Annual Securities Report

(The 119th Business Term)
From April 1, 2018 to March 31, 2019

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

[Cover]

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

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

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

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I. OVERVIEW OF THE COMPANY

1. KEY FINANCIAL DATA

Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

	IFRSs				
Fiscal year	115th business term	116th business term	117th business term	118th business term	119th business term
Year end	March 2015	March 2016	March 2017	March 2018	March 2019
Sales	2,151,404	2,209,028	2,028,899	2,063,363	2,013,228
Profit(loss) before income tax expenses	112,297	95,684	29,955	(124,182)	83,964
Profit(loss) attributable to owners of the parent	68,562	62,975	3,489	(135,372)	49,526
Comprehensive income(loss) attributable to owners of the parent	79,056	18,332	(6,705)	(118,072)	30,304
Equity attributable to owners of the parent	1,084,167	1,077,813	1,042,106	909,565	932,577
Total assets	2,730,207	2,776,461	2,759,287	2,641,030	2,725,132
Equity per share attributable to owners of the parent (yen)	1,495.61	1,486.87	1,437.62	1,254.79	1,286.56
Earnings per share attributable to owners of the parent, basic (yen)	94.58	86.87	4.81	(186.75)	68.32
Earnings per ADR share attributable to owners of the parent, basic (yen)	94.58	86.87	4.81	(186.75)	68.32
Earnings per share attributable to owners of the parent, diluted (yen)	-	-	-	-	-
Earnings per ADR share attributable to owners of the parent company, diluted (yen)	-	-	-	-	-
Equity attributable to owners of the parent ratio (%)	39.71	38.82	37.77	34.44	34.22
Profit to equity attributable to owners of the parent ratio (%)	6.49	5.83	0.33	(13.87)	5.38
Price earnings ratio (times)	13.83	13.19	190.44	-	16.93
Net cash provided by operating activities	102,544	99,858	88,299	110,288	81,947
Net cash used in investing activities	(143,457)	(104,138)	(106,715)	(81,077)	(45,931)
Net cash provided by (used in) financing activities	29,936	42,669	(19,921)	6,407	42,424
Cash and cash equivalents at end of year	137,722	167,547	126,429	160,568	240,099
Number of employees	109,951	109,361	105,613	97,878	92,663

(Note) 1. Ricoh’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

2. Sales do not include consumption tax, etc.

3. There were no diluted shares for the year 2015, 2016, 2017 and 2019.

4. There were net losses and no diluted shares for the year 2018.

5. The Company changed its ADR ratio on January 13, 2015.
   - The ratio before the change: 1 ADR = 5 underlying shares
   - The ratio after the change: 1 ADR = 1 underlying share

6. The compilation method has been changed from the year 2016 such that a portion of the lease transactions are shown in a net basis instead of a gross basis. The comparative figures for the year 2015 have also been adjusted to conform to the current year presentation.

7. There were Losses per share attributable to owners of the parent, basic for the year 2018.

2. HISTORY

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

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

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

3. DESCRIPTION OF BUSINESS

Ricoh consists of the parent company, Ricoh Company, Ltd., 199 subsidiaries and 21 affiliates as of March 31, 2019.

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

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

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

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

<Office Printing >

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

<Office Services>

In addition to providing visual communication products that support new workstyles, the Office Services segment also contributes in solving customer issues in offices through total solutions that combine building of IT environment, operation support of network environment, user support and more.

<Commercial Printing>

The Commercial Printing segment provides customers in the printing industry with digital printing related products and services capable of high-mix, low-volume printing.

<Industrial Printing>

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

[Main Subsidiaries and Affiliates]

Manufacturing

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

The Americas: Ricoh Electronics, Inc.

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

Other regions: Shanghai Ricoh Digital Equipment Co., Ltd., Ricoh Asia Industry (Shenzhen) Ltd., Ricoh Components & Products (Shenzhen) Co., Ltd. and Ricoh Manufacturing (Thailand) Ltd.

Sales, Service and Support

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

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

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

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

<Thermal Media>

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

[Main Subsidiaries and Affiliates]

Manufacturing

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

<Other>

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

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

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

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

[Main Subsidiaries and Affiliates]

Manufacturing

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

Other regions: Ricoh Imaging Products (Philippines) Corporation

Sales, Service and Support

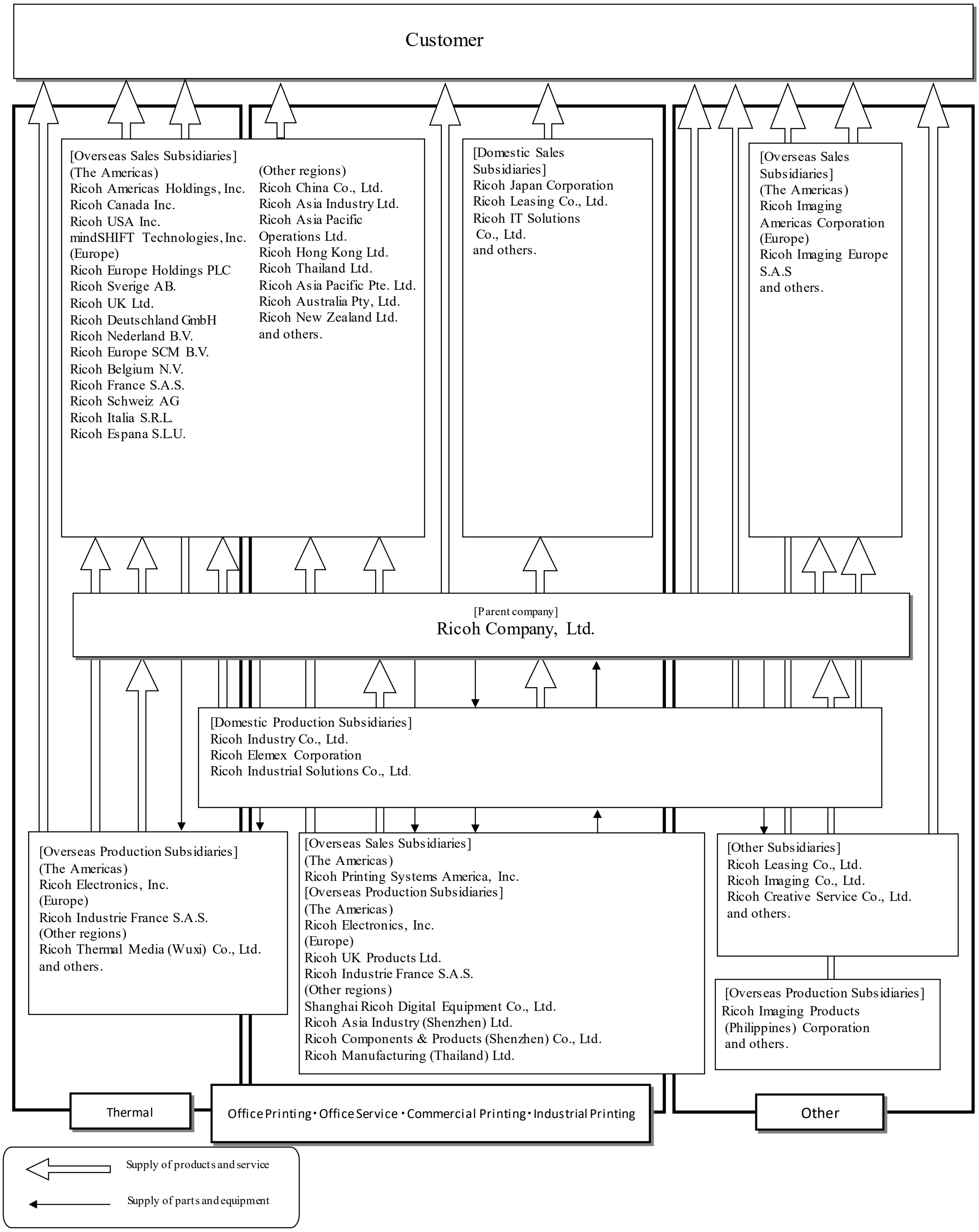
Japan: Ricoh Leasing Co., Ltd., Ricoh Imaging Co., Ltd. and Ricoh Creative Service Co., Ltd.

The Americas: Ricoh Imaging Americas Corporation

Europe: Ricoh Imaging Europe S.A.S

<Chart of Operational Flow>

The following chart shows the group's positions.



4. INFORMATION ON AFFILIATES

(As of March 31, 2019)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Consolidated Subsidiaries)			
Ricoh Industry Co., Ltd.	Japan	Manufacturing office equipment	100.0
Ricoh Elemex Corporation	Japan	Manufacturing and sale of office equipment	100.0
Ricoh Japan Corporation	Japan	Sale, maintenance and service of office equipment	100.0
Ricoh Leasing Co., Ltd.	Japan	General leasing	52.9
Ricoh IT Solutions Co., Ltd.	Japan	Development and construction of network systems	100.0
Ricoh Imaging Co., Ltd.	Japan	Manufacturing and sale of digital cameras	100.0
Ricoh Creative Service Co., Ltd.	Japan	Management of group facility, advertisement and printing	100.0
Ricoh Industrial Solutions Co., Ltd.	Japan	Manufacturing and sale of optical equipment and electronic components	100.0
Ricoh Technologies Co., Ltd.	Japan	Development and design of office equipment	100.0
Ricoh Electronics, Inc.	U.S.A.	Manufacturing office equipment and related supplies and Manufacturing and sale of thermal media	100.0 (100.0)
Ricoh UK Products Ltd.	U.K.	Manufacturing office equipment	100.0 (100.0)
Ricoh Industrie France S.A.S.	France	Manufacturing office equipment, related supplies and Manufacturing and sale of thermal media	100.0

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Thermal Media (Wuxi) Co., Ltd.	China	Manufacturing and sale of thermal media	99.0 (10.0)
Shanghai Ricoh Digital Equipment Co., Ltd.	China	Manufacturing and sale of office equipment	100.0 (55.3)
Ricoh Asia Industry (Shenzhen) Ltd.	China	Manufacturing office equipment and related supplies	100.0 (100.0)
Ricoh Components & Products (Shenzhen) Co., Ltd.	China	Manufacturing parts for office equipment	100.0 (100.0)
Ricoh Manufacturing (Thailand) Ltd.	Thailand	Manufacturing office equipment and related supplies	100.0
Ricoh Imaging Products (Philippines) Corporation	Philippines	Manufacturing digital cameras	100.0 (100.0)
Ricoh Americas Holdings, Inc.	U.S.A.	Holding company in the U.S.A.	100.0
Ricoh Canada Inc.	Canada	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh USA, Inc.	U.S.A.	Sale, maintenance and service of office equipment	100.0 (100.0)
mindSHIFT Technologies, Inc.	U.S.A.	Provision of IT services	100.0 (100.0)
Ricoh Printing Systems America, Inc.	U.S.A.	Sale of inkjet head	100.0 (4.4)
Ricoh Imaging Americas Corporation	U.S.A.	Sale of digital cameras	100.0 (100.0)
Ricoh Europe Holdings PLC	U.K.	Holding company in Europe	100.0
Ricoh Sverige AB.	Sweden	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh UK Ltd.	U.K.	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Deutschland GmbH	Germany	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Nederland B.V.	Netherlands	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Europe SCM B.V.	Netherlands	Sale of office equipment	100.0 (100.0)

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
Ricoh Belgium N.V.	Belgium	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh France S.A.S.	France	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Schweiz AG	Switzerland	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Italia S.R.L.	Italy	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Espana S.L.U.	Spain	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Imaging Europe S.A.S.	France	Sale of digital cameras	100.0 (100.0)
Ricoh China Co., Ltd.	China	Sale, maintenance and service of office equipment	100.0
Ricoh Asia Industry Ltd.	Hong Kong, China	Sale of office equipment	100.0
Ricoh Asia Pacific Operations Ltd.	Hong Kong, China	Sale of office equipment	100.0 (100.0)
Ricoh Hong Kong Ltd.	Hong Kong, China	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Thailand Ltd.	Thailand	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh Asia Pacific Pte Ltd	Singapore	Sale of office equipment	100.0
Ricoh Australia Pty, Ltd.	Australia	Sale, maintenance and service of office equipment	100.0 (100.0)
Ricoh New Zealand Ltd.	New Zealand	Sale, maintenance and service of office equipment	100.0 (100.0)
And 155 other consolidated subsidiaries			

Company Name	Location	Principal Businesses	Ownership percentage of voting rights (%)
(Affiliates)			
Ricoh Electronic Devices Co., Ltd.	Japan	Manufacturing and sale of semiconductors	20.0
SBS Ricoh Logistics System Co., Ltd.	Japan	Logistics services and custom clearances	33.3 (33.3)
19 affiliates (none of which are material affiliates)			

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

5. EMPLOYEES

(1) Consolidated basis

(As of March 31, 2019)

Segment	Number of employees
Office Printing	37,528
Office Service	21,445
Commercial Printing	6,881
Common to the 3 segments above	14,461
Industrial Printing	889
Thermal Media	1,345
Other	6,894
All companies (Shared)	3,220
Total	92,663

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

(2) The Company

(As of March 31, 2019)

Number of employees	Average age	Average length of service (Year)	Average annual salary (Yen)
7,925 (621)	44.6	20.0	8,181,044

Segment	Number of employees
Office Printing	1,698
Office Service	335
Commercial Printing	684
Common to the 3 segments above	702
Industrial Printing	432
Thermal Media	311
Other	590
All companies (Shared)	3,173
Total	7,925

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

(3) Relationship with labor union

A union is organized in the Company and certain subsidiaries. There were no significant labor disputes noted in fiscal year 2018, and the Company believes that it has a good relationship with its employees.

II. BUSINESS OVERVIEW

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

In fiscal 2017, the first year of the 19th Mid-Term Management Plan, we undertook Ricoh Resurgent initiatives that focused on structural reforms. In fiscal 2018, we embarked on the Ricoh Ignite growth strategy, with initiatives putting us on track for progress in the years ahead. In fiscal 2019, the final year of our current mid-term management plan and the second year of Ricoh Ignite, we will continue striving to strengthen the profitability of core businesses while increasing earnings from growth areas.
In progressing toward Ricoh Take Off from fiscal 2020, we will continue to overhaul our business structure by implementing growth strategies, reforming corporate governance, and rolling out measures to enhance capital returns.
In addition, this section contains forward-looking statements, which are based on our judgments at the date of submission of the securities report.

Changing Times
The Ricoh Group has grown with its customers since its founding in 1936 by supplying innovative products and services around the globe. We formulated the Ricoh Way based on our Founding Principles of Love your neighbor, Love your country, Love your work, as our corporate philosophy and guide to our decisions and activities. Our mission commits us to providing excellence to improve the quality of living and to drive sustainability.

We have grown over the years by developing ground-breaking products and services while building an industry-leading sales and maintenance structure, deepening our relationships with customers around the world. Customer value perceptions and demand patterns have changed dramatically, however, amid advances in digital technology and rapid technological innovations.

There have been two pivotal trends on top of that. First, companies face growing pressure to help resolve social issues. No matter how profitable they may be, businesses that fail to help achieve Sustainable Development Goals (SDGs) (*1) cannot hope to build their marketplace reputations or generate sustainable growth. Second, the lifestyles and values of individuals have diversified considerably. The Internet of Things and other advances have removed constraints on where people work, driving the acceleration of personalized work practices.

Such changes in the operating environment have made it a pressing challenge to overhaul existing systems and business processes to align them with future business environments. Ricoh recognizes the need to transform itself for tomorrow.
*1 Sustainable Development Goals (SDGs)
In September 2015, the United Nations Summit adopted 17 Sustainable Development Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in such respects as health, sanitation, economic development, and the environment by 2030.

From “Resurgent” to “Ignite”
Following the global financial crisis of 2008, Ricoh failed to fully address the business environment changes described above, and its performances long languished. The resulting concerns prompted management to formulate the 19th Mid-Term Management Plan to transform the Ricoh Group over three years through FY2019.

Under this initiative, we rolled out “RICOH Resurgent” in 2017 to move away from our long-held strategy of prioritizing market share and machine-in-field expansion and embark on efforts to overhaul our cost structure and boost the profitability of our office products and services. At the same time, we improved our management systems. We also established five material issues (Intelligence creation, Productivity enhancement, QOL enhancement, Zero-carbon society, and Circular economy) in recognition of our need as corporate entity to accomplish both social issue resolution and business growth.

In February 2018, we announced “RICOH Ignite” as our growth strategy. Under “RICOH Ignite”, we made Sustainable Development Goals (SDGs) central to management, formulating business strategies linked to the five material issues while establishing key performance indicators to help realize sustainable development goals by each business division and launching an administrative framework for all this. We have undertaken business initiatives to contribute to progress in these five material issues and help attain Sustainable Development Goals while enhancing our corporate value.
We formulated growth strategies #0, #1, and #2 to leverage our strengths under “RICOH Ignite”. Growth Strategy #0 entails expanding customer value in our core Office Printing domain and streamlining operations to become more profitable. Under Growth Strategy #1, we are combining the optical, image processing, mechanical, electrical, chemical, control, and other technologies that we have accumulated in core businesses over the years to broaden the value that printing can provide. Growth Strategy #2 draws on our base of 1.4 million corporate customers worldwide to cultivate fields that can become new earnings sources.
By implementing these strategies, we seek to deliver value in everything from regular offices to various industries and frontline sites. We accordingly created a unified global value proposition, called EMPOWERING DIGITAL WORKPLACES, which defines how we bring value to our customers. We are committed to smarter workplaces. We will deliver true value by collaborating with customers to transform workplaces through technology and service innovations. We will help resolve social issues through business by extending our efforts to society.

Regarding the realization of a decarbonized society which is of increasing social importance, we have set the Ricoh Group’s Environmental Goals (*2) aiming zero greenhouse gas (GHG) emissions throughout the value chain by 2050. The Goals have been recognized as in line with the Paris Agreement, and approved as the SBT (Science Based Targets) from the international initiative, the SBT initiative. We also set the Ricoh Group Renewable Energy Usage Goals (*3) to actively use renewable energy, and have joined the RE100, an international initiative, as the first Japanese company. In addition, we have expressed our support for the TCFD (Task Force on Climate-related Financial Disclosure) (*4), the international framework of climate-change-related disclosure, and we are exploring ways to make disclosures of business risks and opportunities resulting from the climate change. In fiscal 2018, our total GHG emission decreased by 23% from the previous year (*5), along with the emission amount of 137.5 thousand tons for Scope 1 and 224.8 thousand tons for scope 2. The renewable energy ratio increased to 18%.
In recent years, the information disclosure requests from customers regarding our efforts for SDGs and Climate Change issues have increased. The Ricoh Group further implements these initiatives actively. For the latest information, please refer to our website-“Sustainability”-.
*2 Ricoh Group Environmental Goals:
<Goals for 2030>
-GHG Scope 1, 2: 30% reduction compared to the 2015 level
-GHG Scope 3: 15% reduction compared to the 2015 level (procurement, use, and logistics categories)
<Goals for 2050>
-Aim for zero GHG emissions across the entire value chain.

*3 Ricoh Group Renewable Energy Usage Goals:
-Use a minimum of 30% renewable energy by 2030 and 100% by 2050.

*4 TCFD：
Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB), the TCFD provides stability to financial markets by promoting information disclosure of climate-related risks and opportunities by companies and facilitating a smooth transition to a low-carbon society.
*5 GHG emissions in fiscal 2018 significantly decreased compared to the previous fiscal year due to the business transfer of Ricoh Electronic Devices Co., Ltd. conducted on March 1, 2018.

Preparing for Ricoh Take Off

Under the 19th Mid-Term Management Plan, we have progressed through the Resurgent and Ignite stages to strengthen profitability in core businesses and expand new businesses. For FY2019, the final year of this plan, we target ¥2,200 billion in sales, ¥100 billion in operating profit, a return on equity of 6.9%, and free cash flow excluding the finance business of ¥100 billion (aggregate for FY2017 through FY2019).
Under the next mid-term management plan starting in FY2020, which is the Take Off phase, our targets for FY2022 are ¥2,300 billion in sales, ¥185 billion in operating profit, a return on equity of more than 9.0%, and free cash flow excluding the finance business of ¥250 billion (aggregate for FY2020 through 2022).
We aim to expand in three growth areas and transform our business structure. In FY2016, Growth Strategy #0 businesses (Office Printing) accounted for 53% of sales, with Growth Strategy #1 (Commercial Printing, Industrial Printing, and Thermal) businesses contributing 12% and Growth Strategy #2 businesses (Office Services, Industrial Products, and Smart Vision) representing 24%.
Growth Strategy #0 businesses should account for 45% of sales in FY2019, with businesses under Growth Strategy #1 and Growth Strategy #2 representing 17% and 27%, respectively.
By fiscal 2022, the proportions should be 39% under Growth Strategy #0, 20% under Growth Strategy #1, and 31% under Growth Strategy #2.
We are driving these transitions by strategically investing a total of ¥100 billion in Strategy #1 and Growth Strategy #2 businesses through FY2019.

