
Payables to group enterprises		15.696.818	28.006.901
Other payables		13.808.647	19.769.146
Deferred income	11	7.939.434	5.244.015
Short-term debt		56.650.854	69.551.613
Debt		59.415.191	71.790.613
Liabilities and equity		168.496.886	178.873.912
Subsequent events	1		
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 April	23.501.000	87.346.107	110.847.107
Net effect from change of accounting policy	0	-9.856.860	-9.856.860
Adjusted equity at 1 April	23.501.000	77.489.247	100.990.247
Net profit/loss for the year	0	2.130.096	2.130.096
Equity at 31 March	23.501.000	79.619.343	103.120.343

Notes to the Financial Statements

1 Subsequent events

As of June 1 2022, Ricoh Danmark A/S has acquired 100% of shares in Audio-Visuelt Centrum A/S (AVC), a unified communication, AV and professional services specialist with locations in Horsens and Brøndby, Denmark. AVC has a strong presence in the Danish AV integrator market. AVC has around 800 customers, operating at both a local and global level, and 56 employees including 23 installation & service engineers.

Furthermore as of June 16 2022, Ricoh A/S has taken over the graphics business of Quadiant in Denmark. Ricoh has already a comprehensive portfolio of Graphic Communications and the high-quality products and solutions from Quadiant will further support our continued focus on evolving our Graphic Communications capabilities in line with our customers' needs.

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
2 Staff expenses		
Salaries and remuneration	68.179.260	67.342.000
Defined contribution plans	5.552.468	5.176.094
Other staff costs	1.190.643	1.079.469
Other staff expenses	1.591.323	797.598
	<u>76.513.694</u>	<u>74.395.161</u>
Average number of employees	<u>108</u>	<u>106</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Tax on profit/loss for the year

Current tax for the year	256.884	0
Deferred tax for the year	290.002	-1.198.053
Adjustment of tax concerning previous years	-324.657	90.000
	<u>222.229</u>	<u>-1.108.053</u>

Notes to the Financial Statements

4 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	DKK	DKK	DKK	DKK
Cost at 1 April	3.440.799	7.712.032	828.063	11.980.894
Additions for the year	22.536	3.445.124	0	3.467.660
Disposals for the year	-302.310	-1.170.404	0	-1.472.714
Transfers for the year	-2.817.457	-82.725	0	-2.900.182
Cost at 31 March	<u>343.568</u>	<u>9.904.027</u>	<u>828.063</u>	<u>11.075.658</u>
Impairment losses and depreciation at 1 April	1.718.930	4.025.559	803.737	6.548.226
Depreciation for the year	1.412.059	2.195.581	24.326	3.631.966
Impairment and depreciation of sold assets for the year	-302.310	-1.114.417	0	-1.416.727
Transfers for the year	<u>-2.817.457</u>	<u>-82.725</u>	<u>0</u>	<u>-2.900.182</u>
Impairment losses and depreciation at 31 March	<u>11.222</u>	<u>5.023.998</u>	<u>828.063</u>	<u>5.863.283</u>
Carrying amount at 31 March	<u>332.346</u>	<u>4.880.029</u>	<u>0</u>	<u>5.212.375</u>

Financial leasing assets amounts to DKK 4,785 thousand.

5 Investments in subsidiaries

	2021/22	2020/21
	DKK	DKK
Cost at 1 April	<u>500.000</u>	<u>500.000</u>
Carrying amount at 31 March	<u>500.000</u>	<u>500.000</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Ricoh Capital Denmark A/S	Vallensbæk	500.000	100%	21.034.231	3.120.639

Notes to the Financial Statements

6 Other fixed asset investments

	Deposits DKK
Cost at 1 April	699.065
Additions for the year	8.345
Cost at 31 March	707.410
Carrying amount at 31 March	707.410

7 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest etc.

	2021/22 DKK	2020/21 DKK
8 Distribution of profit		
Retained earnings	2.130.096	-4.023.728
	2.130.096	-4.023.728

9 Provision for deferred tax

Provision for deferred tax at 1 April	-94.140	3.884.000
Amounts recognised in the income statement for the year	290.004	-1.198.000
Amounts recognised in equity for the year	0	-2.780.140
Provision for deferred tax at 31 March	195.864	-94.140

10 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

Between 1 and 5 years	2.764.337	2.239.000
Long-term part	2.764.337	2.239.000
Within 1 year	2.077.666	2.802.000
	4.842.003	5.041.000

Notes to the Financial Statements

11 Deferred income

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

12 Contingent assets, liabilities and other financial obligations

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 6,842 thousand at 31 March 2022 (31 March 2021: DKK 4,391 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 2,507 thousand at 31 March 2022 (31 March 2021: DKK 2,139 thousand).

In connection with an adjustment to the tax return and related tax computations in prior year, the Danish tax authorities have followed up and put forward questions regarding the company's Transfer Pricing policy. These questions have been answered in full and supported by underlying documentation. The Danish tax authorities have not yet finally concluded. It is the management and tax consultants' assessment that there is a potential lowrisk. Minimal or no material impact expected.

13 Related parties

Basis

Controlling interest

Ricoh Europe Holdings PLC

Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the consolidated financial statements for the Parent Company.

Notes to the Financial Statements

13 Related parties (continued)

<u>Name</u>	<u>Place of registered office</u>
Ricoh Europe Holdings PLC	London, United Kingdom

The Group Annual Report of Ricoh Europe Holdings PLC may be obtained at the following address:

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 ultimate parent company are available at

<https://www.ricoh.com/>-

[/Media/Ricoh/Sites/com/IR/financial_data/securities_report/pdf/AnnualSecuritiesReport_122nd.pdf](https://www.ricoh.com/Media/Ricoh/Sites/com/IR/financial_data/securities_report/pdf/AnnualSecuritiesReport_122nd.pdf)

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Ricoh Danmark A/S for 1 April 2021 - 31 March 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2021/22 are presented in DKK.

Changes in accounting policies

The annual report is presented in accordance with the Danish Financial Statement Act. The comparative figures were restated in accordance with the Danish Financial Statement Act. The accounting policies applied are based on the standards effective for 2021/22.

The company has changed its accounting policies from IFRS to Danish Financial Statements Act. The change has affected the recognition of goodwill and consolidated accounts are no longer included in the annual report. The accounting policies have been changed to simplify the accounting process.

The accounting policies applied are based on the standards effective for 2021/22, and the comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying policies consistent with last year.

The restatement of comparative figures has the following effect on 2020/21:

Goodwill (decrease): DKK 12,637 thousand

Equity(decrease): DKK 9,857 thousand

Provision for deferred tax (decrease): DKK 2,780 thousand

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Ricoh Europe Holdings PLC, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Ricoh Europe Holdings PLC, the Company has not prepared a cash flow statement.

Notes to the Financial Statements

14 Accounting Policies (continued)

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Notes to the Financial Statements

14 Accounting Policies (continued)

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of Sales

Cost of Sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Ricoh Capital Denmark A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income

Notes to the Financial Statements

14 Accounting Policies (continued)

statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	3-5 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

14 Accounting Policies (continued)

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Provisions comprise of a provision for a restructuring initiative as well as pension liabilities. Both provisions are recognized with the expected amounts needed to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$