Progress during Two Years of 19th Mid-Term Management Plan and Preparations for Ricoh Take Off

In FY2017, the first year of the 19th Mid-Term Management Plan, "Ricoh Resurgent" encompassed basic policies of undertaking structural reforms, emphasizing growth businesses, and strengthening management systems, focusing on structural reforms to eliminate growth impediments to new growth. In our core Office Printing business in particular, we transitioned away from expanding sales to become more profit centric. We accordingly focused on changing our structure and rationalizing fixed and other costs. We also integrated and shut down operations to enhance asset efficiency, stepped up business selectivity, and accelerated profitability improvements.
In FY2018, we greatly improved business profitability based on structural reforms that we initiated in the previous fiscal term. It was also in FY2018 that we embarked on the "Ricoh Ignite" growth strategy, undertaking initiatives that put us on track for progress in the years ahead. In the core Office Printing business, in which profitability was a key focus, we made progress in strengthening profitability by managing prices and cutting fixed costs. In the Office Services business, we continued to steadily expand operations in Japan and abroad while rebuilding our sales structure and integrating or shutting down services sites. We thereby dramatically improved earnings and drove our overall profits.

Structural Reforms Bearing Fruit

In FY2018, we continued to undertake structural forms that would properly position our copier and MFP sales and maintenance structures and business processes for the current and future business climates. In logistics, for example, we transferred our shares in subsidiary Ricoh Logistics System Co., Ltd., to SBS Holdings Co., Ltd., which focuses on logistics services. The logistics industry faces numerous challenges, notably growth in shipping volumes from the evolution of e-commerce and chronic labor shortages. After

exploring ways to optimally reinforce Group logistics capabilities in view of this business environment, we concluded that we would be better off not going it alone in this area.
We also undertook business process reforms, deploying robotics process automation domestically and abroad. These efforts enabled us to automate 60 processes in-house, saving 16,000 man-hours annually. We will continue pursuing progress in this area in FY2019, reviewing and automating our operations.
Under the 19th Mid-Term Management Plan, we sought to save a total of ¥100 billion (from FY2016 levels) from structural reforms during FY2017 through FY2019. We made some progress in that regard in FY2017, undertaking relentless efforts to normalize fixed and other costs. We thereby generated structural reform savings of ¥88.5 billion by FY2018.

Ricoh Ignite Growth Strategy Initiatives
In FY2018, we entered the full-fledged implementation phase for the three growth strategies of "Ricoh Ignite", undertaking a range of initiatives to expand our business. In addition, we have explored new areas to create businesses that could help resolve social issues in the years ahead.

Growth Strategy #0: Building the strongest possible foundations for our business
Under this strategy, we endeavor to reinforce the profitability of our core Office Printing business. In FY2018, we continued to put effort from the previous year to systematically streamline operations while generating added value by combining price management and solutions to improve profits on each business deal. To streamline operations, we moved away from handling everything in-house, narrowing down the number of models under development and outsourcing production to significantly enhance quality and cost competitiveness. We also have reduced costs, so while Office Printing sales decreased from FY2017, its operating profit increased.
The RICOH IM C series, which we have launched in January 2019, enables customers to use large touch panels on their machines to select and install corporate workflow support services. Small and medium-sized enterprises can thus employ more information technology in their businesses by simplifying the use of cloud services. Customers can stay constantly up to date based on smartphone-style remote updates of firmware and software after installation. Our MFPs also incorporate features to predict the service lives and possible failures of replaceable parts, thereby reduces equipment downtimes and helps to streamline maintenance service operations.
While revenue of Office Printing business is predicted to decline continuously in developed nations, the demand of color and A4 MFPs are expected to grow. It is against that backdrop that we will accelerate efforts to streamline all our operations throughout the supply chain, from development through production, sales, and maintenance services. In addition, we will further enhance our MFPs and provide products and services that captures changes in customer information technology and environments, such as in cloud computing, thereby establishing a new earnings platform.

Growth Strategy #1: Driving industrial innovations through printing technologies
We have accumulated myriad printing technologies in our core businesses, notably in the electric photography, inkjet, and thermal areas. We will draw on these technologies to expand the scope of value that we deliver to customers beyond the office arena.
In the Commercial Printing business, we expect that demand will expand for printing on demand and digitization in analog printing, principally in offset processes. Because we anticipate that increases in the number of machines in field will drive earnings expansion, we have positioned Commercial Printing as vital to our profitability. We rolled out several highly competitive new systems in April 2018. Nonetheless, sales in North America, our largest market for such machines, declined owing to inventory adjustments for preceding models. Sales have been favorable since the end of FY2018, however, and we look to expand sales in FY2019 by highlighting the on-demand printing advantages that digital technology can uniquely deliver.
The environmental impacts of what are largely analog mass printing processes have become a social issue worldwide. Our Industrial Printing business can draw on our strengths in industrial inkjet technology to

deliver digital printing solutions and thereby contribute to greater safety and reliability in the clothing, food, and housing environments. In FY2018, we pushed ahead with acquisitions and capital alliances to compensate for internal capability shortfalls as our business expands. We will continue to invest in contributing to earnings in the years ahead.
Our Thermal business should continue to expand solidly in view of growing demand worldwide for thermal labels used in displaying raw materials information and for shipping labels used in a growing Internet shopping market. In FY2018, we increased sales and secured operating profit despite rising raw materials costs. We raised production capacity in North America and Europe to position ourselves for demand growth in the years ahead. We are building a new business structure, notably through fast laser printing systems that enable direct rewriting of labels on products as they progress through production lines.
We will continue to cultivate new potential for printing in and beyond such display printing areas. Such efforts will encompass additive manufacturing that applies inkjet technology and bioprinting and other functional printing. In FY2018, we pushed ahead with developing DNA standard substance manufacturing techniques employing bioprinting technology and new secondary battery production techniques that leverage inkjet technology.

Growth Strategy #2: Generating value that links offices and frontlines
In the Office Services business, we have captured IT investment demand among small and medium-sized enterprises while streamlining operations. We have undertaken business and capital alliances to build capacity for our business expansion. In our mainline office area, we have transformed workflows and communications in regular offices while extending our focus to business-to-business workflows and frontline needs in delivering value for digitizing site work. We will broaden the value we deliver by offering workflows that link offices and frontline tasks.
Cloud-based work solutions that we provide through the RICOH IM C series are available under the RICOH Smart Integration platform. We will reinforce this platform and enhance work solutions in driving the Office Services business forward.
Drawing on our strengths in capturing and image processing technologies are the Industrial Products business, which focuses largely on the automotive sector, and the Smart Vision business, which is building a customer base in the real estate industry. In the industrial products business, we have greatly expanded sales our stereo cameras used in automotive safety support systems. The Theta 360.biz service of the Smart Vision business has broadened the applications of our 360° cameras, and our virtual property tour application has won high regard in the marketplace. In the years ahead, we will strengthen ties with the RICOH Smart Integration platform that provides services for these businesses, expanding the number of users and making the platform even more attractive.

Cultivating New Potential: Employing Ricoh's Core Competence to Resolve Social Issues
We will cultivate new businesses to ensure that we can grow over the medium and long terms. We are broadening our presence in the healthcare field by leveraging our image and data processing technologies to support the treatment of nervous system illnesses. Contributions include magnetoencephalographs and spirographs and DNA standard plates that result from applying inkjet technology to precisely eject live cells.
Also using our inkjet technology is the additive manufacturing business, through which we provide modeling services and simple prototype production to manufacturers. By materializing small-lot, multi-product manufacturing at low costs, we are exploring ways to overhaul conventional manufacturing processes based on mass production approaches using molds and plates.

Corporate Governance Reforms Underpinning Our Growth Strategies
Under our 19th Mid-Term Management Plan, we have aimed to reinforce the corporate governance underpinning our efforts to create value and drive sustainable growth. In fiscal 2017, we reviewed director

terms, strengthened evaluations of the president and directors, reassessed our advisor system, and strengthened CEO succession planning.
In FY2018, we reviewed CEO and director appointments and dismissals by deploying two-stage evaluations every year from the perspectives of objectivity, timeliness, and transparency.
Our assessments encompass major financial and nonfinancial benchmarks, as well as such investor indicators as total shareholder returns. We have additionally resolved to deploy a performance-based stock compensation plan for directors, subject to approval at an Ordinary General Meeting of Shareholders, to align the interests of directors and shareholders in building corporate value over the medium and long terms.

Ensuring a Capital Cost-Aware Management

We value stakeholder trust and aim to sustainably enhance corporate value. In keeping with that approach we aim to generate returns that exceed the cost of capital by identifying our capital costs and implementing the proper capital policies.
One key benchmark is the return on equity targets that we set under the 19th Mid-Term Management Plan ending in FY2019. We accordingly embarked on management reforms to further enhance capital efficiency. In FY2018, we set up the investment committee to evaluate our capital efficiency while verifying the investment plans we use in our decision-making structure. In FY2019, we launched an in-house trial for deploying a specific framework for undertaking companywide PDCA cycles to drive returns on invested capital targets that exceed the capital costs that we have identified.

Realizing Sustainable Growth

In FY2018, we generated ¥2,013.2 billion in sales, ¥86.8 billion in operating profit, a return on equity of 5.4%, and ¥85.4 billion in free cash flow excluding the finance business.
Our sales were lower than the initial target because of the impact of business selection, changes in the operating climate, and changes in accounting practices. At the same time, we lifted our operating profit and return on equity in view of progress in strengthening the profitability of core businesses, increasing earnings from growth businesses, and generating results from structural reforms. After excluding one-time income and costs, operating profit would have been ¥105.1 billion, underscoring solid progress in effectively reinforcing profitability from FY2017.
In FY2019, the final year of our current mid-term management plan, we will continue striving to strengthen the profitability of core businesses while increasing earnings from growth areas. For the year, we target ¥2,010 billion in sales, ¥100 billion in operating profit and a return on equity exceeding 6.5%. While gross revenue would be less than initially envisaged under the 19th Mid-Term Management Plan, operating profit would be higher than targeted. And we will continue our efforts to achieve the target ROE of 6.9% for FY2019 set forth in the Plan.
We targeted ¥100 billion in free cash flow excluding the finance business for the entire three years of this mid-term management plan. We produced ¥151.3 billion in such cash flow in the first two years of that plan, and will continue endeavoring to generate cash to fund investments in growth businesses.
In making progress to reach “Ricoh Take Off”, our next stage of change, we will continue to overhaul our business structures by implementing our growth strategies, reinforcing corporate governance, and rolling out measures to enhance capital returns, thereby sustainably enhancing corporate value.

2. RISK FACTORS

Ricoh is exposed to various risks which include the risks listed below. Although certain risks that may affect Ricoh's businesses are listed in this section, this list is not conclusive. Ricoh's business may in the future also be affected by other risks that are currently unknown or that are not currently considered significant or material.
Ricoh has a total risk management system and it defines "managerial risk" to enhance each risk management process from FY2019. Since global economy/business environment are changing every single day, response to these changes are not a type of prior specified risks, Ricoh always needs to response timely basis.
Therefore these "risk factors" below are not completely match Ricoh's "managerial risk", but the risks match "managerial risk (either "managerial strategic risk" or "managerial operational risk")" will be indicated in "Risks column" in table below. In consideration of the revised Cabinet Office Ordinance applied from the Annual securities report in fiscal 2019, the impact on the status of business results and the measures for the risk etc. are described when the risk emerges.

In addition, this section contains forward-looking statements, which are based on our judgments at the date of submission of the securities report.

Risk category	Risks	Description of risks	Countermeasures for risks	Growth strategy effects
Business environ ment	Economic situation in major markets	Ricoh develops business globally, and the economic conditions of its major markets, Japan, the United States, and Europe, affect its business. In particular, ・ Sino-American trade friction ・ Brexit Ricoh recognizes that the movement of each country due to the rise of protectionism is the main risk that may affect the business results.	Ricoh carefully monitors changes in the global economic situation and takes measures to respond appropriately. ・With regard to Sino-American trade friction, we are promoting measures to reduce customs risk, such as transferring some product production for the United States from China to a factory in Thailand, using the conventional BCP measures (parallel production). As a result, we will be able to prevent the impact on business performance that is expected to be several billion yen in response to the decree on the fourth phase of sanctions and customs measures against China. We will continue to respond to changes in the situation. ・With regard to Brexit, we assume that confusion due to no-deal exit, and we increase the stock of necessary materials and products at our European bases. In addition, the majority of us is subject to ITA products, and we believe that even if no-deal exit happen, the adverse effects of customs duties on business impacts will not be significant.	Mainly Growth Strategy #0 /#1

	More competitive markets	Ricoh continually faces the risk of fierce competition. Below are considered as risks. ・ Competitive new products by competitors. ・ Increased price competition ・ Shift in demand to low-priced products	Ricoh plans to continuously introduce new products that enhance customer value in each business area. Ricoh will always aim to gain competitive advantage by high-quality, high-value-added products that can be improved customer workflows from value provision by hardware. With regard to price competition, we will continue to conduct appropriate selling price management. By free ourselves from scale expansion competition and providing high-quality, high-value products that go into workflow solutions, we will aim to get customer satisfaction without lowering selling prices.	Growth Strategy #0 /#1/#2
	Fluctuations in the price of parts, materials and/or foreign currency exchange rate	A substantial portion of Ricoh's manufacturing and sales activity is conducted outside of Japan, including in the United States, Europe, and in Other region, such as China. Below are considered as risks. ・ Direct impact of material market fluctuations ・The impact of exchange rate fluctuations on consolidated statement of profit or loss and consolidated statement of comprehensive income as a result of converting local business results of overseas subsidiaries into yen using the average rate for each fiscal year. ・ The impact of exchange rate fluctuations on consolidated statement of financial position due to the fact that assets and liabilities denominated in local currency are converted into yen using the exchange rate as of each account closing date.	In order to respond flexibly to fluctuations in the material market, Ricoh promotes the study of alternative materials during product development and after shifting to mass production, promotes multiple purchasing in procurement of materials, and regarding market fluctuations that can not be absorbed, Ricoh are striving to reflect selling prices appropriately while looking at competitors' situation.	Growth Strategy #0 /#1/#2
	Alliances with other entities, strategic investment (*1)	Ricoh engages in alliance with entities to create various products and services to fulfill customer demand. Ricoh believes that alliances with other entities, joint venture and strategic investment are effective for the timely	In order to flexibly respond to various customer demand, Ricoh believes that these types of management decisions are being more significant on the future performance of Ricoh. That is why Ricoh sets this risk as	Mainly Growth Strategy #1 /#2

		development of new technology and products using management resources of both parties. However due to various reasons described below, these alliances may adversely affect Ricoh's future growth and profitability as well as its financial results and condition. ・Ricoh' s interest differs from other parties' interests due to financial or other reasons, finally Ricoh may be unable to maintain the alliance. ・Failure to acquire an exact interest due to lack of information and enough deliberation. ・Such strategic investments may not necessarily lead to the expected outcome or performance and may result in increased time and expenses being incurred due to the integration of businesses, technologies, products and/or personnel necessitated by such investments.	"managerial strategic risk" and makes efforts to strengthen decision making process for this matter. The Investment Committee is established and positioned as an advisory committee to the GMC, and verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. Members with expertise perform prior reviews and discussion on diversifying investment projects to external entities in order to ensure consistency with management strategies and raise the efficacy of the investment while improving the speed and accuracy of investment decisions. The committee chairperson attends and share the results of the committee's discussions on each project in GMC so as to assist the decision-maker in making objective decisions. Also, the committee monitors each project's progress and learn from it so that continuous PDCA process runs effectively.	
	Ability to respond to rapid technological changes (*1)	Ability to appropriately respond to rapid technological changes are fundamentals of Ricoh's products/services competitiveness. Ricoh's failure to respond to any risks described below, may adversely affect Ricoh's future growth and profitability as well as its financial results and condition. ・Prediction to technological changes and actions for it ・Set focus technological development area and resource allocation for it ・Set new business area and technological development for it	With advancements in innovation across all sectors globally, it is becoming increasingly important to develop technologies that are able to resolve issues facing customers and society at large quickly. That is why Ricoh sets this risk as "managerial strategic risk" and makes efforts to strengthen decision making process for this matter. Ricoh provides products and services to customers in a global market. To accomplish this, Ricoh runs research facilities in Japan, the United States, India and China, promoting deep collaboration among our facilities worldwide, while utilizing regional characteristics. A, in order to respond to the rapid business environment changes in timely fashion, it is not always	Growth Strategy #0 /#1/#2

			best to conduct R&D activities internally. Ricoh promote open innovation to accelerate R&D activities by proactively cooperating with universities, institutes and companies around the world. Ricoh's established "Innovation Division" in 2019, and is integrating all new-growth-area-related process (such as prioritization, incubation, operationalization as a business). Also, Ricoh has assigned CTO (Chief Technology Officer) to decide technological prior development area, and proper resource allocation so that accelerate Ricoh technological activities.	
	Securing and retaining skilled personnel (*1)	Ricoh believes that in order to maintain mid- to long-term competitiveness, securing and retaining highly skilled personnel at the right time is essential. Ricoh's failure to respond to any risks described below, may adversely affect Ricoh's future growth and profitability as well as its financial results and condition. ・Failure to recruit qualified personnel in appropriate timing ・Failure to train up highly skilled personnel ・The loss of key employees	Lack of workforce due to declining birthrate and an aging population, war for talent in particular area (such as AI, IoT etc.) is making recruiting more difficult. That is why Ricoh sets this risk as "managerial strategic risk" and places emphasis on securing and retaining qualified personnel. ・Deploying Job-matching recruiting and ensuring highly trained person to get a career what they expect. ・Promoting not only fresh graduate recruiting but mid-career recruiting ・Enhancing various systems in order to support work-life management and diverse workforce ・Enhancing systems to secure and train managing staff	Growth Strategy #0 /#1/#2
	Finance business	Ricoh provides financing to some of its customers in connection with its equipment sales and leases. ・Despite Ricoh monitor the creditworthiness and the amount of credit, no assurances can be made that Ricoh will be able to fully collect on such extensions of credit	・Ricoh evaluates the creditworthiness and the amount of credit extended to a customer prior to the financing arrangement and during the financing term on a regular basis. Depending on such evaluations, Ricoh makes adjustments to such extensions of	Mainly Growth Strategy #0 /#2

		due to unforeseeable defaults by its customers. ・These financing arrangements that Ricoh enters into with its customers result in long-term receivables bearing a fixed rate of interest. Ricoh finances a part of these financing arrangements with short-term borrowings. As a result, there is a risk that operating profit may be affected by interest rate fluctuations. ・Ricoh develops its business based on the current law, tax and accounting regulations. If these regulations are changed significantly, there is a risk of affecting the performance of Ricoh. In terms of accounting standard, the adoption of IFRS 16 "Lease" is expected to have some impacts on the finance business, such as changes in customers' purchasing behavior in countries to which the standard is applied.	credit as it deems necessary to minimize any potential risks of concentrating credit risk or nonpayment. ・Ricoh finances these financing arrangements with short-term borrowings subject to variable interest rates along with borrowings subject to fixed interest rates whose terms are matched with the term of the financing arrangements for the purpose of hedging the interest rate risk.	
Business operation	Information security (*2)	When building information security systems, Ricoh plans for these risks described below, ・Malicious cyber-attack cause Ricoh's system trouble, information security problem and loss. ・Cyber-attack makes Ricoh a attacker-side, and Ricoh server is used for bad ends involuntarily. That results Ricoh's bad reputation and Ricoh will be excluded from customer supply-chain. ・Ricoh products has big information security problem and get exclusion from market, which adversely affect Ricoh's future growth and profitability as well as its financial results and condition.	Now is the time that each country demands country-level countermeasure for information security, Ricoh watches new threat/movement carefully and consider/promote proper countermeasure for it. ・Based on international information security standard, Ricoh establishes comprehensive control organization accordingly for covering Ricoh global information security and it enhances its systems continuously. ・Ricoh makes countermeasures for risks which occurs to factory/equipment systems to be cyber-attacked.	Growth Strategy #0 /#1/#2
	Product liability (*2)	Ricoh may be held responsible for any defects that occur with respect to its products and services. Depending on the defect described below, Ricoh may be liable for	For enhancing safety/reliability of products, Ricoh analyzes mechanism of each breakdown/incident carefully, and reflect it in products development	Growth Strategy #0 /#1/#2

		significant damages which may adversely affect its financial results and condition. ・Significant product liability(Burnout, Human damage) ・Violation for safety/environmental regulations ・Prolongation for quality problem in market etc. In addition, negative publicity concerning these defects could make it more difficult for Ricoh to attract and maintain customers to purchase Ricoh products and services. As a result, Ricoh's financial results and condition may be adversely affected.	process. If any problems happen in the market, Ricoh has systems to respond it promptly. In order to provide products aligned with each country's safety/environmental regulations correctly, Ricoh reviews own operational standard/guide with confirming each local market update.	
	Long-term delay/ suspension in supply of products (*2)	If Ricoh faces to earthquake, Tsunami, political turmoil, flood, pandemic or supply-chain disruption, which causes risks described below. ・Delay or disruption of parts supply ・Stop manufacturing for products ・Disruption of transportation, freight These risks may cause opportunity loss and adversely affect Ricoh's financial results and condition.	Ricoh keeps some amount of inventory for BCP, also has multi-supply route for key parts as preparations for accidents. Based on each risk-case assumption, Ricoh plans actions when it happens and does training, also evaluates effectiveness and improves its process.	Mainly Growth Strategy #0 /#1
	Protection of intellectual property rights (*2)	Since alliance/joint-R&D with other parties are getting increased, Ricoh may be involved in contract conflict/trouble, which may adversely affect Ricoh's financial results and condition.	Ricoh has accumulated learnings from trouble what Ricoh experienced in the past, then developed assessment method. The method is utilized for risk assessment for new business development and take measures based on that assessment results.	Growth Strategy #0 /#1/#2
	Responding to government regulations (including environmental regulations) (*2)	Ricoh is subject to various governmental regulations and approval procedures in the countries in which it operates. If Ricoh is unable to comply with any of these regulations described below or fails to obtain the requisite approvals, Ricoh's activities in such countries may be restricted. In addition, even if Ricoh is able to comply with these regulations, compliance can result in increased costs. In either event, Ricoh's	Ricoh has defined "Ricoh Business Conduct Guideline" to heighten awareness of the importance of corporate social responsibility through implementing "Ricoh Way". Ricoh involves its employees in various activities designed to ensure compliance with applicable regulations as part of its overall risk management and compliance program.	Growth Strategy #0 /#1/#2

		financial results and condition may be adversely affected. ・Human resources related compliance(Harassment, Employment, Human rights, etc) ・Export regulations and tariffs as well as rules which may constrain production/sales activities ・Regulations relating to commerce, antitrust, patent, consumer and business taxation ・Environmental and recycling related laws.	・Regarding Human Resources related Implement timely internal training and define emergency response framework, supplier periodic assessment for human rights compliance ・Regarding export regulations Implement timely internal training, announce all Ricoh business related regulations change or update ・Regulations relating to commerce, antitrust, etc. Legal division leads internal training and strengthen systems continuously with considering a case if any violation happens. ・Regarding environmental and recycling related laws Ricoh has introduced environmental management system and does periodic assessment to ensure environmental laws compliance.	
Accounting system	Impairment of goodwill and fixed assets	Ricoh recognizes goodwill in relation to acquisitions and various tangible assets or intangible assets for business operation. There might be harmful effects on business results or financial positions of Ricoh when expected cashflows could not be generated by failure to meet the target or other.	As mentioned in risk "Alliances with other entities, strategic investment", we deliberate on the appropriateness of the acquisition amount at the Investment Committee. We monitor progress after investment and have established a system to execute and manage business.	Growth Strategy #0 /#1/#2
	Defined benefit plan obligations	With respect to its employee benefit obligations and plan assets, Ricoh accrues the cost of such benefits based on applicable accounting policies and funds such benefits in accordance with governmental regulations. Currently, there is no immediate and significant funding requirement. However, if returns from investment assets continue to decrease and/or turn negative due to market conditions, such as with fluctuations in the stock or bond markets, additional funding and accruals may be required. Such additional funding and accruals may adversely affect Ricoh's	Ricoh has reviewed and implemented systems as appropriate based on government regulations, human resource strategies and personnel systems.	Growth Strategy #0 /#1/#2

		financial position and results of operations.		
Environ ment, disasters	Climate-related effects (*2)	Ricoh recognizes climate change as a significant concern that may have an extensive impact on the entire world regardless of country and region, and therefore as a crucial issue that may affect its global operations. We carry out a range of measures against risks identified based on the above recognition. Despite this, we still face a number of potential risks as described below, which may arise as a result of inadequate or delayed actions. (Transition risks) ・Risks of increased costs, lost sales opportunities and damaged corporate brand resulting in decreased corporate value, as a result of failure to effectively respond to an extremely fast transition toward a decarbonized society. (Physical risks) ・Risks of the business being affected by surging prices of raw materials for paper and others as a result of extreme climate events. ・Risks of product/service supplies being interrupted through suspended factory operations and disrupted supply chains as a result of delayed actions to address damage caused by extreme climate events.	To deal with each of the described risks, we have developed the following measures: (Transition risks) ・To effectively respond to the transition toward a decarbonized society, we have set up an ESG Committee, chaired by the president and CEO, as a system to monitor trends in international environmental requirements so that we can review our environmental goals and prevent risks from arising or address actualized risks in a timely manner. ・In 2019, climate change related issues are newly added to the Total Risk Management (TRM) system in order to enhance activity to cope with climate change transition risks. (Physical risks) ・We are enhancing risk management involving the supply chain; sourcing from multiple suppliers and securing extra materials and parts stock. We also work with suppliers to improve business continuity management. ・For actions against damage caused by extreme climate events, please refer to the sections for risks within "large-scale disasters," and "delayed and disrupted supplies of products over a prolonged period of time."	Mainly Growth Strategy #0 /#1
	Effects of disasters and other unpredictab le events (*2)	Ricoh will do its utmost to ensure the continuation of business activities, secure employee's and their family's safety, and fulfill its social responsibilities as a corporate citizen in the event of described below,	Ricoh has internal common regulations Ricoh Group Standard" and has specified behavior that Ricoh employee should take in emergent situation, reporting structure, and emergency headquarters' establishment and roles so that	Growth Strategy #0 /#1/#2

		・Natural disaster (earthquake, Tsunami, hurricane, flood, snowstorm, Eructation etc.) ・Accident (Fire, eruption, Leak of hazardous materials, big accident of public transportation etc.) ・Drastic situation change (Domestic warfare, International war, radical social movement etc.) ・Incident (Terror, abduction, intimidation etc.)	every location can behave properly in emergency. Measures taken to mitigate such risks include periodic inspections of equipment and facilities, conducting disaster drills, implementation of systems to confirm employee safety and formation of a business continuity plan.	
Individual events	Ricoh India Limited	On January 29, 2018, Ricoh India filed an application to initiate the corporate insolvency resolution process with the National Company Law Tribunal, Mumbai (NCLT), pursuant to Section 10 of the Insolvency and Bankruptcy Code of India, 2016. The NCLT admitted the insolvency petition on May 14, 2018.	We allocated expenses which relate to Ricoh India of ¥6.9 billion, ¥11.7 billion and ¥14.9 billion in consolidated operating results for the fiscal years ended March 31, 2017, 2018 and 2019, respectively. As a result of allocating an additional loss in the consolidated operating results for FY2018, we have allocated all the credits of Ricoh India. (For the details, please refer 3. Analysis of Consolidated Financial Position, Operating Results and Cash Flows, Regarding the Circumstances and Response to the Financial Irregularities at a Sales Subsidiary in India and the Subsequent Conditions)	-

Note:
*1 The risks match “managerial strategic risk”.
*2 The risks match “managerial operational risk”.

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

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

(1) Significant Accounting Policies

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

(2) Business results

In FY2018, the global economy continued its recovery from a year earlier and expanded overall. Growth remained moderate in Japan and the United States. Notwithstanding uncertainties stemming from such factors as Brexit and rising populism, growth was generally steady in Europe. The impact of Sino-American trade friction created concerns about China, while growth in other emerging economies picked up.

The exchange rate between the yen and dollar was basically unchanged. The yen was up slightly against the euro.

It was against this backdrop that for a second year running demand in the Ricoh Group's mainstay office equipment business was down slightly in developed nations but expanded in emerging markets. While demand again decreased for A3 multifunctional printers (MFPs), which accounted for 80% of demand on a revenue basis, demand for A4 models likely rose in developed and emerging nations. Consumables revenue was down slightly in developed countries but up in emerging markets owing to expanding hardware demand.

Demand for information technology (IT) services grew solidly amid rising demand worldwide for office IT systems.

We introduced our "RICOH Ignite" growth strategy in this second year of our 19th Mid-Term Management Plan, covering the period from April 1, 2017 through March 31, 2020. Efforts to ensure future expansion encompassed increasing profitability in the core Office Printing field while developing new businesses that could ultimately become key areas. At the same time, we reviewed our business management structure to build operational underpinnings for our overall growth strategies. We also stepped up business selectivity and reformed corporate governance while marshalling all employees in the drive to overhaul our business processes.

In core businesses, we reassessed our copier and MFP sales and maintenance services structure, integrated or closed production sites, and narrowed our model development focus. We also deployed robotic process automation to help enhance business processes. Such efforts bore considerable fruit, driving a major profitability turnaround in Office Printing. On the growth business front, we continued to steadily expand Office Services earnings and invested strategically to secure resources to focus on operational expansion in the Office Services and Industrial Printing areas. Efforts included transferring shares in subsidiary Ricoh Logistics System Co. Ltd. to a partner whose main business is logistics, the goal being to strengthen supply chain management through collaboration with that partner.

Consolidated sales for FY2018 decreased 2.4%, to ¥2,013.2 billion. This decline was despite gains in the Office Services, Industrial Printing, Thermal, and other growth fields, and reflected reduced hardware and related consumables revenues, principally overseas' unprofitable sales. Other factors in reduced sales included the adoption of equity method accounting for consolidated semiconductor and logistics subsidiaries whose shares we transferred and the removal of Ricoh India Limited from consolidated results. Consolidated sales would have risen 0.4% after excluding the equity method adoption, consolidation removal, and foreign exchange impacts.

In Japan, sales were up from a year earlier on steady growth, particularly in Office Services, reflecting expanded demand for IT equipment as companies overhauled work practices and due to higher revenues in such areas as industry solutions services. Sales in the Americas, Europe, the Middle East, and Africa declined because of Office Printing downturns that overshadowed growth in Industrial Printing. Sales in other regions were off owing to an Office Printing drop and a decrease in Office Services from the removal from consolidation of Ricoh India.

Gross profit was down 3.0%, to ¥766.8 billion. This was despite an improvement in Office Services. A prime factor was a decrease in Office Printing because of the impact of sales reforms implemented in the previous year, lower sales from emphasizing more profitable business sales, and a sales drop ahead of new MFP model launches. The adoption of equity-method accounting for some consolidated subsidiaries and the removal from consolidation of Ricoh India detracted from earnings in other areas. There were also downturns in the Industrial Printing and Thermal businesses amid a deteriorating market climate in China.

Selling, general and administrative expenses fell 9.6%, to ¥702.9 billion. This stemmed from progress in containing expenditure through structural and business process reforms.

We posted ¥19.3 billion in structural reform expenses in the year under review. Structural reforms proceeded swiftly, generating savings of ¥46.9 billion. The Ricoh Group posted ¥14.9 billion in Ricoh India expenses that include a provision for doubtful accounts relating to Group holdings of Ricoh India receivables at the end of the year under review. Other revenue decreased from a year earlier owing largely to the transfer of Ricoh Logistics System shares. Goodwill impairment was down dramatically from the ¥145.8 billion impairment charge posted in the previous fiscal year.

Ricoh therefore posted ¥86.8 billion in operating profit after incurring an operating loss of ¥115.6 billion in the previous fiscal year. After excluding structural reform expenses, one-time income, and other transient factors, operating income would have been ¥105.1 billion, underscoring solid progress in effectively improved profitability from a year earlier.

Interest expense and foreign exchange loss were lower than a year earlier, reducing non-operating expenses.

Ricoh posted ¥83.9 billion in income before income taxes, compared to a loss before income taxes in the previous year of ¥124.1 billion.

As a result of these factors, profit attributable to owners of the parent was ¥49.5 billion, compared with a ¥135.3 billion loss attributable to owners of the parent a year earlier.

Operating results by segment are as follows:

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Change	%
Office Printing:				
Sales:	1,144,053	1,086,428	(57,625)	*(5.0)*
Operating profit	(44,306)	117,999	162,305	-
Operating profit on sales in Office Printing (%)	*(3.9)*	*10.9*		
Office Service:				
Sales:	447,973	481,392	33,419	*7.5*
Operating profit	(25,617)	14,739	40,356	-
Operating profit on sales in Office Service (%)	*(5.7)*	*3.1*		
Commercial Printing:				
Sales:	185,933	185,292	(641)	*(0.3)*
Operating profit	25,180	27,223	2,043	*8.1*
Operating profit on sales in Commercial Printing (%)	*13.5*	*14.7*		
Industrial Printing:				
Sales:	19,200	20,692	1,492	*7.8*
Operating profit	(2,250)	(7,127)	(4,877)	-
Operating profit on sales in Industrial Printing (%)	*(11.7)*	*(34.4)*		
Thermal Media:				
Sales:	61,458	66,368	4,910	*8.0*
Operating profit	5,016	4,230	(786)	*(15.7)*
Operating profit on sales in Thermal Media (%)	*8.2*	*6.4*		
Other:				
Sales:	275,986	218,080	(57,906)	*(21.0)*
Unaffiliated customers	204,746	173,056	(31,690)	*(15.5)*
Operating profit (loss)	10,032	17,305	7,273	*72.5*
Operating profit (loss) on sales in Other (%)	*3.6*	*7.9*		

Finance business included in the above is as follows:

(Millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019	Change	%
Sales	149,252	159,192	9,940	*6.7*
Operating profit	30,966	31,645	679	*2.2*
Operating profit on sales in Finance Business (%)	*20.7*	*19.9*		

a. Office Printing

Under the 19th Mid-Term Management Plan, we have shifted focus from gross revenue to profitability in this business while strategically transforming and optimizing our structure and boosting profitability to generate new value.

In January 2019, we launched the RICOH IM C series of advanced MFPs. Another Customers can use the large touch panels on their machines to choose and install corporate workflow support services. This setup enables small and medium-sized enterprises to employ more information technology in their businesses by making it simple for them to use cloud services. We keep these systems constantly up to date based on a smartphone concept of remotely updating firmware and software after installation.

FY2018 Office Printing sales declined 5.0%, to ¥1,086.4 billion. This was largely because we strategically prioritized profits over gross revenue in negotiating deals, lowering hardware and consumables revenues, particularly overseas. Segment operating profit was ¥117.9 billion, from an operating loss of ¥44.3 billion a year earlier. One factor in this turnaround was the absence of the previous year's impairment charges for goodwill and other non-current assets. Other key contributors were sales price optimization from a profitability focus and lower operating expenses owing to structural reforms.

b. Office Services

Here, we pursue business growth by enhancing the value we offer customers, notably by leveraging our global customer base to deliver solutions services that support work practice reforms.

In FY2018, we captured IT demand from small and medium-sized enterprises while streamlining operations, stepping up efforts to form business and capital alliances. We endeavor to expand the value we offer in several ways. One is that we draw on our strengths in the office space to provide services that transform enterprise workflows and communications. Others are that we digitize tasks to connect workflows between companies or extend them to frontline operations.

Office Services sales in the year under review advanced 7.5%, to ¥481.3 billion. This growth reflected gains in Japan, where demand expanded for IT equipment in line with enterprise work practice reforms and revenues grew for industry and business solutions and IT services. Overseas, we expanded customer business support services, including for document management services in the Americas.

Segment operating profit was ¥14.7 billion, from an operating loss of ¥25.6 billion a year earlier. This improvement was due to higher sales and profitability improvements and the absence of goodwill and other non-current asset impairment charges in the previous term.

c. Commercial Printing

We expect this market to grow on the strength of the high image quality and productivity and large format paper support of our offerings and a rising need for systems that can deliver high-value-added printed materials that lead to new business opportunities. We aim to expand our business by catering to such customer needs in commercial printing while helping customers to develop their businesses.

During the year under review, we released the RICOH Pro C9210/C9200 and RICOH Pro VC70000 strategic systems for digital and on-demand needs among commercial printing customers. The RICOH Pro 9210/C9200 delivers production machine essentials as our flagship commercial printing model. Its image quality is comparable to that of offset printers. It also automates color and image position adjustments, thus saving labor while stabilizing print quality. The RICOH Pro VC70000 increases customer value by delivering outstanding productivity, broadens applications with its high image quality, and is easy to install because of its compactness and low initial costs.

FY2018 segment sales were down 0.3%, to ¥185.2 billion. This was because revenue downturns in the first half of the year during product cycle transitions outweighed a sales acceleration in the second half from demand for new products. Operating profit increased 8.1%, to ¥27.2 billion, however, on new product sales growth, higher demand for consumables, and lower selling, general and administrative expenses.

d. Industrial Printing

In this segment, we seek to capture new markets and customers based on our strong position in inkjet heads that offer superior durability and are compatible with an array of inks. We believe that we can generate new value by drawing on our printing technologies, good examples being additive manufacturing and bioprinting in 3D printers.

In FY2018, we pushed ahead with acquisitions and capital alliances based on our growth strategies. We reinforced our software technology capabilities in acquiring ColorGATE Digital Output Solutions GmbH. We also bought LAC Corporation to secure high-viscosity ink coating technology.

Segment sales for the year rose 7.8%, to ¥20.6 billion. While Sino-American trade friction slowed inkjet head sales in the Chinese market, sales of key inkjet head offerings expanded solidly in Europe and the United States. In industrial printers, which we have positioned as a new growth area, we increased sales worldwide.

We posted an operating loss of ¥7.1 billion, however, as inkjet head sales slowed in China, the largest market for these offerings. Other important factors were higher product development expenses to fuel business growth and impairment charges on goodwill and other non-current assets.

e. Thermal Media

Demand has risen solidly in this area on growth in e-commerce, which has driven demand growth worldwide for shipping labels. It is against this backdrop that we have drawn on the materials technologies that we acquired over the years to steadily expand our business, notably by supplying thermal paper, ribbons, and other products that ensure outstanding resistance to heat and abrasion resistance and delivery superior print definition and storage capabilities. We have also endeavored to create new value through such offerings as our proprietary rewritable contactless laser system.
Sales for the year under review increased 8.0%, to ¥66.3 billion, on steady growth in Japan and abroad. Segment operating profit decreased 15.7%, to ¥4.2 billion, however, as higher raw material costs increased operating expenses.

f. Other

The Other segment comprises of “Industrial Products,” “Smart Vision,” and “Other,” which includes a wide range of other business segments. We use the technical strengths of the Ricoh Group to provide a wide range of products and services in everything from the commercial to the consumer sectors.
Industrial Products: We provide precision device components that utilize optical technologies and image processing technologies.
Smart Vision: We manufacture and sell unique and compelling products such as 360° cameras, DSLR cameras for professional use, and action cameras with exceptional waterproof, dustproof, and impact resistance properties.
Other: We create new business opportunities such as providing solutions that encompass everything from the introduction to operation of 3D printers, medical imaging (health care) business, focusing primarily on magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

Products business, which focuses on the automotive sector, and the Smart Vision business, which is expanding its customer base by drawing on our strengths in capturing and image processing technologies to supply optical devices, primarily for the real estate sector. In Smart Vision, we launched the THETA 360.biz official partner program. Our application for virtual property tours has expanded business applications for our 360° camera, and has been very well received. The Other segment also covers finance and other operations among affiliates.
Sales for the term declined 15.5%, to ¥173.0 billion. This reflected the adoption of equity method accounting for consolidated semiconductor and logistics subsidiaries following share divestments. In the absence of such adoptions, revenues would have increased, including from steady growth in the domestic finance business and expanded Industrial Products sales of optical modules to the automotive sector. Operating profit increased year on year, to ¥17.3 billion, a prime driver being a gain on sales of shares in Ricoh Logistics System.

Operating Segment Information

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

1) Production

Production in each segment for the years ended March 31, 2018 and 2019 are as follows:

	Millions of Yen		
	For the year ended March 31, 2018	For the year ended March 31, 2019	Change
Office Printing	1,073,530	1,012,119	(5.7%)
Office Services	8,951	10,434	16.6%
Commercial Printing	155,352	161,987	4.3%
Industrial Printing	19,887	20,457	2.9%
Thermal Media	57,844	63,418	9.6%
Other	196,640	162,435	(17.4%)
Total	1,512,204	1,430,850	(5.4%)

(Note) 1. The amounts are based on sales prices, including intersegment transactions.
2. The figures above do not include consumption tax, etc.

2) Orders Received

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

3) Sales

Sales in each segment for the years ended March 31, 2018 and 2019 were as follows:

	Millions of Yen		
	For the year ended March 31, 2018	For the year ended March 31, 2019	Change
Office Printing	1,144,053	1,086,428	(5.0%)
Office Services	447,973	481,392	7.5%
Commercial Printing	185,933	185,292	(0.3%)
Industrial Printing	19,200	20,692	7.8%
Thermal Media	61,458	66,368	8.0%
Other	204,746	173,056	(15.5%)
Total	2,063,363	2,013,228	(2.4%)

(Note) 1. All intersegment transactions are eliminated.
2. Information on sales by customer is omitted because no single customer accounted for 10% or more of the total revenues for the years ended March 31, 2018 and 2019.
3. The figures above do not include consumption tax, etc.

Regarding the Circumstances and Response to the Financial Irregularities at a Sales Subsidiary in India and the Subsequent Conditions

1. The impact on financial results for FY2018

In the consolidated financial results for FY2018, the Company posted a loss of ¥14.9 billion in relation to our overseas consolidated subsidiary Ricoh India Limited ("Ricoh India").
On January 29, 2018, Ricoh India filed an application to initiate the corporate insolvency resolution process with the National Company Law Tribunal, Mumbai (NCLT), pursuant to Section 10 of the Insolvency and Bankruptcy Code of India, 2016(*1). The NCLT admitted the insolvency petition on May 14, 2018 and had directed initiation of corporate insolvency resolution process in Ricoh India.
Pursuant thereto, a moratorium(*2) was imposed by the NCLT, and a Resolution Professional was appointed to manage Ricoh India's affairs. The Resolution Professional invited applicants to submit resolution plans. Since May 2018, after the appointment of the Resolution Professional, Ricoh India no longer remained a part of our consolidated company, even though Ricoh Group owns 73.6% shares of Ricoh India.
Then on February 15, 2019, the Committee of Creditors (COC) of Ricoh India approved one of the plans, amongst the several resolution plans submitted. The Resolution Professional filed this Resolution Plan with the NCLT for its approval. The submitted resolution plan is presently pending consideration of the NCLT.
At this stage, Ricoh Company, Ltd. estimates that if the submitted resolution plan is approved by the NCLT the credits of Ricoh India are likely to become uncollectible, thus it has allocated additional losses of ¥14.9 billion.
Moving forward, if the necessity arises, we will disclose information in a timely manner, including changes based on legal proceedings.

Notes:
*1…About the Insolvency and Bankruptcy Code of India, 2016: After the NCLT admits an application filed under Section 10 of the Code, it appoints a resolution professional to be vested with the management of the company and there is a prescribed time period during which a resolution plan is to be prepared and submitted to the committee of creditors and to the NCLT for their respective approvals. In the event a resolution plan is not submitted to the NCLT within the time period, or where the NCLT does not approve the plan, the NCLT will pass an order requiring the corporate debtor to be liquidated.
*2…About the moratorium: The NCLT issues a moratorium simultaneously with the decision to commence the corporate insolvency resolution process for a period of 180 days, and which may be extended to 270 days. During the moratorium period,

actions such as the recovery of assets owned by debtors, judicial or other procedures against debtors, granting of security interest, and the disposal of debtors' assets or rights are prohibited.

2. Background

Following the filing of its first quarter financial results ended June 30, 2015 to the Bombay Stock Exchange, Ricoh India, in line with good governance, changed its auditors. In order to meet its required reporting obligations with the Bombay Stock Exchange, the auditors undertook a limited review of the results for the second quarter ended September 30, 2015 as part of their new auditor processes. During this review the auditors raised concerns with Ricoh India's management and Ricoh India's audit committee regarding financial irregularities. While the Ricoh India's audit committee appointed external experts to conduct an in-house investigation, new senior management were appointed on April 13, 2016 to make the necessary changes to the operating structure of the business. The delayed results for the second quarter ended September 30, 2015 were filed on May 18, 2016 to the Bombay Stock Exchange.

Following this, Ricoh India continued to investigate the financial irregularities. On July 19, 2016, Ricoh India disclosed the expected loss for the year and revised their results. Ricoh filed a petition with the NCLT in India regarding a capital increase with the aim of restructuring Ricoh India's business (the capital increase was executed on October 15 of the same year).

In addition, by dispatching a new executive officer from Ricoh as Chairperson of Ricoh India, we endeavored to normalize accounting and finance functions, execute appropriate reporting of accounts and implement recurrence prevention measures under the new management. Under these circumstances, Ricoh India's relationship with its major vendor deteriorated, and further disputes with this vendor began to surface.

Given these circumstances, in April 2017, under Ricoh's newly-appointed President and CEO, Yoshinori Yamashita, and based on the "RICOH Resurgent" policy, which aims to implement global structural reform across each and every business unit, without exception, we reevaluated our support to Ricoh India. As a result, we have decided not to provide any additional financial support going forward, to minimize the consolidated losses of the Ricoh Group, and disclosed this fact on October 27, 2017. At the same time, the Company took this incident related to Ricoh India gravely, and made disciplinary actions to partially reduce the monthly basic compensation of the Representative Director and President as well as three Directors and one Corporate Vice President, as well as compensation of the former Representative Director and President.

As stated above, on January 29, 2018, Ricoh India made a resolution and filed an application to initiates corporate insolvency proceeding with the NCLT pursuant to Section 10 of the Insolvency and Bankruptcy Code of India.

Ricoh India has been trying to effectuate management reforms, cost reductions and other measures for the purpose of rehabilitating its business; however, Ricoh India's relationship with its major vendor has deteriorated, and it resulted in default of contracts by the vendor and failure to collect receivables from business partners. Subsequently, Ricoh India announced that, since Ricoh India has now reached a position where it is unable to meet its liabilities, it decided to file the application to initiates corporate insolvency proceeding in the best interests of its customers, employees, minority shareholders, creditors and all other stakeholders.

As the largest supplier, creditor and shareholder of Ricoh India, the Company has been working together with the Resolution Professional to ensure that we may continue to provide products and services to our customers in India and maintain the quality of those services, while closely monitoring the decisions of the NCLT.

On February 15, 2019, the COC of Ricoh India approved one of the plans, amongst the several resolution plans submitted. The Resolution Professional filed this Resolution Plan with the NCLT for its approval. The submitted resolution plan is presently pending consideration of the NCLT.

Under these circumstances, the Company allocated expenses which relate to Ricoh India of ¥6.9 billion, ¥11.7 billion and ¥14.9 billion in consolidated operating results for the fiscal years ended March 31, 2017, 2018 and 2019, respectively. As a result of allocating an additional loss in the consolidated operating results for FY2018, the Ricoh Group has allocated all the credits of Ricoh India.

3. Factors behind the issues in Ricoh India

Unlike other emerging countries, India has a market expanding around IT services, and our sales grew without an adequate understanding of the regional characteristics and business models. This led us to believe that the business was successful, and we did not recognize the rapid expansion of business to be

unnatural growth, resulting in the delay of the discovery.
Also, regional headquarters which had authority delegated to them by the headquarters (4 HQs: Japan, the Americas, Europe, Asia) were in charge of managing overseas sales subsidiaries in each region.
Among them, Ricoh India is our only overseas subsidiary that is listed on the local stock market, and in accordance with listing rules in India, a management governance system has been put in place. As such, unlike other overseas subsidiaries, it is our understanding that checks by regional headquarters became lenient.
In addition, as Ricoh India did not have its mission critical system unified, it was difficult to find this fraud. Furthermore, our whistleblowing system did not have a mechanism for making direct reports from overseas subsidiaries to the headquarters in Japan.

4. Efforts to prevent recurrence
As we disclosed in October 2017, we acknowledge the gravity of the situation of having to change the financial support policy for Ricoh India, and, with the aim of strengthening group governance, we have been undertaking the following measures to prevent recurrence through strengthening cooperation between Japan headquarters and regional headquarters/overseas subsidiaries.
In addition, in January 2018, in light of the fact that Ricoh India filed a petition for initiating corporate insolvency resolution process with the NCLT, we are working on the following measures to prevent recurrence, from the viewpoint of business management and organizational enhancement.
1) Strengthen business management
(A) Establishing a mechanism to review risk evaluation items with awareness of regional and business characteristics when planning and approving mid-term management plans and business plans.
(B) Managing subsidiaries in a way that corresponds to the emerging country business risks and risks of new and growing businesses that they are exposed to.
(C) Strengthening business management of overseas subsidiaries and globally standardizing purchasing processes.
(D) Building frameworks to expose shortcoming and implement best practices in new business domains.
[Progress]
We set forth risk evaluation items for FY2018, and established a mechanism to review them. Since FY2017, businesses in emerging countries are under the direct control of headquarters through the Focused Region Marketing Division.
In FY2017, we began the formulation and application of operational standards in the purchasing process and issued guidelines to share failure cases and implement best practices in FY2018. Each sales subsidiary has completed the establishment of their own operational system. In addition to that, we established the Investment Committee in FY2018 and conduct regular monitoring to manage subsidiaries according to the business risks of investment projects.

2) Business administration enhancement
(A) Strengthening the management of overseas subsidiaries under the unified effort of regional headquarters, the supervisory department for subsidiaries and affiliates, and the accounting department of Japan headquarters.
(B) Establishing a mechanism that enables the headquarters function to check the status of business in each country.
[Progress]
In FY2017, we established control items in each country for financial statements such as balance sheets and cash flows, and constructed a mechanism to implement monthly reviews. Furthermore, we created and subsequently operate a mechanism to visualize and share detailed information on sales per business and sales subsidiary.

3) Strengthen the organizational structure
(A) Establishing an organization to control sales subsidiaries in the headquarters, and redefining the scope of responsibilities and roles between the new organization, the regional headquarters and sales subsidiaries.
(B) Integrating the headquarters accounting and finance functions to clarify the report line and management responsibility.
[Progress]
From April 2017, we established the Focused Region Marketing Division in headquarters to control the

Sales and Marketing Group that manages HQs and sales subsidiaries and the regional efforts in emerging countries, and redefined the scope of responsibilities and roles. In addition to that, we integrated the reporting line to the Chief Marketing Officer (CMO) from FY2019. Furthermore, we established the Finance and Legal Division in April 2018 to integrate accounting and finance functions, and have clarified the division of management responsibility.

4) Compliance enhancement
(A) Educating those seconded to our overseas subsidiaries as senior officers with particular emphasis on compliance and internal control, and clarification of their roles and responsibilities.
(B) Strengthening the evaluation and supervision of senior management through the establishment of a nomination and compensation committee in the Asia Pacific region.
(C) Enhancing the development of a whistleblowing system in group companies and thoroughly notifying all employees accordingly, as well as establishing a shared internal reporting desk enabling all group employees to report directly to the headquarters.
[Progress]
From FY2017, we provided prior training to those to be seconded as senior officers, and from FY2018 we provided the same training for employees to be newly stationed.
Through the nomination and compensation committee established at the Asia Pacific HQ in March 2016, we strengthened the process of evaluation for senior management in the region. In October 2018 we established and began operating a shared internal reporting desk enabling direct reporting to the headquarters, offering support in multiple languages.

5) Audit enhancement
(A) Conducting internal audits by the global audit team to improve the effectiveness of internal audits, such as checking transaction details.
(B) Unifying the independent auditor of overseas subsidiaries into those affiliated with the auditing firm adopted by Japan headquarters and strengthening cooperation with the independent auditor of overseas subsidiaries.

6) IT governance enhancement
(A) Implementing assessments of the core system in the Asia-Pacific region and reconstructing the system with effective IT governance.
[Progress]
We completed IT assessments of all nine sales subsidiaries under the Asia Pacific HQ in FY2018, and plan to start integrating the ERP system from 2019 to maintain IT governance.

5. Moving forward
The Company respects the decision of the NCLT and will proceed with necessary procedures. We believe that it is crucial that services to customers currently using our products and services not be impaired, and will make every effort to continue to provide services to our customers in India and maintain its quality. India is one of the most important markets for us. The Company will identify business areas that would benefit from Ricoh's strengths and develop optimal market and channel strategies. Any information that needs to be reported regarding future situations will be promptly reported.

(3) Financial positions

Total assets rose ¥84.1 billion from the close of fiscal 2017, to ¥2,725.1 billion. Other investments declined in line with a planned divestment of shares in Coca-Cola Bottlers Japan Holdings Inc., while cash and cash equivalents increased owing to the transfer of shares in Ricoh Logistics System. Inventories were higher, reflecting initial stockpiling for MFPs launched in the fourth quarter and additions to available supplies of consumables to cover the impact of Sino-American trade friction and the prospective exit of the United Kingdom from the European Union. Leased assets rose on the ongoing expansion of the finance business, particularly in Japan, while other financial assets increased.

Total liabilities were up ¥53.8 billion, to ¥1,706.1 billion. Bonds and borrowings were up from a year earlier, as we repaid long-term debt that had matured and undertook extensive reborrowing. Another factor was that debt from affiliated companies increased with finance business expansion.

Retained earnings were up from the end of the previous year as a result of higher earnings and changes in accounting policy. Total Ricoh shareholders' equity therefore advanced ¥23.0 billion, to ¥932.5 billion. The equity ratio was again stable, at 34.2%.

The Ricoh Group aims to establish new growth businesses by strengthening profitability in core businesses and investing extensively while pursuing returns that exceed capital costs to sustainably enhance corporate value. Under the 19th Mid-Term Management Plan, which ends in FY2019, it is a top priority to use shareholders' equity in running our business, while carefully investing in growth strategies that lift corporate value over the medium- to long-term we seek to boost capital efficiency. Return on equity (ROE) is a key performance indicator. Our benchmark is a ROE target of more than 9.0% by FY2022.

In FY2018, the second year of our current mid-term management plan, we endeavored to raise ROE to more than 5.0%. Profit attributable to owners of the parent company increased well beyond our initial forecast, as we strengthened profitability in core businesses and generated growth in new businesses while bearing fruit from structural reform efforts earlier than planned. Our ROE for the year thus exceeded our target, at 5.4%.

(4) Cash flows

In FY2019, the final of three years under the 19th Mid-Term Management Plan, we target a free cash flow of ¥100 billion in total of three years, excluding finance business. Furthermore, the three-year free cash flow excluding the finance business under the next plan, ending FY2022, is ¥250 billion.

At the end of FY2018, net cash provided by operating activities was ¥81.9 billion, down ¥28.3 billion. A key factor was a major earnings turnaround that stemmed from a profitability gain in the core Office Printing field and higher income in the Office Services and other growth areas. Another element was an increase in inventories from a year earlier. This owed to initial stockpiling for MFPs launched in the fourth quarter and additions to available supplies of consumables to cover the impact of Sino-American trade friction and the prospective exit of the United Kingdom from the European Union.

Net cash used in investing activities was ¥45.9 billion, down ¥35.1 billion. This reduction reflected income from transfers of shares in subsidiaries as a result of structural reform activities, which offset the impacts of capital investments to expand and upgrade production facilities, ongoing investments in information technology, and acquisitions to drive growth.

Free cash flow (net cash provided by operating activities plus net cash used in investing activities) totaled ¥36.0 billion, up ¥6.8 billion, reflecting greater business profitability from structural reform initiatives and operational reviews. Free cash flow excluding the finance business was ¥85.4 billion. Consequently, we produced ¥151.3 billion in free cash flow excluding the finance business in the first two years of our current mid-term management plan, so we are well positioned to exceed or match the ¥100 billion targeted by FY2018.

Net cash provided by financing activities was ¥42.4 billion, up ¥36.0 billion. On the liabilities front, we repaid long-term debt that had matured and undertook extensive reborrowing. On top of that, debt from affiliated companies increased with finance business expansion. We paid cash dividends as initially planned in light of results, cash flows, and growth investments.

As a result of the above factors, cash and cash equivalents at the end of the period were ¥240.0 billion, up ¥79.5 billion from a year earlier.

Cash and Asset-Liability Management

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

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

Sources of Funding

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

As of March 31, 2019, Ricoh had ¥240.0 billion in cash and cash equivalents and ¥675.3 billion in credit facilities. Of the ¥675.3 billion in credit facilities, ¥619.3 billion was available for borrowing by Ricoh as of March 31, 2019. The Company has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥150.0 billion. Also, Ricoh Leasing Co., Ltd. has committed credit lines with banks having credit ratings satisfactory to Ricoh in the aggregate amount of ¥50.0 billion. These committed credit line amounts of the Company and Ricoh Leasing Co., Ltd. are included in the ¥675.3 billion figure for credit facilities. Ricoh may also borrow up to its borrowing limit from financial institutions under the interest rates of each respective market.

The Company and certain subsidiaries raise capital by issuing commercial paper and long-term debt securities in various currencies. Interest rates for commercial paper issued by the Company and its subsidiaries ranged from 0.00% to 3.50%, interest rates for bank loans ranged from 0.08% to 2.84% and interest rates for long-term debt securities ranged from 0.001% to 7.30% during fiscal year ended March 31, 2019. Furthermore, Ricoh utilizes a cash management system globally elsewhere to efficiently manage the Ricoh Group funding and to effectively reduce its balance of interest-bearing debt.

The Company obtains ratings from the following major rating agencies: Standard & Poor's Rating Services ("S&P"), Moody's Investors Services ("Moody's") and Rating and Investment Information, Inc. ("R&I"). As of March 31, 2019, S&P assigned long-term and short-term credit ratings for the Company of BBB+ and A-2, respectively, Moody's assigned a short-term credit rating for the Company of P-3 and R&I assigned long-term and short-term credit ratings for the Company of A+ and a-1, respectively.

Cash Requirements and Commitments

Ricoh believes that its cash and cash equivalents and funds expected to be generated from its operations are sufficient to meet its cash requirements at least through fiscal year ending March 31, 2019. Even if there were a decrease in cash flows from operations as a result of fluctuations in customer demands from one year to another due to unexpected changes in global economic conditions, Ricoh believes that current funds on hand along with funds available under existing credit facilities would be sufficient to finance its operations. In addition, Ricoh believes that it is able to secure adequate resources to fund ongoing operating requirements and investments related to the expansion of existing businesses and the development of new projects through its access to financial and capital markets. While interest rates of such instruments may fluctuate, Ricoh believes that the effect of such fluctuations would not significantly affect Ricoh's liquidity, due mainly to the adequate amount of Ricoh's cash and cash equivalents on hand, stable cash flow generated from its operating activities and group-wide cash management system.

4. **MATERIAL AGREEMENTS, ETC.**

(1) The important patent and licensing agreements

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

Counterparty	Country and Region	Summary of the Contract	Contract Term
International Business Machines Corporation	USA	Comprehensive cross license patent agreement related to information processing technology (reciprocal agreement)	March 28, 2007 to expiration date of the patent subject to the agreement
ADOBE Systems Incorporated	USA	Patent licensing agreements related to development of printer software and sales (counterparty as licensee)	January 1, 1999 to March 31, 2020
Lemelson Medical, Education & Research Foundation Limited Partnership	USA	Patent licensing agreement related to computer image analysis and other products (counterparty as licensee)	March 31, 1993 to expiration date of the patent subject to the agreement
Canon Inc.	Japan	Patent licensing agreement related to office equipment (reciprocal agreement)	October 1, 1998 to expiration date of the patent subject to the agreement
Hewlett-Packard Company	USA	Comprehensive cross license patent agreement related to document processing systems (reciprocal agreement)	October 31, 2011 to expiration date of the patent subject to the agreement
BROTHER INDUSTRIES, LTD.	Japan	Patent licensing agreement related to office equipment (Company as licensor)	October 1, 2014 to September 30, 2019

(2) Transfer of shares

The company concluded a share transfer agreement to transfer 66.6% of the outstanding shares of Ricoh Logistics System Co., Ltd., its consolidated subsidiary, to SBS Holdings Co., Ltd. on May 18, 2018.
For the details, refer to "V. Financial Information – Notes to Consolidated Financial Statements – 26. Loss of Control of Subsidiary (2) Ricoh Logistics System Co., Ltd.".

5. RESEARCH AND DEVELOPMENT

At Ricoh (the Company and consolidated subsidiaries), we are committed to providing excellence to improve the quality of living and to drive sustainability as our basic management philosophy.
Based on this philosophy, in its 19th Mid-Term Management Plan (from April 2017 to March 2020, hereinafter the 19th MTP), Ricoh set out the RICOH Resurgent (FY2017–) and RICOH Ignite (FY2018–); and is driving forward its R&D activities in accordance with technological strategies to underpin these growth strategies.
The RICOH Ignite incorporates three strategies (Growth Strategy #0, #1 and #2) for the continuous provision of new values—such as EMPOWERING DIGITAL WORKPLACES—by expanding the scope of products and services provided, in order to contribute to the continuous advancement of society.
In its R&D activities, Ricoh is engaged in initiatives to contribute to bolstering technological development to underpin three growth strategies, and business creation leading to new possibilities.
Ricoh will link these activities on to the creation of higher value through collaboration with its global R&D sites and communication with its customers.

■ Bolstering technological development to underpin growth strategies
In Growth Strategy #0, we will forge deeper ties with our customers around the world, achieve the further evolution of our multifunction printers (MFPs) in the office printing domain, which has been Ricoh's core business thus far, and develop technologies aimed at improving customer workflows and increasing business productivity.
In Growth Strategy #1, we are engaged in initiatives to leverage Ricoh's strengths in printing technologies, and expand the possibilities for these technologies to other types of printing aside from paper media, from display printing to applied printing. We are bolstering our efforts to achieve process innovation shifting from analogue to digital through on-demand printing utilizing the electrophotography, inkjet and thermal technologies that we have developed until now, and proactively acquiring external technologies.
In Growth Strategy #2, we are starting to digitize frontline workflows and engaging in efforts that utilize Ricoh's data/image capturing technologies and image processing technologies on the cloud, in order to increase new added-value to the customer base of 1.4 million companies that Ricoh has built up until now.
In order to expand and enhance our technological resources for accelerating these growth strategies, we are seeking to improve efficiency through the acquisition of external technologies, through strategic alliances and collaborative partnerships.
In FY2018, Ricoh formed alliances with, merged with or acquired various external companies, including MakeLeaps, Inc. (which owns software for billing management including transactions between companies, ordering and order receipt, and issuing of invoices), LAC Corporation (which owns digital painting technology for painting trucks and other vehicles), ColorGATE Digital Output Solutions GmbH (which possesses proprietary color matching technologies for various materials with differing properties, and software for industrial printing) and Coloreel AB (which possesses development and production technologies for thread coloring unit for industrial embroidery machines).

■ Business creation leading to new possibilities
In addition to developing technologies to underpin its growth strategies, Ricoh is also engaged in technological development that will widely contribute to society with a view to future growth in fields such as healthcare, Additive Manufacturing and the environment, through the application of core technologies such as materials, process technologies and inkjet technologies that Ricoh has developed so far.

Ricoh is streamlining the development of advanced technologies by proactively leveraging the capabilities of its development partners, including universities, research institutions and other enterprises. We are applying our core technologies including inkjet, machine vision, and image processing through active participation in the Japanese government-supported Funding Program for World-Leading Innovative R&D on Science and Technology and joint R&D with universities and independent administrative corporations. We are also reinforcing relationships with venture enterprises to accelerate the creation of new businesses.

With regard to its approach to research and development, Ricoh has R&D sites in Japan, the United States, India and China. Each site explores market needs and conducts research and technology development attuned to regional characteristics while deepening cooperative connections among global sites. We also have opened technology centers and customer experience centers around the world. We launched value–

creating activities involving our customers, using a framework for gathering feedback on market needs ascertained directly through customer support activities to enhance future product development.
Looking ahead, thorough initiatives such as those described above, Ricoh will pursue the development of innovative technologies and provide innovative products and services that delight our customers by integrating the new concepts into Ricoh's core technologies, which have been accumulated over many years through product development in areas such as image processing technologies, optical technologies, new materials, devices, environmental technologies, network technologies and software technologies.

With the adoption of IFRSs, part of the development costs incurred by Ricoh have been capitalized and reported as intangible assets. Ricoh's consolidated R&D expenditures were approximately ¥111.0 billion, including the development costs which were treated as intangible assets of ¥17.0 billion.

(1) Office Printing
With the recent expansion of the cloud services market, work environments that are free of time and place constraints have streamlined operational efficiency in a wide range of businesses. In light of these environmental changes, Ricoh has developed equipment catering to a diverse range of needs in the area of MFPs while accelerating the roll-out of cloud solutions in collaboration with development partners.
Ricoh's R&D activities in the Office Printing segment include electrophotographic technology for MFPs and printers for office use, supply technology, precision optical components, image data processing technology, next-generation image producing engines, cutting-edge software technologies, as well as applications for the advancement of office solutions and 3Rs (reduce, re-use and recycle) for reducing environmental impact.
Notable achievements of R&D activities in this segment during the fiscal year ended March, 2019 were as follows.

Release of RICOH SP C352 A4 color printer
Compact yet delivers high-performance, and solves a variety of workflow issues
- Compact size allows placement in any location
- Achieves high productivity, high image quality and high durability
- Designed to reduce environmental impact
- Wide variety of paper support, contributing to various business operations
- Pursues usability and achieves outstanding operability

Release of RICOH SP C840ME A3 color laser printer (model for pharmacy/prescription services)
Improves productivity in the continuous printing of prescription bags and drug information sheets
- Offers high productivity that does not keep patients waiting
- Wide variety of paper support, helping pharmacy/prescription services
- Pursues usability and achieves outstanding operability

Release of the RICOH SP 3700/SP 2300L series A4 monochrome printers and MFPs
Increases productivity and supports a wide range of printing needs from mobile devices
- Achieves high productivity
- Supports a wide range of ways to print from mobile devices
- Both the main unit and toner refills are offered at low cost
- Compact and stylish design

Release of RICOH SG 7200 A3 GELJET printer
Enhances mobile device compatibility to support diversifying workstyles
- Pursues usability and achieves outstanding operability
- Compact and stylish design
- Offers the high productivity and durability required for business use
- Wide variety of paper support, contributing to various business operations

Release of the RICOH IM C2000, and RICOH IM C6000/C5500/C4500/C3500/C3000/C2500 digital full color MFPs
Enabling individuals to work smarter
- Makes it possible to provide all manner of cloud services via the RICOH Smart Integration cloud platform
- Equipped with an easier-to-use 10.1-inch MultiLink-Panel, a full-color touch panel
- High-speed scanning improves the efficiency in digitization of paper documents

- Achieves top-class typical electric consumption (TEC) using color QSU (Quick Start-Up) technology
- Excellent quiet operation increases comfort in the office
- Supports printing from various devices, such as printing via the cloud
- Caters to a diverse range of printing needs with high-speed output and high image quality

The R&D expenditures in the Office Printing segment were approximately ¥49.7 billion.

(2) Office Services
As office communication and workstyles change, Ricoh provides customers with visual communication systems that foster collaboration across time and space.
We strive to provide values that enhance customer productivity through our work efficiency knowhow and solutions that draw on products such as teleconferencing and web conferencing systems, interactive whiteboards (IWB) and projectors. In this way, Ricoh provides total support for the working environment.
This is why we develop visual communication technologies, IT services and application services and the cloud platforms to support those services.
Notable achievements of R&D activities in this segment during the fiscal year ended March, 2019 were as follows.

Road surface inspection system passes Public Works Research Center performance verification tests
First measurement method using stereo cameras
- Passed the performance verification test for automated road surface measurement devices conducted by the Public Works Research Center
- Realized a road surface condition monitoring system that automatically measures and analyzes the rate of cracks, the rutting depth and flatness by simultaneously capturing both 3D images and brightness images of the road surface while driving in ordinary automobiles
- Uses AI (machine learning) to automate and achieve a higher degree of sophistication in machine reading, capturing images and creating measurement results

Release of RICOH Remote Concierge System
Remote concierge system that connects in-store customers to staff remotely
- Enables remote response without being constrained by physical location
- Complements the work of individual stores while making effective use of human resources, delivering high-quality services
- Easy operation, with customers simply selecting and pressing buttons on the screen

Launch of RICOH Intelligent WorkCore, contributing to productivity innovation for small and medium-sized companies
Enhances collaboration with partners; supports workstyle reforms by improving workflows for a range of business categories
- Cloud services are provided via the newly launched RICOH IM C series (16 models across seven product lines) and the RICOH Smart Integration cloud platform
- The first implementation of RICOH Always Current Technology, which enables basic performance of MFPs to be updated to the latest status
- Connected with the latest cloud services, achieves workflow improvement and cutting-edge security function
- OCR function utilizes AI to digitize information from paper documents and supports seamless connection with cloud services

Launch of RICOH Cloud OCR for Invoice
Cloud solution that revolutionizes business processes for small and medium-sized companies by invoice digitization
- Utilizes AI equipped with Ricoh's proprietary form analysis and image processing technologies
- Automatically recognizes information such as billing date, company and amount from invoices and performs batch conversion to electronic data
- Capable of extraction of necessary information without defining forms in advance, enabling easy deployment

Entering a strategic partnership with Cisco Systems G.K. toward the creation of digital workplaces
Deploying simpler, more secure cloud solutions globally
- Provides simpler, more secure environments using three layers: cloud, network and device
- Connected with the latest cloud services via RICOH Smart Integration
- Achieves automated operation and management of devices connected to the network and appropriate security settings through integration with Cisco Identity Service Engine

The R&D expenditures in the Office Services segment were approximately ¥5.1 billion.

(3) Commercial Printing

For customers in the printing industry, Ricoh proposes combinations of products and workflow solutions delivering exceptional performance at attractive prices, with the aim of driving the offset to digital transition while securing new commercial printing customers. Ricoh's R&D activities in the commercial printing segment include digital electrophotographic technology for commercial printing use, supply technology, precision optical components, imaging data processing technology, inkjet technology, next-generation image producing engines, cutting-edge software technology and applications for the advancement of production printing workflow.

Notable achievements of R&D activities in this segment during the fiscal year ended March, 2019 were as follows.

Release of RICOH Pro C9210/C9200 color production printer

Flagship model with enhanced basic performance as a production machine for commercial printing

- Delivers smooth, high-quality images compatible to offset printing
- New swing-and-shift registration technology achieves high accuracy of front-to-back registration
- Automates operations such as color calibration and image alignment using new IQCT* for High End
- Strikes a balance between labor saving and stable quality using new technology that automatically suppresses color variance during printing (new function)

*Inline Quality Control Technology: A technology that delivers consistently high-quality printouts by automating adjustments before and during printing.

Release of new ink for the RICOH Pro VC series and new flagship model RICOH Pro VC70000

Newly developed ink and drying technology achieves high image quality and productivity comparable with offset printing

- Newly developed ink enables printing on offset coated paper without the need for undercoating or other preprocessing
- Greatly extended color gamut achieves high image quality comparable with offset printing
- New drying technology significantly improves printing speed (150m/min: 120,000 prints of A4 sized paper /hour)

The R&D expenditures in the Commercial Printing segment were approximately ¥25.8 billion.

(4) Industrial Printing

The industrial inkjet printhead field is poised for growth in view of diversifying requirements for these components and the intensive development of products and applications.

The imaging system (including inkjet components) and industrial printer businesses are expected to grow as areas expanding the potential of printing technologies. Digitization of processes will enable on-demand printing of small runs of multiple jobs and low cost.

For segments exhibiting particularly solid growth from among these diverse needs, we are actively developing technologies and launching products that include inkjet heads, imaging systems and industrial printers. In particular, Direct to Garment (DTG) printers for clothes, fabrics and other items are expected to have a promising future in the market, and we aim to expand our business accordingly through proactive mergers, acquisitions and cooperation with other companies.

Notable achievements of R&D activities in this segment during the fiscal year ended March, 2019 were as follows.

Release of the RICOH MH5320/5340/5320 Type A* industrial inkjet heads

Achieves enhanced ink compatibility and long service life, in addition to high image quality and productivity

- Supports a minimum droplet size of 5pl (picolitres) and improves jetting accuracy (compared with previous models)
- Enables high-definition printing without graininess
- Delivers a maximum frequency of 50kHz even when ejecting large droplets, increasing printing speed and productivity

* The RICOH MH 5320 Type A model has no ink port

Acquisition of all shares of an industrial printer manufacturer LAC Corporation

Enhances Ricoh's industrial printing business by adding a unique inkjet technology that supports printing on a three-dimensional surface

- Proprietary inkjet technology enables direct printing on three-dimensional objects (supports high-viscosity ink and long ink droplet flight distance, up to a maximum of around 100mm)

- Creating new value for customers through synergies between Ricoh's proprietary technologies and inkjet technology unique to LAC Corporation

Entering partnership with Swedish company Coloreel AB toward the production of thread coloring unit for industrial embroidery machines
Providing inkjet print modules capable of thread coloring on demand
- Developing an inkjet print module that enables coloring white threads on demand (for embroidery, etc.)
- Capable of freely coloring textile thread while in production
- Supports small runs of multiple jobs in the garment field, and allows an unlimited degree of freedom in textile design
- Reduces environmental impact with no need for large volumes of wastewater in thread coloring processes

Agreement for acquiring all shares of ColorGATE GmbH, an industrial printing software company
- Acquired 100% of shares in ColorGATE Digital Output Solutions GmbH (ColorGATE GmbH), which possesses an extensive customer base, primarily in Europe
- Enhancing unique color management technology to support a wide variety of materials with different properties (including films, tiles, garments and flooring materials)
- Offering optimal color management and workflow software

The R&D expenditures in the Industrial Printing segment were approximately ¥8.0 billion.

(5) Thermal
We aim to build customer trust through our high-value-added thermal paper, in which we dominate the world market, and our top quality products and services.
We are also within reach of developing an FC-LDA printer (which records information using lasers) in response to market needs to record variable information at high speed on production lines, and will start providing printing demonstrations and print samples to customers.

The R&D expenditures in the Thermal segment were approximately ¥1.3 billion.

(6) Other Segments
The following details our notable achievements during the fiscal year ended March31, 2019 in industrial optical components and modules, electronic components, precision equipment parts, digital cameras, 3D printing, environmental and healthcare solutions, and financial services.

■ Industrial Optical Components and Modules
We continue to develop our business, optimizing our cultivated technological strength in the industrial production field, including the automotive industry, striving to resolve social issues with numerous business partners.

Displays the machine condition monitoring system for FANUC Corporation's compact machining center ROBODRILL for an exhibition
- Uses a proprietary vibration sensor and dedicated controller to achieve visualization of the tool condition and the process condition
- Records abnormal vibrations due to incomplete set up, unsuitable process conditions and tool breakage based on scoring of changes in vibration power
- Accumulates waveform and score data and enables data linkage to help analysis

  *Currently, in collaboration with FANUC Corporation, a machine condition monitoring system for compact machining center ROBODORILL is under development for commercialization.

Developing the projection unit for laser scanning automotive head-up display (HUD) systems
- Enables higher contrast and display of broader range of color compared to TFT technology
- Accurately transmit important information using a unique algorithm which takes into account the driving situation and human factors
- Achieves high image quality and reliability using a screen applied microlens technology and a newly developed 2-axis MEMS mirror device

Development and mass production of on-board stereo cameras that detect road conditions
- Development in collaboration with DENSO Corporation. Mass production began in September 2017, with approximately 20,000 units in total shipped to date
- Equipped with Ricoh's unique dense stereo matching technology on top of 3D image processing technology

- Achieves 3D detection in high density around the vehicle, enabling the detection of even minute unevenness in road surfaces
- Achieves the real-time capabilities needed for vehicle safety equipment through high-speed data processing

■Healthcare
Ricoh entered the healthcare field in 2016 to capitalize on opportunities offered by an aging society and the need to reduce medical costs and eliminate regional disparities in medical treatment standards. We aim to expand our business by focusing on healthcare solutions, medical imaging and biomedical.

Release of the RICOH Regional Health Net integrated medical and nursing care system and entering the community-based integrated care-related business
- Offering a cloud service that enables interactive sharing of various medical and nursing care information between regional facilities
- Manages and shares a diverse range of information concerning medical examinations, tests, prescriptions and nursing care of patients
- Contributes to building community-based integrated care systems for providing comprehensive support and services to the community, which the Japanese government aims to create
- Enables information linkage interactively without changing the workflows of medical and nursing care practitioners

Starting to market a bed sensor system for nursing care industry in collaboration with MinebeaMitsumi Inc.
- Places high-precision sensors on the bed legs, enabling no-contact and non-invasive* detection of information such as body movements and reference weight
- Features various functions such as detection of bed-leaving, activity history report, simultaneous monitoring and reference weight reports
- Utilizes IoT technology to ensure improved user safety, stress relief, family peace of mind, and quality of care and reduced workloads for caregivers

* No need for inserting equipment into the skin or bodily openings.

Starting to market the RICOH MEG* magnetoencephalography systems in the Japanese market
Adopted for use in the PET General Examination Ward at Kumagaya General Hospital, which has installed the latest cutting-edge medical device
- Began sales in the US market in December 2017, and this launch makes Japan the second market
- Together with the latest cutting-edge medical device, making it possible for high-quality medical examinations to offer early detection and treatment of diseases, and judgments on treatment effectiveness

*Product name: RICOH160-1 magnetoencephalography (MEG) system (medical device approval No. 22100BZX00914000)

■Environment
Ricoh has evolved further the scope of environmental management, an area it has focused on since the 1990s with the aim of achieving environmental management that evolves with customers. In 2016, we opened the Ricoh Eco Business Development Center in Gotemba. The center was established to create and expand new businesses based on environmental sustainability and will be engaged in technological development as a center for verification of eco-business technologies.

Launch of offering an automated lighting and air conditioning control systems to detect the presence of people, illuminance and room temperature with sensors
Exhibited at the EcoPro 2018 environmental exhibition
- Utilizes sensing technologies and cloud technologies to enable automated lighting following room entry
- Achieves energy saving, as well as improved comfort and convenience, through fine control of lights and air-conditioners
- Contributes to improving workplaces by making them more suitable for the actual state of use through acquiring data on the presence/absence of people, and ascertaining the status of use of the room/space

■Digital Cameras
We aim to create new expressions of images and videos through the use of unique and attractive hardware and its data.

RICOH360
Launching the RICOH360 integrated portal site for services utilizing 360-degree images and videos
- Launches the RICOH360 portal site, which provides case studies of solutions and services utilizing 360-degree spherical images

- Based on the concept of making communication smarter and once you've captured everything, leave it up to RICOH360, the site serves as a gateway to the deployment of THETA 360.biz, RICOH360 – Ad, RICOH360 – Analysis and other services utilizing 360-degree spherical images

<Services provided via the RICOH360 site>
THETA 360.biz, RICOH360 – Ad, RICOH360 – VR Staging, RICOH360 – Analysis, RICOH360 - VR Presenter, RICOH360 – Snap, RICOH Developer Connection, RICOH R Development Kit, etc.

Launch of offering RICOH360 – Analysis, which enables 360-degree behavioral analysis
Using a spherical imaging camera to simply and easily convert peoples' staying behavior into data

- Integrates the spherical imaging camera RICOH THETA with cloud services equipped with recognition technologies driven by Deep Learning
- Capable of measuring distributions of people delete staying at certain locations over a wide area, with a 360-degree field of vision
- One RICOH THETA camera enables analysis of an area of approximately 6m radius, while the combination of multiple units covers a wider area
- Objectively ascertains about stays: which areas, what time zones, and how many people

Launch of offering RICOH360 – VR staging
Utilizes the THETA 360.biz cloud service to increase capabilities to appeal to customers regarding real estate information

- Enables viewing of 360-degree images from all angles, offering new user experiences and improving spatial awareness effects
- Displaying virtual furniture and small articles on images of empty real estate properties, pursuing realism in rendering furniture
- Also enables virtual placement of various patterns and luxury decorating in making design proposals

Release of the RICOH THETA Z1, a camera that can shoot 360-degree spherical images in a single shot
Achieving high-quality 360-degree still image photo shooting in approximately 23-megapixels resolution

- Flagship model of the series pursuing the highest resolution and quality
- Equipped with a 1.0-inch back-illuminated CMOS image sensor
- Equipped with powerful 3-axis rotational stabilization to compensate for rotational shake during video shooting
- Achieves smooth and immersive 360-degree videos in 4K

*The RICOH THETA spherical imaging device (design registration No. 1480863) won the Commissioner of the Patent Office Award at the FY2018 Kanto Regional Invention Awards.

Release of the RICOH GR III high-end digital compact camera
Featuring an assortment of newly developed main components and designed for the ultimate in snapshot photography

- Equipped with the newly developed high-resolution GR LENS 18.3mm F2.8
- Incorporates a large APS-C-size CMOS image sensor with an anti-aliasing filter-free design to enhance image resolving power, and a newly-developed GR ENGINE 6 imaging sensor
- Uses a hybrid AF for high-speed autofocus operation
- Equipped with originally developed SR mechanism
- Compact, functional body design
- Bluetooth® and wireless LAN dual communication

Release of the RICOH G900 and RICOH G900 with product guarantee, digital cameras for use at worksites assuring waterproof, dustproof, shock and chemical-resistant performance
Conforms to the Committee for Improving Digital Construction Photography's small blackboard information linkage functionality and reliability checking (tamper detection functionality)

- Improves image quality through a back-illuminated CMOS image sensor, with approximately 20.0 effective megapixels
- Heavy-duty construction for use at demanding worksites, assuring enhanced waterproof, dustproof, shock and chemical-resistant performance
- Conforms to the Committee for Improving Digital Construction Photography's small blackboard information functionality and reliability checking (tamper detection functionality)
- Incorporating various functions supporting use in a diverse range of working sites

The R&D expenditures in these segments were approximately ¥6.4 billion.

(7) Fundamental Research

Ricoh continues to develop its fundamental research fields, which focus on R&D activities that can be applied to various products and that are difficult to categorize into a specific operating segment. These R&D activities include R&D in nanotechnology, micro electro mechanical systems (MEMS), general technologies in measuring, analysis and simulation, application in printing technology, new materials and devices, next-generation image display, image recognition and image data processing technologies and the necessary photonics technology, data collection and analysis technologies, application of artificial intelligence, system solutions, manufacturing technology, environmental technologies and healthcare technologies.

Notable achievements of R&D activities in this segment during the fiscal year ended March 31, 2019 were as follows.

Controlling the number of DNA molecules in units of one using bioprinting technology
Contributes to high genetic testing accuracy using reference material containing a known number of DNA molecules

- Succeeds in producing reference DNA material (DNA reference plate) containing the prescribed number of DNA molecules of a specific gene sequence, injected onto wells on a plate with the number of molecules determined and controlled in units of one.
- Enables handling of low-density range (one to 1,000 DNA molecules)
- Enables stricter proofing in the quality control of genetic testing instruments, reagents and genetic testing methods than ever before
- Improving the accuracy of GMO food inspections and preventing cancers or infections from being overlooked

Developing the world's first manufacturing technology for secondary batteries using inkjet technology
Enables manufacturing batteries in freely designable shapes for use in IoT and wearable devices

- Achieves manufacturing of low-viscosity, high-concentration electrode material inks through micro granulation of ceramics and unique dispersal technologies
- Has succeeded in creating ink from almost all types of electrode materials used in lithium ion secondary batteries
- Enables manufacturing batteries in various shapes by ejecting electrode materials from inkjet heads

*This technology was awarded the Grand Award, the highest award at the nano tech Awards 2019 in which winners are selected from exhibitors at nano tech 2019, the 18th International Nanotechnology Exhibition & Conference. The award was given in recognition of the technology, which has greatly advanced the manufacturing of batteries in digital printing.

Performing 26 times faster and 90 times more power efficient on AI model training
Develops a logic architecture that greatly speeds up Gradient Boosting Decision Tree (GBDT) model with low power consumption

- Achieves training speed of 26 to 259 times faster compared to the general software libraries using CPU/GPU
- Enables training and updating the GBDT model in a shorter timeframe than conventional approaches
- Power efficiency of the model training is 90 to 1,105 times lower compared with general GBDT software libraries using CPU/GPU

*The research group at the Ricoh Institute of Information and Communication Technology has announced for the results of this study on arXiv.org, a world-class paper contribution website run byCornell University, USA (https://arxiv.org/abs/1812.08295).

Development of new AI technology for comparing and finding correspondences in the content of two differently-structured documents
Exhibited at the 2nd AI & Business Process Automation Expo Autumn, held in October 2018

- Considers the closeness of meaning in sentences and paragraphs containing a certain phrase, based on the meaning learned for the phrase using deep learning
- Invents algorithms for linking sentences and paragraphs and applies them in finding correspondences in general documents
- Finds correspondences with over twice the level of accuracy compared with conventional text classification technologies

The R&D expenditures in this segment were approximately ¥14.8 billion.

III. PROPERTY, PLANT AND EQUIPMENT

1. SUMMARY OF CAPITAL INVESTMENTS, ETC.

Capital investment in the fiscal year ended March 31, 2019 was ¥72,462 million. A breakdown of capital investment by segment is as follows:

	Millions of yen			
	For the year ended March 31, 2018	For the year ended March 31, 2019	Change	Change (%)
Office Printing	45,326	43,332	(1,994)	(4.4)
Office Services	3,155	3,052	(103)	(3.3)
Commercial Printing	4,613	4,253	(360)	(7.8)
Industrial Printing	3,240	2,191	(1,049)	(32.4)
Thermal Media	4,515	2,419	(2,096)	(46.4)
Other	8,280	12,715	4,435	53.6
Corporate	3,156	4,500	1,344	42.6
Total	72,285	72,462	177	0.2

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

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

3. A breakdown of the capital investment of each segment is as follows:

Office Printing: ¥39,254 million for an increase in production capacity and improvement in production efficiency, ¥14,350 million for the purchase of rental assets, etc.

Other: ¥3,944 million for the improvement of the manufacturing facilities, etc.

2. MAJOR PROPERTY, PLANTS AND EQUIPMENT

(1) The Company

(As of March 31, 2019)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Tohoku plant at Ricoh Industry Co., Ltd. (Miyagi)	Office Printing & Commercial Printing	Manufacturing facilities for supplies	1,080	3,386	- (-)	4,466	-
Head Office (Tokyo)	Corporate and Office Printing , Office Service, Commercial Printing, Industrial Printing & Other	Development facilities & Other equipment	6,845	490	120 (17)	7,455	1,043
Yokohama Nakamachidai Office (Kanagawa)	Corporate	Other equipment	1,274	699	3,200 (17)	5,173	104
Ricoh Technology Center (Kanagawa)	Office Printing , Office Service, Commercial Printing, Industrial Printing & Other	Development facilities	22,299	4,358	4,944 (89)	31,601	3,845
Atsugi Plant (Kanagawa)	Office Printing , Commercial Printing & Industrial Printing	Manufacturing facilities for office equipment	2,378	1,756	2,011 (98)	6,146	332
Shin-Yokohama Office (Kanagawa)	Office Printing, Office Service, Thermal Media & Other	Other equipment	479	4,750	- (-)	5,229	454
Numazu Plant (Shizuoka)	Office Printing, Commercial Printing & Industrial Printing	Manufacturing facilities for supplies	9,101	5,454	1,194 (128)	15,749	717
Ricoh Eco Business Development Center (Shizuoka)	Other	Other equipment	1,867	212	2,205 (93)	4,284	41

Fukui Plant (Fukui)	Office Printing & Thermal Media	Manufacturing facilities for supplies	1,454	2,408	1,120 (93)	4,982	141
Ikeda Plant (Osaka)	Corporate	Other equipment	1,582	533	98 (19)	2,213	90

(2) Domestic subsidiaries

(As of March 31, 2019)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen)				Number of employees
			Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Total	
Ricoh Industry Co., Ltd. (Kanagawa)	Office Printing, Commercial Printing & Industrial Printing	Manufacturing facilities for office equipment	7,272	5,969	234 (151)	13,475	1,871
Ricoh Elemex Corporation (Aichi)	Office Printing and Other	Manufacturing facilities for office equipment and others	1,713	4,256	3,244 (546)	9,213	511
Ricoh Japan Corporation (Tokyo)	Office Printing, Office Service, Commercial Printing, Industrial Printing and Other	Other equipment	4,646	12,408	2,737 (59)	19,791	16,594
Ricoh Leasing Co., Ltd. (Tokyo)	Office Printing and Other	Other equipment	4,157	30,592	- (-)	34,749	911
Ricoh Imaging Co., Ltd. (Tokyo)	Other	Other equipment	2	4	1,501 (5)	1,507	119
Ricoh Industrial Solutions Co., Ltd. (Kanagawa)	Other	Manufacturing facilities for optical equipment and electronic components	2,675	2,644	331 (40)	5,650	1,215

(3) Overseas subsidiaries

(As of March 31, 2019)

Facility (Main location)	Segment	Details of major facilities and equipment	Book value (Millions of Yen) Buildings and structures	Machinery and equipment	Land (Area in thousands of m^2)	Total	Number of employees
Ricoh Electronics, Inc. (U.S.A.)	Office Printing and Thermal Media	Manufacturing facilities for office equipment and supplies	1,667	5,428	1,735 (132)	8,830	759
Ricoh UK Products Ltd. (U.K.)	Office Printing and Commercial Printing	Manufacturing facilities for office equipment	497	1,412	316 (210)	2,225	600
Ricoh Industrie France S.A.S. (France)	Office Printing and Thermal Media	Manufacturing facilities for office equipment and supplies	523	1,562	49 (209)	2,134	728
Ricoh Thermal Media (Wuxi) Co., Ltd. (China)	Thermal Media	Manufacturing facilities for thermal media	1,916	3,023	- [64]	4,939	355
Shanghai Ricoh Digital Equipment Co., Ltd. (China)	Office Printing and Office Service	Manufacturing facilities for office equipment	1,178	2,235	- [59]	3,413	1,486
Ricoh Asia Industry (Shenzhen) Ltd. (China)	Office Printing	Manufacturing facilities for office equipment	161	2,146	- [48]	2,307	2,946
Ricoh Components & Products (Shenzhen) Co., Ltd. (China)	Office Printing and Other	Manufacturing facilities for office equipment and others	67	2,323	- [78]	2,390	2,547
Ricoh Manufacturing (Thailand) Ltd. (Thailand)	Office Printing	Manufacturing facilities for office equipment	3,873	1,011	494 (121)	5,378	2,325
Ricoh USA Inc. and other 40 sales subsidiaries in Americas	Office Printing, Office Service, Commercial Printing and Industrial Printing	Other equipment	1,246	14,381	330 (148)	15,957	24,160

Ricoh Europe Holdings PLC and other 66 sales subsidiaries in Europe	Office Printing, Office Service, Commercial Printing and Industrial Printing	Other equipment	1,009	11,085	- (-)	12,094	14,681
Ricoh Asia Pacific Pte, Ltd. and other 18 sales subsidiaries in Other area	Office Printing, Office Service and Commercial Printing	Other equipment	343	6,985	- (-)	7,328	6,243

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

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

The amount of capital investment for the fiscal year ending March 31, 2020 will be ¥74,000 million. A breakdown by segment is as follows:

	Millions of Yen For the year ending March 31, 2020	Main purpose of investment
Office Printing	45,200	Increase production capacity and streamline production of office equipment, etc.
Office Service	1,800	Investment in infrastructure as IT Services, etc.
Commercial Printing	2,900	Increase production capacity and streamline production of commercial printing products, etc.
Industrial Printing	3,700	Increase production capacity and streamline production of industrial printing products, etc.
Thermal Media	3,200	Increase production capacity and streamline production of thermal media products, etc
Other	11,900	Increase production of industrial products and other new business related investment, etc.
Corporate	5,300	Improve information system, etc.
Total	74,000	

(Notes) 1. These investments will be mostly financed with Ricoh's own capital or borrowings.
2. The figures in the above table do not include consumption tax, etc.
3. A breakdown of the capital investment of each segment is as follows:
Office Printing: ¥19,900 million for an increase in production capacity and improvement in production efficiency and ¥12,200 million for the purchase of rental assets, etc.
Other: ¥9,000 million for the improvement of manufacturing facilities, etc.

IV. INFORMATION ON THE COMPANY

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

Class	Number of shares issued as of the filing date (shares) March 31, 2019	Number of shares issued as of the filing date (shares) June 26, 2019	Stock exchanges on which the Company is listed	Description
Common stock	744,912,078	744,912,078	Tokyo	The number of shares per one unit of shares is 100 shares
Total	744,912,078	744,912,078	-	-

3) American Depositary Receipts ("ADRs")
American Depositary Receipts ("ADRs") evidencing American Depositary Shares are issued by The Bank of New York Mellon. The normal trading unit is 1 American Depositary Share. As of March 31, 2019, 218,732 American Depositary Shares were held of record by one institutional registered holder in the United States of America.

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

Not applicable

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

Not applicable

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

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

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

(5) Shareholder composition

(As of March 31, 2019)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institutions	Foreign corporations, etc.		Individuals and others	Total	
					Non individuals	Individuals			
Number of shareholders	-	82	34	530	599	38	39,886	41,169	-
Share ownership (units)	-	2,962,127	255,087	342,748	3,072,255	304	809,327	7,441,848	727,278
Ownership percentage of shares (%)	-	39.80	3.43	4.61	41.28	0.00	10.88	100.00	-

(Note)
As for 20,049,430 shares of treasury stock, 200,494 units are included in the “Individual and others” column and 30 shares are included in the “Number of shares less than one unit” column.

(6) Major shareholders

(As of March 31, 2019)

Name	Address	Share Ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs Japan Co., Ltd.)	133 Fleet Street London EC4A 2BB,UK (10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo)	770,380	10.63
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	717,416	9.90
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	515,432	7.11
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	294,415	4.06
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	287,846	3.97
ECM MF (Standing proxy: Tachibana Securities Co. Ltd.)	24 Shedden Road Po Box 1586 George Town Grand Cayman KY1-1110 Cayman Islands (13-14, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo)	254,999	3.52
BNYSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1 (Standing proxy: The bank of Mitsubishi UFJ, Ltd.)	Vertigo Building-Polaris 2-4 Eugene Ruppert Luxembourg Grand Duchy of Luxembourg (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	184,170	2.54
The bank of Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	179,779	2.48
Ichimura Foundation for New Technology	26-10, Kitamagome 1-chome, Ohta-ku	158,395	2.19
Barclays Securities Japan Limited	10-1 Roppongi Hills Mori Tower, Roppongi 6-chome, Minato-ku, Tokyo	127,914	1.76
Total	-	3,490,748	48.16

(Notes) 1. The number of shares of treasury stock (200,494 hundreds of shares) is not included in the chart above.

2. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on April 2, 2019, the Company has confirmed that Effissimo Capital Management Pte Ltd held shares as set forth below as of March 27, 2019. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Effissimo Capital Management Pte Ltd	260 orchard Road #12-06 The Heeren Singapore 238855	1,352,577	18.16

3. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on December 21, 2018, the Company has confirmed that Sumitomo Mitsui Trust Bank, Limited, its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. held of shares as set forth below as of December 14, 2018. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	94,280	1.27
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shiba 1-chome, Minato-ku, Tokyo	273,870	3.68
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	133,022	1.79

4. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on November 22, 2018, the Company has confirmed that Mizuho Bank, Ltd. held shares as set forth below as of November 15, 2018. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	1–5–5, Otemachi, Chiyoda–ku, Tokyo	10,000	0.13
Mizuho Securities Co., Ltd.	1–5–1, Otemachi, Chiyoda–ku, Tokyo	10,894	0.15
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	328,548	4.41

5. Following confirmation of reports of possession of a large volume of shares issued on October 1, 2018, the Company has confirmed that MUFG Bank, Ltd. held shares as set forth below as of September 24, 2018. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

The reports of possession of a large volume of shares are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	215,735	2.90
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	334,524	4.49
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	70,639	0.95

6. Following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on September 6, 2018, the Company has confirmed that Eastspring Investments Co., Ltd. held shares as set forth below as of August 31, 2018. But since the company could not confirm the actual holding of shares at the end of the period, it is not included in the status of major shareholders above.

Contents of Amendment Statement are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
Eastspring Investments (Singapore) Co., Ltd.	Marina Bay Financial Center Tower 2, 32-10, Marina Bluebird 10, SIngapore	388,855	5.22
M&G Investment Management Co., Ltd.	EC4R OHH, Lawrence Bountny Hill, Lomdon, UK	26,135	0.35

In addition, following confirmation of reports of possession of a large volume and of shares reports of changes in possession of a large volume issued on May 8, 2019, the Company has confirmed that Eastspring Investments Co., Ltd. held shares as set forth below as of April 30, 2019.

Contents of Amendment Statement are as follows.

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

7. Following confirmation of reports of possession of large volume of shares issued on February 19, 2016, the Company has confirmed that BlackRock Japan Co., Ltd. and its joint holders, 6 other companies, held shares as set forth below as of February 15, 2016. But since the company could not confirm the actual holding of shares at the end of the period, they are not included in the status of major shareholders above.

The reports of possession of a large volume of shares are as follows.

Name	Address	Share ownership (hundreds of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi1-chome, Chiyoda-ku, Tokyo	102,126	1.37
BlackRock Investment Management LLC	1 Princeton University Square Drive, New Jersey, USA	7,786	0.10
BlackRock Life Limited	12 Throgmorton Avenue, London, UK	17,865	0.24
BlackRock Asset Management Ireland Limited	JP Morgan House International Financial Services Centre, Dublin, Ireland	32,217	0.43
BlackRock Fund Advisors	400 Howard Street San Francisco, California, USA	92,471	1.24
BlackRock Institutional Trust Company, N.A.	400 Howard Street San Francisco, California, USA	109,289	1.47
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	13,485	0.18

(7) Information on voting rights

1) Issued shares

(As of March 31, 2019)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	Common stock 20,049,400	-	The number of shares per one unit of shares is 100 shares
Shares with full voting right (others)	Common stock 724,135,400	7,241,354	Same as above
Shares less than one unit	Common stock 727,278	-	Shares less than one unit of 100 shares.
Number of issued shares	744,912,078	-	-
Total number of voting rights	-	7,241,354	-

As for the number of treasury stocks, 30 shares are included in the “Shares less than one unit” column.

2) Treasury stock, etc.

(As of March 31, 2019)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Ricoh Company, Ltd.	3-6, Nakamagome 1-chome, Ohta-ku	20,049,400	-	20,049,400	2.69
Total	-	20,049,400	-	20,049,400	2.69

2. INFORMATION ON ACQUISITION, ETC. OF TREASURY STOCK

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

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

(2) Acquisition of treasury stock resolved at the Board of Directors meetings
Not applicable

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

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2019	8,890	9,855,278
Treasury stock acquired during the current period	684	779,159

(Note)
The number of shares of treasury stock acquired due to requests to purchase stock of less than one unit of shares from June 1, 2019 to the filing date is not included.

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

Classification	Fiscal year ended March 31, 2019		Current period (Note)	
	Number of shares (shares)	Total disposition amount (Yen)	Number of shares (shares)	Total disposition amount (Yen)
Acquired treasury stock which was offered to subscribers	-	-	-	-
Acquired treasury stock which was canceled	-	-	-	-
Acquired treasury stock which was transferred due to merger, share exchange or company split	-	-	-	-
Others (acquired treasury stock which was sold due to requests from shareholders holding shares of less than one unit of shares to sell additional shares)	119	220,626	-	-
Total number of treasury stock held	20,049,430	-	20,050,114	-

(Note)
The number of shares of treasury stock acquired due to requests to purchase stock of less than one of unit of shares from June 1, 2019 to the filing date is not included.

3. DIVIDEND POLICY

The Company prioritizes expanding profit returns to shareholders through medium- to long-term increases in its stock price as a result of sustainable growth as well as stable dividend payments. To that end, the Company is striving to expand profits through strategic investments aimed at sustainable growth. In striving for stable dividends, the Company will adopt a total return ratio of 30% as the benchmark for determining dividends after comprehensively taking into consideration financial strength and other matters reflecting profit forecasts, investment plans and credit ratings.

The dividend per share distributed at the interim was ¥10.00, and the dividend per share at the year-end was ¥13.00, for a total of ¥23.00.

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

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

The appropriation of surplus for the fiscal year ended March 31, 2019 is as follows:

Date of resolution	Total dividends (Millions of Yen)	Dividend per share (Yen)
Board of Directors Meeting (October 26, 2018)	7,249	10.0
Ordinary General Meeting of Shareholders (June 21, 2019)	9,423	13.0

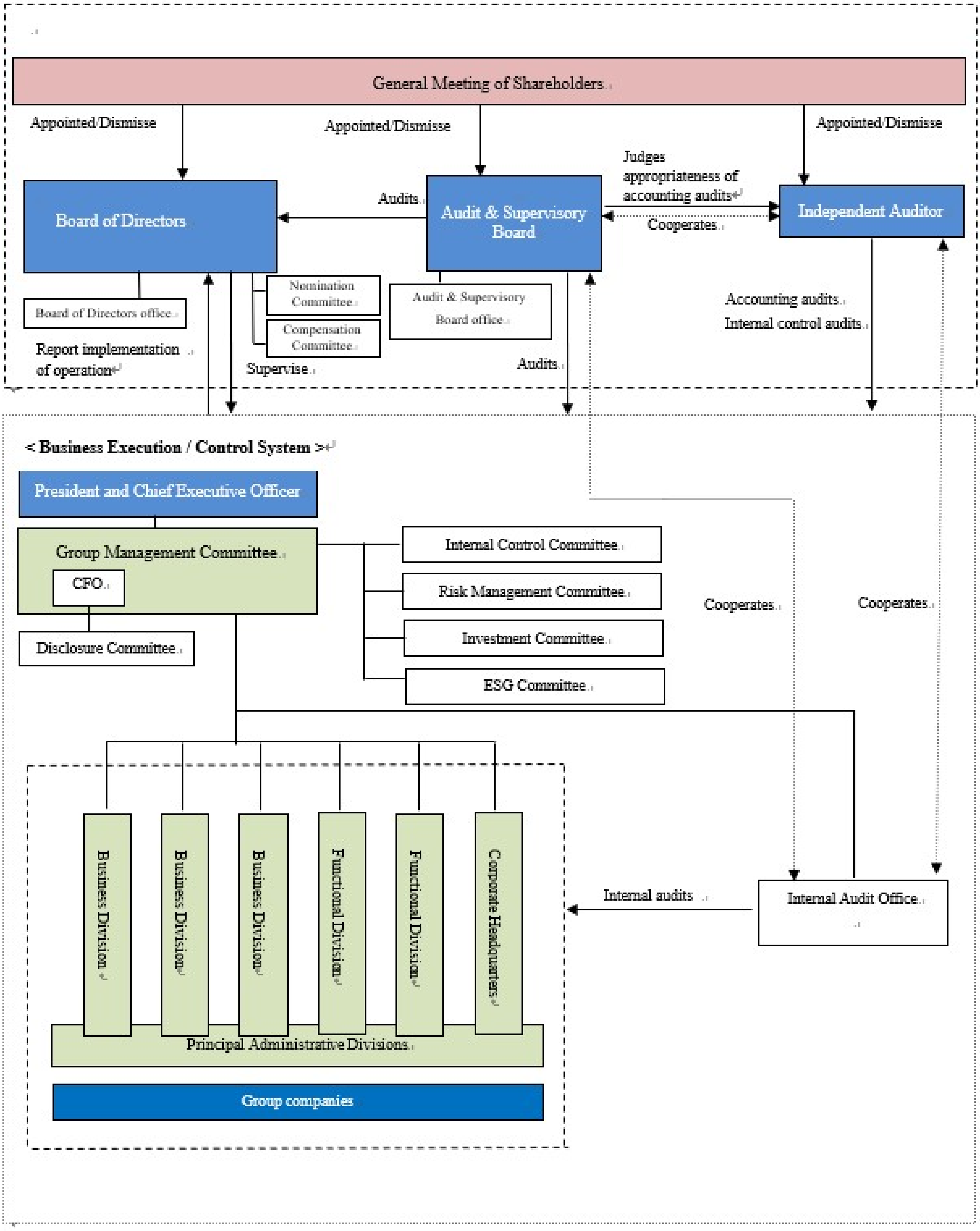
4. CORPORATE GOVERNANCE, ETC.

(1) Corporate Governance

1) Basic Policies for Corporate Governance
The Ricoh Group is working to enhance its governance system in accordance with social awareness and various stakeholders aimed at strengthening competitiveness and continuously improving the system while ensuring transparency based on corporate ethics and legal compliance. In this way, the Ricoh Group will achieve continuous growth, and improve corporate value and shareholder value.
The Ricoh Group established The Ricoh Way as a set of guiding principles and values that serves as the foundation for all our business activities. The RICOH Way, which comprises our founding principles and Management Philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of the Ricoh's management policy and strategy, and also is the basis of the corporate governance.

2) Reason for adopting current corporate governance structure
The Company has introduced a corporate audit system. In addition, the Company is making efforts toward enhancing oversight of executive management by the Board of Directors and enhancing execution of operations by the executive officer system. Furthermore, by appointing Outside Directors, the Company is making efforts toward further enhancement of corporate governance by decision-making and oversight of executive management through discussion from their independent perspectives.
The nomination of Directors and Executive Officers and their compensation are deliberated by the Nomination Committee and the Compensation Committee, advisory bodies which comprise a majority of Outside Directors. The results are reported to the Board of Directors.

[Corporate Governance Structure]



(I) **The Board of Directors**
The Board of Directors is responsible for management oversight and important decision-making concerning Group management. By appointing highly independent Outside Directors, the Group ensures greater transparency in its management and decision-making.
By leveraging the expertise and experiences of each Outside Director, Non-executive Director, and Executive Director in holding profound discussions on important issues, the Company encourages challenges in new areas of growth, creating a structure that allows for management oversight from the viewpoints of various stakeholders, including shareholders.
Four of the Board's eight Directors are Outside Directors (Independent Directors) – part of an effort to incorporate various views and opinions and to eliminate arbitrary decision-making in management.

Chairperson of the Board	Nobuo Inaba
Director	Yoshinori Yamashita
Director	Hidetaka Matsuishi
Director	Seiji Sakata
Outside Director	Makoto Azuma
Outside Director	Masami Iijima
Outside Director	Mutsuko Hatano
Outside Director	Kazuhiro Mori

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

(II) **Audit & Supervisory Board**
Audit & Supervisory Board members hold discussions to determine audit and supervising policies and the assignment of duties, and monitor corporate management.
Audit & Supervisory Board members attend important meetings, including but not limited to the Board of Directors meetings, and exchange information regularly with the representative director.

The Audit & Supervisory Board Members consist of 5 members of whom 3 are Outside Audit & Supervisory Board Members.

Audit & Supervisory Board Member	Katsumi Kurihara
Audit & Supervisory Board Member	Hiroshi Osawa
Outside Audit & Supervisory Board Member	Takashi Narusawa
Outside Audit & Supervisory Board Member	Shigeru Nishiyama
Outside Audit & Supervisory Board Member	Yo Ota

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

(III) **Nomination Committee / Compensation Committee**
As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee," which is chaired by a Non-executive Director, and the "Compensation Committee," which is chaired by an Outside Director, with the majority of members on both committees being Non-executive Directors and at least half of the members being Outside Directors, were established to ensure transparency and objectivity of nomination, dismissal, and compensation of Directors and executive officers, etc.
For FY2018, the Nomination Committee was comprised of three Outside Directors, one Internal Non-executive Director, and one Internal Executive Director; and the Compensation Committee was comprised of four Outside Directors, one Internal Non-executive Director, and one Internal Executive Director, and both committees are comprised of a majority of Outside Directors and are chaired by an Outside Director.

Nomination Committee

Chairman (Outside Director)	Masami Iijima
Member (Executive officers)	Yoshinori Yamashita
Member (Non-executive Director)	Nobuo Inaba
Member (Outside Director)	Makoto Azuma
Member (Outside Director)	Kazuhiro Mori

Compensation Committee

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

(IV) **Group Management Committee**
The Group Management Committee (GMC) consists of executive officers and is a decision-making body empowered by the Board of Directors. The GMC facilitates deliberations and renders decisions on the Group's overall management from the perspective of total optimization.

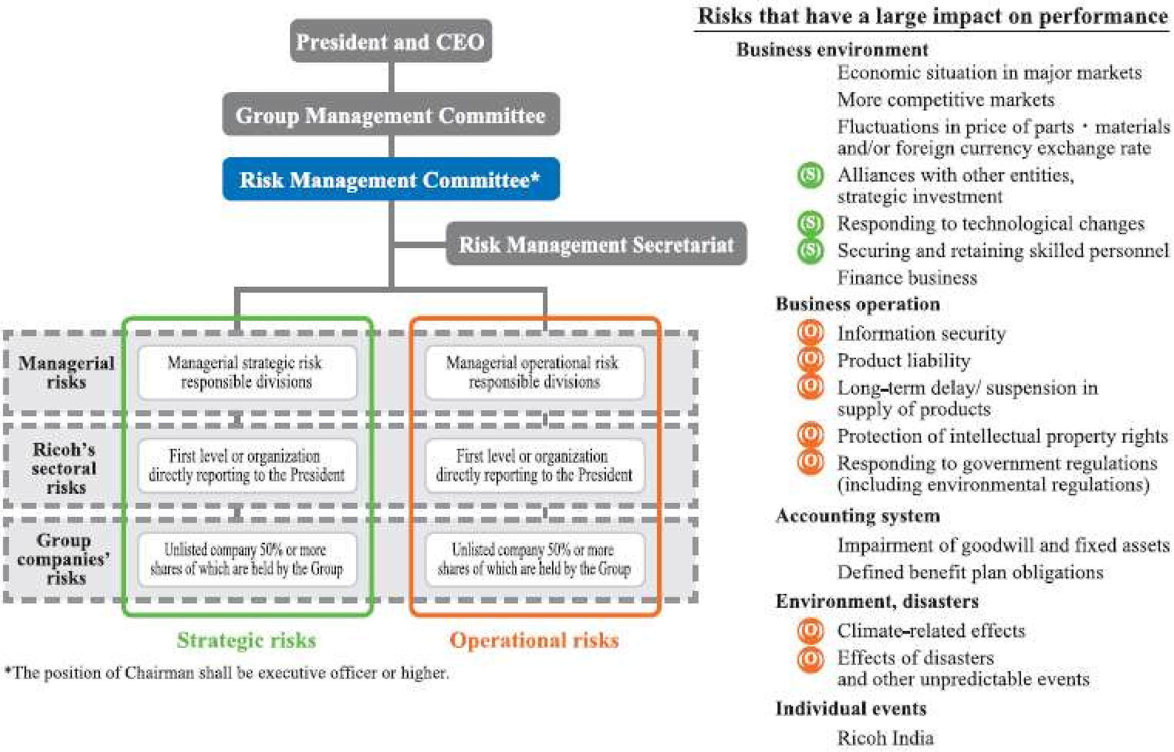
(V) **Disclosure Committee**
The Disclosure Committee performs appropriate disclosure of information which may influence the decisions of investors in addition to promoting dialogue with shareholders and capital markets by proactively disclosing corporate information that contributes to investment decisions, and thereby seeks to develop relationships of trust with shareholders and capital markets as well as to achieve an appropriate recognition of the Ricoh Group.
This committee is composed of representatives from the disclosure management division, accounting division, legal division, information-generating and acknowledging departments, the principal administrative divisions managing affiliates, the internal control division, and the CFO, who is responsible for information disclosure.
The Disclosure Committee makes decisions on the necessity of information disclosure through the disclosure procedures and the appropriateness and accuracy of disclosed content as well as monitors the decisions of the CFO, who is responsible for information disclosure. Furthermore, the internal control division regularly evaluates the timeliness of information disclosure, the accuracy and validity of disclosure statements, and the validity of disclosure decisions, etc., and reports its findings to the Internal Control Committee and the Board of Directors.

(VI)**Internal Control Committee**
The Internal Control Committee is an organization to deliberate and make decisions on the internal control system of the whole Ricoh Group.
This committee is composed of GMC members and is chaired by the CEO.
Delegated by the CEO, the committee determines the policies for internal control activities of the entire Ricoh Group in accordance with internal control principles, and periodically evaluates and rectifies the internal control development and operation status. In consideration of environmental changes, the committee makes proposals to the Board of Directors to revise the internal control principles as necessary.

(VII)Risk Management Committee
The Risk Management Committee is positioned as an advisory committee to the GMC and supports the decision-making of the GMC in the Group's risk management activities. It also promotes risk management activities of the entire Group and creates a highly feasible mechanism in line with the actual conditions by periodically revising the risk management system.
[Roles of the Risk Management Committee (Chairperson) in the risk management system]
1. Risks are roughly classified into 1) management issues faced during the execution of strategies amid the diversifying business environment (strategic risks), and 2) risks that may arise during the operation of business (operational risks). After systematically and comprehensively extracting and evaluating risk factors, the committee proposes a list of potential "management priority risks" to the GMC and provides

support on its subsequent decisions.
2. The committee sets up a response division for each "managerial risk" and supports the risk management PDCA activities of the division. The committee also assigns a GMC member respectively to each "managerial risk" to evaluate these activities, and promotes the evaluation and proposal process of each risk management activity, that is pursuing both the management team's involvement in risk management as well as the effectiveness of the countermeasures.
3. In addition to "managerial risks", the committee cooperates with the risk management systems of each division and Group company to identify individual risks, share and roll out "managerial risks", thereby to lead enhanced risk management activities of the entire Group.
The committee chairperson is appointed by the CEO, and comprises representatives from each organization mainly undertaking the headquarters function. With its basic stance of "always be open to risks," the committee convenes meetings as needed, and makes recommendations to the GMC even if risks are implied by parties outside the committee.

Risk Management System: Correlation with risks that have a large impact on performance



(VIII)Investment Committee
The Investment Committee is positioned as an advisory committee to the GMC, and verifies investment plans based on the validity of financial aspects including capital costs, and strategic aspects such as profitability and growth risks, etc. Members with expertise perform prior reviews and discussion on diversifying investment projects to external entities in order to ensure consistency with management strategies and raise the efficacy of the investment while improving the speed and accuracy of investment decisions.
The committee mainly discusses investments from the aspects of strategies, finances, and risks, and its members include a chairperson appointed by the CEO, representatives from the business planning, accounting, legal, and internal control functions as specialists on each aspect as well as various experts depending on the project. The committee receives prior inquiries from planning departments to provide evaluations and advice after performing comprehensive discussion on the investment value of a project. Although the committee is not authorized to approve or disapprove of any investment projects, it assists the decision-maker in making objective decisions by clarifying the results of the committee's discussions on each project.
In order to improve the accuracy of decisions made in the entire Group to invest in external entities, the committee, which is an advisory body to the GMC, also handles projects below the minimum investment amount set out by the GMC. This is intended to strengthen the investment decision-making capabilities of the planning department as well as maintaining the flexibility of amending the minimum investment

amount through recommendations to the GMC as necessary.

(IX)ESG Committee

The ESG Committee aims to respond promptly and appropriately to the expectations and needs of stakeholders by continuously discussing medium- to long-term environmental, social, and governance issues faced by the Ricoh Group at a management-level and leading the discussions to the quality enhancement of the entire Group.

The ESG Committee plays the following specific roles:

1. Formulate the Ricoh Group Sustainability Strategy to resolve social issues through business, such as initiatives toward achieving SDGs, into the foundation of the Company's management
2. Identify medium- to long-term sustainability risks and opportunities as well as material issues faced by the entire Group (including those regarding investment decisions on risks and opportunities related to climate change recommended by the TCFD*)
3. Supervise and advice on sustainability strategies, material issues, and progress on KPIs for each business division throughout the entire Group
4. Identify sustainability issues to be submitted for discussion at the Board of Directors

The committee is chaired by the CEO, and is composed GMC members, an Audit & Supervisory Board Member, and the Head of the Sustainability Management Division. The committee convenes quarterly and invites representatives of the business divisions associated with the subject of discussion, and provides a system to examine and discuss sustainability issues across the board.

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

3) Other matters for Corporate Governance

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

- The Company engages energetically and constructively with shareholders. We maintain a cycle in which we reflect feedback from those shareholders in our activities to cultivate trust through mutual understanding.

In operating based on that cycle, we endeavor to innovate and deliver value that is useful for everyone, everywhere, helping to enhance their lives and create social sustainability while increasing medium- and long-term corporate value.

- The President and CEO is the person responsible for engagement with shareholders, and an executive in charge may be appointed as required.
- A department in charge of IR shall be set up to promote engagement with shareholders, and takes charge of liaising with related departments.
- In general, engagement with shareholders shall be conducted by the department in charge of IR. However, when a request is made individually, the President and CEO or the executive in charge shall conduct engagement activities where appropriate.
- In addition to engagement activities with shareholders, presentations on the Mid-term Management Plan, financial results briefings and small meetings are held for institutional investors. The Company participates in IR events, etc., hosted by a third party to conduct briefings to individual investors. Also the Company hosts an investors' meeting and gathering following General Meetings of Shareholders.
- Opinions obtained through engagement with shareholders are passed on to the management team on a quarterly basis.
- The Company strictly complies with its internal regulations concerning handling of insider information, and no insider information is disclosed to shareholders during individual engagement. To prevent the leak of insider information and ensure fairness in information disclosure, the Company observes a quiet period from the day following the final day of each fiscal year to the day of financial results announcement.

(II) **Approach to Election of Directors**
Election Criteria for Directors
<Management capabilities>
Superior insight and judgment necessary for management functions
1. Knowledge of a wide range of businesses and functions, and has the ability to think and make decisions appropriately from a company-wide and long-term perspective
2. Insight into the essence of issues
3. Vision to make best decisions on a global level
4. Judgment and insight based on extensive experience, as well as excellent track record leading to significant improvements in corporate value and competitive strength
5. Ability to think and make decisions appropriately from the perspective of various stakeholders including
shareholders and customers based on a firm awareness of corporate governance

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

Election criteria for Outside Directors
In addition to the same election criteria as for Internal Directors stated above, the election criteria for Outside Directors include having excellence in areas such as expertise in different fields, problem discovery and solving capabilities, insight, strategic thinking capabilities, risk management capabilities, and leadership.
Outside Directors of the Company is elected as Independent Director in principle. As for the standards the Company established, please refer to "4. CORPORATE GOVERNANCE, ETC. (2) Directors and senior management 2) Outside Directors and Outside Audit & Supervisory Board Members".

Diversity
Candidates for Directors shall not be excluded from selection due to their attributes such as their race, ethnicity, gender or nationality.

(III)**Election Process and Evaluation Process for Directors**
The Company is making ongoing efforts to strengthen and enhance corporate governance for the Company's sustainable growth and improvement of corporate value and shareholder value.

<Nomination Committee>
To secure objectivity, transparency, and timeliness for procedures to appoint, dismiss, and evaluate Directors, the CEO, and other members of the management team, the Board of Directors has in place the Nomination Committee, which is an advisory body to the Board of Directors.
To increase objectivity and independence, the Nomination Committee comprises a majority of non-executive Directors with at least half of the members being Outside Directors, and is chaired by a non-executive Director.
(During FY2018, the committee was chaired by an Outside Director with three Outside Directors, one internal non-executive Director, one internal executive Director, and a majority of Outside Directors.)
The Nomination Committee deliberates on the following inquiries and reports on the deliberation and conclusions to the Board of Directors.
(Inquiry items)
1) Nomination of candidates for CEO and Directors
2) Evaluation of the soundness of the CEO and Directors to continue in their duties
3) Evaluation of achievements of the CEO and Directors
4) Confirmation of status of CEO succession plans and development of future CEO candidates

5) Confirmation of appointment/dismissal proposals and reasons thereof for Corporate Vice Presidents, Group Executive Officers, Advisors, and Fellows
6) Approval or disapproval on the formulation, revision or abolishment of appointment/dismissal systems for Directors, Corporate Vice Presidents, and Group Executive Officers

<Election process>
Director candidates are nominated based on management ability, personality, and character, with emphasis on qualities that will improve the oversight functions of the Board of Directors. The Nomination Committee
deliberates twice on the qualification of the candidates, and reports to the Board of Directors clarifying the basis for nomination. Subsequently, based on the reporting from the Nomination Committee, the Board of Directors deliberates from a shareholder perspective, and determines the candidates to be submitted to the General Meeting of Shareholders.

<Evaluation process>
Directors are evaluated annually by the Nomination Committee. From FY2018, the former one-step evaluation was modified to a two-step evaluation. In the first evaluation, careful and appropriate deliberations are made on the soundness of Directors to continue in their duties, ensuring timeliness of appointment and dismissal. In the second evaluation, Directors' achievements are evaluated with a multifaceted approach, and their issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of Directors are reported to the Board of Directors to thoroughly oversee whether the Director is sound to continue in their duties.
Furthermore, evaluations are based on such standards as "Management oversight status as a Director," "Financial aspects including key management indicators regarding business results, return on capital, etc.;" and "Contribution to shareholders and evaluation by capital markets."

(IV) **Evaluation of CEO and CEO Succession Plan**
The CEO succession plan is an important initiative for improving shareholder value and corporate value of the Ricoh Group in a continuous manner over the medium to long-term and continuously fulfilling the social responsibilities of the Group as a member of society.
From the viewpoint of strengthening corporate governance, the Group works to establish a CEO succession plan with procedures that are objective, timely, and transparent.
1) CEO Evaluation
The CEO is evaluated annually by the Nomination Committee. From FY2018, a two-step evaluation has been adopted. In the first evaluation, careful and appropriate deliberations are made on the soundness of the CEO to continue in his/her duties, ensuring timeliness of appointment and dismissal. In the second evaluation, the CEO's achievements are evaluated with a multifaceted approach, and his/her issues are clarified through feedback in an effort to improve the quality of management. The Nomination Committee's deliberations and conclusions on the evaluation of the CEO are reported to the Board of Directors to effectively oversee the CEO.
<Key items for the CEO evaluation>
(1) Financial viewpoint
・ Business results, return on capital, other key management indicators, etc.
(2) Shareholder and capital market viewpoint
・ Stock-related indicators including TSR, analyst evaluations, etc.
(3) Non-financial viewpoint
・ ESG measures, customer and employee satisfaction, safety and product quality, etc.

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

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

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

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

<Evaluation of candidates>
CEO candidates are evaluated annually, and the CEO reports to the Nomination Committee regarding the status of achievements and growth of the CEO candidates. The Nomination Committee reviews the selection of CEO candidates, and reports the results to the Board of Directors. Upon reporting from the Nomination Committee, the Board of Directors evaluates the CEO candidates and confirms the validity of deliberations on which candidates are to remain, and is actively involved in the process.

(V) **Results Summary of the Evaluation of Effectiveness of the Board of Directors held during FY2018**
On May 9, 2019, the Company evaluated the effectiveness of the Board of Directors held during FY2018 (from April 2018 to March 2019), and disclose the results as outlined below.

I. Evaluation of the Effectiveness of the Board of Directors
FY2019 is an important year to achieve the goals of the 19th Mid-Term Management Plan (the "19th MTP") and to formulate the upcoming 20th Mid-Term Management Plan (the "20th MTP"). The Board of Directors evaluated its effectiveness in order to further enhance its function and governance for the purpose of continuing to provide appropriate oversight and support for the management, and to further increase RICOH's corporate value through the achievement of the 19th MTP and growth strategy.
The effectiveness of the business execution was discussed along with that of the Board of Directors upon sharing written evaluations by the Directors and the Audit & Supervisory Board Members, similar to the previous year.
Following the evaluation of effectiveness in FY2017, the Board of Directors worked to improve its effectiveness by establishing a basic policy for FY2018, and has set three improvement items outlined below in order to make steady improvements.
<Basic policies for FY2018>
1) Conduct oversight and support to improve earning power and secure execution of our growth strategy.
2) Promote environmental improvement to manage risk appropriately in global business development.
<Improvement items for FY2018>
i) Monitor the progress of our Growth Strategies #0, #1 and #2, and conduct appropriate discussions and support according to circumstances.
ii) Inspect and improve governance and risk management to support global business activities.
iii) Promote prompt and accurate response to remaining major management issues such as optimization of our North American sales structure and cost reduction, through monitoring and encouragement of execution.

II. Results summary of the "Evaluation of Effectiveness of the Board of Directors" for FY2018
The following results summary outlines the contents of the evaluations and discussions by the Directors and the Audit & Supervisory Board Members.
1. Evaluation of the effectiveness of oversight by the Board of Directors
◎ Evaluations concerning the effectiveness of the Board of Directors, the Nomination Committee, and the Compensation Committee are as follows.
・ The composition of the Board of Directors and its advisory bodies, the Nomination Committee, and the Compensation Committee is appropriate. The discussions are active, centered on Outside Directors with highly effective oversight function.

・ Important themes are well planned with sufficient timeframe and deliberations. The decisions are made from a shareholder perspective, securing effectiveness of management oversight.
◎ Meanwhile, there were remarks calling for improvement on enhanced and efficient reporting according to the business condition. There were also remarks on the necessity to increase discussions which relates to a medium- to long-term corporate value development.
2. Evaluation of appropriate discussions and support in line with the progress of our growth strategies (Improvement Item i)
◎ Appreciated for the fact that the following points crucial in developing the growth strategies were identified and steadily determined/implemented through the deliberation of the Board of Directors.
・ Organizational reform and clarification of the person responsible for each business area to implement the growth strategies.
・ Continuous enhancement of governance and headquarter function to support the growth strategies.
◎ Meanwhile, there were remarks on needs to improve discussions of personnel strategies, technological strategies, and sustainable enhancements of corporate value based on a medium- to long-term stand point.
3. Evaluations on the inspection and improvement of governance and risk management (Improvement Item ii)
◎ Appreciated for reviewing the appointment and dismissal process of the CEO and officers, and enforcing the governance system from a shareholder perspective by introducing the stock compensation system. There were also good feedback on risk management, being inspected and streamlined, and also on its prompt decision making and execution of system development, such as the establishment of its expert committee.
◎ Meanwhile, there were remarks on the importance of continuing defense measures such as the inspection and improvement of the governance and risk management systems as well as offense measures such as discussion to maximize corporate value for the Ricoh Group.
4. Evaluation of monitoring and encouragement of business execution for important management issues (Improvement Item iii)
◎ Appreciated for the optimization and performance recovery of the North American sales structure as a result of appropriate monitoring based on detailed reporting from frontline managers, as well as the prompt decisions and implementation of important structural reform themes such as business reorganization of the RICOH Group following the previous year.
◎ Meanwhile, there were remarks that the Board of Directors needs to continue monitoring cost reductions as an effort that can immediately address changes in business structure and earnings structure.
5. Evaluation of execution
◎ Following evaluations were made concerning the response of executives confirmed at the Board of Directors
・ Management is shifting to a more Cost of Capital-oriented regime, and other ongoing measures such as setting the IR Day and strengthening SR to improve shareholder/investor relations.
・ Under our CEO's leadership, the oversight and executive functions continue to discuss important management issues even outside of the Board of Directors, making efforts to form prompt and appropriate consensus.
・ The system and corporate structure are transforming to enable key indicators conducive to decision-making and quantitative administration to be promptly shared with the management team.
◎ Meanwhile, there were remarks calling for ongoing improvement of the management system covering administrative accounting, investment and risks, which accommodates the changes in business and profit structures as the growth strategies unfold.

III. Efforts to improve the effectiveness of the Board of Directors in FY2019
In response to the above evaluation, the Board of Directors works to improve its effectiveness by establishing a basic policy for FY2019, and has set three improvement items outlined below in order to enhance the corporate value through execution of the 19th MTP and formulation of the 20th MTP.
<Basic policies for FY2019>
1) Monitor and support the achievement of our mid-term goals as the final year of the 19th MTP.
2) Formulate the 20th MTP with emphasis on discussion with a medium- to long-term perspective to enhance corporate value.

<Improvement items for FY2019>
i) Monitor the progress of the priority measures in the 19th MTP, the achievement level of financial and non-financial targets as well as key management indicators, and conduct appropriate discussions and support according to circumstances.
ii) Continue discussions from a medium- to long-term perspective on important themes, such as growth, human resources and technological strategies, and reflect in the 20th MTP.
iii) Monitor the continuous improvement of the management system targeted towards the 20th MTP, creating an environment for the full-scale development of growth strategies.

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

(1) System to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' and employees' duties
Based on the principle of autonomous corporate governance, the Company promotes a corporate culture that values both a sense of duty to meet the various expectations of stakeholders and high ethics suited to good social conscience.
1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties
(i) Management transparency and fairness of decision-making are strengthened by the presence of Outside Directors. In addition, the Board of Directors is composed of a majority of Non-executive directors to strengthen functions of overseeing from different perspectives.
(ii) The Board of Directors is positioned as the highest decision-making organization for business management and is chaired by a Non-executive director, who leads the Board from a neutral position, in order to facilitate in-depth discussions for important matters to reach robust decisions.
(iii) As part of the strengthening of management oversight functions by the Board of Directors, the "Nomination Committee", which is chaired by a Non-executive Director and the "Compensation Committee", which is chaired by an Outside Director have been established. In each committee, more than half of the members are Non-executive directors and half or more of them are Outside Directors, so that the transparency and objectivity of the selection of candidates and compensation of Directors and executive officers, etc. is secured.
(iv) Policies regarding disclosure has been established to assure the accuracy, timeliness and comprehensiveness of disclosure of corporate information and the "Disclosure Committee", which is chaired by a CFO who is responsible for information disclosure, is established to verify and decide the importance of disclosure of information, necessity of disclosure and validity of the content.

2) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of employees' duties
(i) In order to thoroughly implement the "Ricoh Group Code of Conduct" which articulates the general rules of conduct for Ricoh Group and its officers and employees, the Specialty Committee and a reporting line to report incidents and seek advice have been established. Also various training programs are set up to enhance compliance domestically and overseas. The Company prohibits unfavorable treatments of anyone who made the report to the reporting line due to such reporting.
(ii) Efforts are being made to improve business processes and construct a framework for standardized internal control throughout the entire Group, with the goal of "complying with laws, norms and internal rules", "improvement of business effectiveness and efficiency", "maintaining high reliability of financial reporting" and "securing of assets", including compliance to the Financial Instruments and Exchange Law and other relevant laws and regulations.
(iii) To ensure appropriate internal auditing, a division of internal management and control shall perform fair and objective examination and evaluation of how each division is executing its business based on legal compliance and rational criteria, and provide advice or recommendation for improvement.
(iv) The Company shall establish a department specializing in enhancing and promoting the functions of (i), (ii)

and (iii) above on an integrated basis. To establish and improve an internal control system of the Ricoh Group, the Company shall institute an "Internal Control Committee" within the Group Management Committee (GMC), which is expected to convene regularly to deliberate and decide on relevant matters.

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

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

(4) System to ensure the efficient implementation of Directors' duties
(i) The executive officer system, its division of duties clarified, speeds up the decision-making process through the delegation of authority to each business division.
(ii) The GMC is a decision-making organization delegated by the Board of Directors, and composed of executive officers who meet specific criteria. The GMC operates so as to accelerate deliberation and decision-making from the perspective of the optimum management of the entire Ricoh Group, concerning the most appropriate strategies for direction of each business division and the entire Ricoh Group, within the powers granted to it.
(iii) The "Board of Directors office" realizes robust decision-making and management oversight with high transparency by supporting the Board of Directors.

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

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

1) Matters regarding measures to secure independence of employees whom Audit & Supervisory Board Members request to assist them in the performance of their duties from Directors and efficacy of instructions given to such employees
(i) The Company shall establish an Audit & Supervisory Board office, where exclusively assigned employees assist Audit & Supervisory Board Members in performing their duties under their command.
(ii) Personnel evaluations regarding said employees shall be made by full-time Audit & Supervisory Board Members. Furthermore, personnel changes regarding said employees shall be made only after gaining agreement of full-time Audit & Supervisory Board Members.

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

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

(VII) Approach and Process for Election of Audit & Supervisory Board Members
Candidates for the Audit & Supervisory Board Members shall be elected with emphasis on ensuring their independence, and their qualification shall be confirmed objectively based on the election criteria of Audit & Supervisory Board Members.
The Audit & Supervisory Board nominates candidates for the Audit & Supervisory Board Members following the prescribed election criteria, and proposes to the Board of Directors, upon which the Board of Directors resolves on the candidates to nominate respecting the proposal of the Audit & Supervisory Board.

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

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

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

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

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

(XIII)Determination of Interim Dividends
Under the provisions of the Company’s Articles of Incorporation, pursuant to Article 454, Paragraph 5 of the Japanese Corporate Law, the Company may through the resolution of the Board of Directors pay an interim dividend with the record date of September 30 each year to allow an expeditious distribution of profits to shareholders.

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

(2) Directors and senior management

1) Directors and senior management members

Directors and Audit & Supervisory Board Members of the Company as of June 26, 2019 are as follows:

Men: 12 persons, Women: 1 person (Ratio of women in the Directors and Audit & Supervisory Board Members: 7.7%)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
Yoshinori Yamashita	Representative Director	Mar. 1980	Joined the Company
(August 22, 1957)		Apr. 2008	President of Ricoh Electronics, Inc.
		Apr. 2010	Group Executive Officer, Corporate Vice President
		Apr. 2011	Corporate Senior Vice President
		Apr. 2011	General Manager of Corporate Planning Division
		June. 2012	Director
		June. 2012	Corporate Executive Vice President
		Apr. 2013	In charge of Internal Management and Control
		Apr. 2014	General Manager of Business Solutions Group
		Apr. 2015	In charge of core business
		June. 2016	Deputy President
		Apr. 2017	Representative Director (Current)
		Apr. 2017	President (Current)
		Apr. 2017	CEO (Chief Executive Officer) (Current)
Nobuo Inaba	Chairman of the Board and Director	Apr. 1974	Joined the Bank of Japan
(November 11, 1950)		May. 1992	Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan
		May. 1994	Director, Head of Planning Division Policy Planning Office of the Bank of Japan
		May. 1996	Deputy Director-General, Policy Planning Office of the Bank of Japan
		Apr. 1998	Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan
		Apr. 2000	Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan
		June. 2001	Director-General, Information System Services Department of the Bank of Japan

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2002	Director-General, Bank Examination and Surveillance Department of the Bank of Japan
		May. 2004	Executive Director, Financial System Stability of the Bank of Japan
		May. 2008	Joined the Company
		May. 2008	Executive Advisor
		Apr. 2010	President of Ricoh Institute of Sustainability and Business
		June. 2010	Director (Current)
		June. 2010	Corporate Executive Vice President
		June. 2012	CIO (Chief Information Officer)
		Sept. 2015	In charge of promoting Corporate Governance
		Apr. 2017	Chairman of the Board (Current)
Hidetaka Matsuishi (February 22, 1957)	Director	Apr. 1981	Joined the Company
		Oct. 2000	General Manager of SCM Innovation Center, Marketing Group
		Jan. 2003	President of Nishi Tokyo Ricoh Co., Ltd.
		Apr. 2005	President of Ricoh Tohoku Co., Ltd.
		Apr. 2008	General Manager of Business Strategy Center, Marketing Group
		Apr. 2009	General Manager of Major Accounts Marketing Division, Marketing Group
		July. 2009	Representative Director and President of Ricoh IT Solutions Co., Ltd.
		Apr. 2014	Group Executive Officer (Corporate Senior Vice President)
		Apr. 2014	Representative Director, President and CEO of Ricoh Leasing Co., Ltd.
		June. 2016	Corporate Senior Vice President
		June. 2016	General Manager of Japan Marketing Group
		June. 2016	Representative Director, President and CEO of Ricoh Japan Corporation
		Apr. 2018	Corporate Executive Vice President and CFO (Chief Financial Officer) (Current)
		Apr. 2018	General Manager of Corporate Planning Division (Current)
		June. 2018	Director (Current)
Seiji Sakata (September 12, 1958)	Director	Apr. 1981	Joined the Company
		Apr. 2006	General Manager of 1st Design Center, MFP Business Group
		Apr. 2008	Deputy General Manager of MFP Business Group

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2009	General Manager of Controller Development Division and Deputy General Manager of MFP Business Group
		Apr. 2010	Corporate Vice President
		Apr. 2011	General Manager of Human Resources Division
		Apr. 2012	Corporate Senior Vice President
		Apr. 2014	General Manager of Japan Management Division
		Feb. 2015	General Manager of Japan Management Division General Manager of Imaging Systems Development Division
		Apr. 2017	General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group
		Apr. 2018	Corporate Executive Vice President (Current)
		Apr. 2018	General Manager of Office Printing Business Group
		June. 2018	Director (Current)
		Apr. 2019	CTO (Chief Technology Officer) (Current)
Makoto Azuma (May 25, 1945)	Outside Director	Apr. 1972	Joined TOSHIBA CORPORATION
		Apr. 1989	Director of Basic Research Laboratory, Research and Development Center of TOSHIBA CORPORATION
		Apr. 1994	Director of Materials and Devices Laboratory, Corporate Research & Development Center of TOSHIBA CORPORATION
		July. 1998	Chief Technology Executive of Storage Media Business Group of TOSHIBA CORPORATION
		Apr. 1999	Director of Corporate Research & Development Center of TOSHIBA CORPORATION
		June. 2000	Corporate Vice President (Director of Corporate Research & Development Center) of TOSHIBA CORPORATION
		June. 2003	Executive Officer, Corporate Senior Vice President (General Executive of Technology) of TOSHIBA CORPORATION

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2005	Executive Officer, Corporate Executive Vice President (Chief Technology Officer) of TOSHIBA CORPORATION
		Dec. 2005	Advisory Professor of Tsing Hua University (China) (Current)
		June. 2008	Adviser to TOSHIBA CORPORATION
		Aug. 2008	Councilor of TOSHIBA INTERNATIONAL FOUNDATION (Current)
		Apr. 2010	Advisor of TDK Corporation
		June. 2011	Professor of Graduate School of Innovation Studies, Tokyo University of Science
		Oct. 2011	Member of Science Council of Japan (Current)
		June. 2014	Outside Director (Current)
Masami Iijima (September 23, 1950)	Outside Director	Apr. 1974	Joined MITSUI & CO., LTD.
		June. 2000	General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD.
		Apr. 2004	General Manager of Metals Administrative Division of MITSUI & CO., LTD.
		Apr. 2005	General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD.
		Apr. 2006	Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and NonFerrous Metals Business Unit of MITSUI & CO., LTD.
		Apr. 2007	Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD.
		Apr. 2008	Executive Managing Officer of MITSUI & CO., LTD.
		June. 2008	Representative Director, Executive Managing Officer of MITSUI & CO., LTD.
		Oct. 2008	Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
		Apr. 2009	Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.
		Apr. 2015	Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. (Current)

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2016	Outside Director (Current)
		June. 2018	Outside Director, SoftBank Group Corp. (Current)
		June. 2019	Counsellors, the Bank of Japan (Current)
		June. 2019	Outside Director, Isetan Mitsukoshi Holdings Ltd. (Current)
Mutsuko Hatano (October 1, 1960)	Outside Director	Apr. 1983	Joined Hitachi, Ltd.
		Sept. 1997	Visiting Researcher at the University of California, Berkeley (UCB) (until August 2000)
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd.
		July. 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Current)
		Oct. 2014	Council Member of Science Council of Japan (Current)
		June. 2016	Outside Director (Current)
Kazuhiro Mori (October 7, 1946)	Outside Director	Apr. 1969	Joined Hitachi, Ltd.
		Feb. 1999	General Manager of Chubu Area Operation, Hitachi, Ltd.
		June. 2003	Executive Officer, Hitachi, Ltd.
		Apr. 2004	Vice President and Executive Officer, General Manager of Electronics Group & CEO, Hitachi, Ltd.
		Aug. 2005	Vice President and Executive Officer, Hitachi, Ltd.
			President and Director, Hitachi Displays, Ltd.
		Apr. 2006	Senior Vice President and Executive Officer, Hitachi, Ltd.
		Jan. 2007	Representative Executive Officer, Executive Vice President and Executive Officer, Hitachi, Ltd. (until March 2012)
		June. 2007	Outside Director, Hitachi Capital Corporation
		June. 2010	Chairman of the Board, Outside Director, Hitachi Capital Corporation
			Outside Director, Hitachi Medical Corporation
		Apr. 2011	Director, Hitachi Maxell, Ltd. (Current Maxell Holdings, Ltd.)
		Apr. 2012	Executive Vice President and Executive Officer, Hitachi, Ltd.

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2013	Chairman of the Board, Outside Director, Hitachi High-Technologies Corporation
			Outside Director, Hitachi Transport System, Ltd.
		June. 2014	Outside Director, Isuzu Motors Limited
		June. 2018	Outside Director (Current)
		Dec. 2018	Trustee, Toyo University (Current)
Katsumi Kurihara (March 24, 1956)	Audit & Supervisory Board Member	Apr. 1978	Joined the Company
		Apr. 2006	General Manager of Development Process Innovation Center, MFP Business Group
		Apr. 2007	Deputy General Manager of Office Business Planning Center
		Apr. 2008	Associate Director
		Apr. 2009	General Manager of Quality Management Division
		Apr. 2010	Corporate Vice President
		Apr. 2012	Corporate Senior Vice President
		June. 2012	General Manager of Process Innovation Group
		Apr. 2014	General Manager of Development Process Innovation Group
		Apr. 2015	General Manager of Manufacturing Quality Assurance Center, Manufacturing Division
		June. 2016	Audit & Supervisory Board Member (Current)
Hiroshi Osawa (February 28, 1964)	Audit & Supervisory Board Member	Apr. 1988	Joined the Company
		July. 2008	General Manager of Accounting Department, Finance and Accounting Division
		Nov. 2009	General Manager of Finance Department, Finance and Accounting Division
		Apr. 2011	General Manager of Audit & Supervisory Board office
		July. 2013	Executive Vice President of Ricoh Europe Plc
		May. 2016	General Manager of Communication Support Department, Corporate Strategy & Planning Center, Corporate Division
		Apr. 2017	General Manager of Business Management Department, Corporate Strategy & Planning Center, Corporate Division

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		June. 2017	Audit & Supervisory Board Member (Current)
Takashi Narusawa (December 8, 1949)	Outside Audit & Supervisory Board Member	Oct. 1973	Joined Nomura Research Institute, Ltd.
		June. 1991	Manager of Corporate Planning Department of Nomura Research Institute, Ltd.
		June. 1994	Director of Nomura Research Institute, Ltd.
		June. 1997	Director, Division Manager of Consulting Division of Nomura Research Institute, Ltd.
		June. 2000	Managing Director, Divisional Director of Consulting Division of Nomura Research Institute, Ltd.
		Apr. 2002	Representative Director, Corporate Executive Vice President of Nomura Research Institute, Ltd.
		Apr. 2004	Representative Director, Corporate Executive Vice President, Business Operations of Nomura Research Institute, Ltd.
		Apr. 2007	Representative Director, Corporate Senior Executive Vice President, Business Operations of Nomura Research Institute, Ltd.
		Apr. 2008	Representative Director, Vice Chairman of Nomura Research Institute, Ltd.
		Mar. 2009	Outside Director of Tokyo Coca-Cola Bottling Co., Ltd.
		June. 2011	Outside Director of The Nisshin OilliO Group, Ltd. (Current)
		July. 2012	Corporate Executive Vice President, General Manager of International Division of Starts Corporation Inc.
		June. 2016	Outside Audit & Supervisory Board Member (Current)
		June. 2016	Outside Director of Hirata Corporation (Current)
		June. 2018	Outside Director of LOTTE Co., Ltd. (Current)
Shigeru Nishiyama (October 27, 1961)	Outside Audit & Supervisory Board Member	Apr. 1984	Joined Sanwa & Co. (Current Deloitte Touche Tohmatsu LLC)
		Sept. 1995	CEO of Nishiyama Associates Co., Ltd.
		Apr. 2003	Outside Audit & Supervisory Board Member of Pigeon Corporation

Name (Date of Birth)	Current Position (Function/Business Area)	Date	Business Experience
		Apr. 2006	Professor at Graduate School of Asia-Pacific Studies, Waseda University
		Apr. 2008	Professor at Graduate School of Commerce, Waseda University
		June. 2012	Outside Audit & Supervisory Board Member of Astellas Pharma Inc.
		June. 2015	Outside Audit & Supervisory Board Member of UNIPRES CORPORATION
		Apr. 2016	Professor at Graduate School of Business & Finance, Waseda University (Current)
		June. 2016	Outside Audit & Supervisory Board Member (Current)
		June. 2016	Outside Director of UNIPRES CORPORATION (Current)
		Sep. 2018	Outside Director of Macromill, Inc. (Current)
Yo Ota (October 3, 1967)	Outside Audit & Supervisory Board Member	Apr. 2001	A member of staff of Civil Affairs Bureau of The Ministry of Justice (Japanese Commercial Code Group of Counsellor's Office)
		Jan. 2003	Partner of Nishimura & Asahi (Current)
		June. 2005	Outside Auditor of Culture Convenience Club Co., Ltd.
		June. 2005	Outside Director of Denki Kogyo Co., Ltd. (Current)
		May. 2012	Director of the Japan Association of Corporate Directors (Current)
		Apr. 2013	Professor of Graduate Schools for Law and Politics of the University of Tokyo
		June. 2013	Councilor of LOTTE Foundation (Current)
		July. 2014	Vice Chairman of Corporate Governance Committee of the Japan Association of Corporate Directors (Current)
		June. 2016	Outside Director of Nippon Kayaku Co., Ltd. (Current)
		June. 2017	Outside Audit & Supervisory Board Member (Current)

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

The following table shows the number of shares of common stock owned by each Director and Audit & Supervisory Board Member of the Company as of March 31, 2019. None of the Company's Directors or Audit & Supervisory Board Members is a beneficial owner of more than 1% of the Company's common stock.

Name	Position	Number of Shares
Yoshinori Yamashita	Representative Director	32,000
Nobuo Inaba	Chairman of the Board and Director	21,000
Hidetaka Matsuishi	Director	5,200
Seiji Sakata	Director	12,200
Makoto Azuma	Outside Director	10,100
Masami Iijima	Outside Director	6,100
Mutsuko Hatano	Outside Director	3,000
Kazuhiro Mori	Outside Director	2,100
Katsumi Kurihara	Audit & Supervisory Board Member	7,000
Hiroshi Osawa	Audit & Supervisory Board Member	3,500
Takashi Narusawa	Outside Audit & Supervisory Board Member	5,000
Shigeru Nishiyama	Outside Audit & Supervisory Board Member	3,300
Yo Ota	Outside Audit & Supervisory Board Member	-
Total		110,500

The Company maintains an executive officer system under which there are 29 officers each with one of the following roles:

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

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

Executive Officers of the Company as of June 26, 2019 are as follows:

Name	Current Position (Function)	Current Position (Business Area)
Yoshinori Yamashita	President	CEO (Chief Executive Officer) General Manager of Trade & Export/Import Control
Akira Oyama	Corporate Executive Vice Presidents	CMO (Chief Marketing Officer) General Manager of Sales and Marketing Group
Hidetaka Matsuishi	Corporate Executive Vice Presidents	CFO (Chief Financial Officer) General Manager of Corporate Planning Division
Seiji Sakata	Corporate Executive Vice Presidents	CTO (Chief Technology Officer)
Katsunori Nakata	Corporate Senior Vice Presidents	General Manager of Office Printing Business Group
Kazuo Nishinomiya	Corporate Senior Vice President	General Manager of Production Division
Hisao Murayama	Corporate Senior Vice President	General Manager of Quality Management Division General Manager of Customer First Center Leader of Ebina-Task Force
Yasutomo Mori	Corporate Senior Vice President	General Manager of Industrial Products Business Group
David Mills	Corporate Senior Vice Presidents	CEO of Ricoh Europe PLC Deputy General Manager of Sales & Marketing Group Chairman of Ricoh Europe (Netherlands) B.V.
Shigeo Kato	Corporate Senior Vice Presidents	General Manager of Commercial Printing Business Group
Yasuyuki Nomizu	Corporate Senior Vice Presidents	In charge of Information Security Management General Manager of Platform Business Group
Tadashi Furushima	Corporate Vice Presidents	General Manager of Innovation/R&D Division General Manager of Intellectual Property Division General Manager of Corporate Design Center, Intellectual Property Division
Noboru Akahane	Corporate Vice Presidents	Deputy General Manager of Corporate Planning Division

Name	Current Position (Function)	Current Position (Business Area)
Yukihiko Yamanaka	Corporate Vice Presidents	Deputy General Manager of Sales and Marketing Group General Manager of Business Management Center, Sales and Marketing Group
Peter Williams	Corporate Vice Presidents	Advisor of Commercial Printing Business Group and Industrial Printing Business Group
Kazuhisa Goto	Corporate Vice Presidents	General Manager of Focused Region Marketing Division, Sales and Marketing Group President of Ricoh Asia Pacific Pte Ltd. Chairman of Ricoh Hong Kong Ltd. Chairman of Ricoh Australia Pty, Ltd. Chairman of Ricoh (Thailand) Ltd.
Shinji Sato	Corporate Vice Presidents	In charge of Financial Affairs General Manager of Finance and Legal Division President of Ricoh Americas Holdings, Inc.
Tomohiro Sakanushi	Corporate Vice Presidents	General Manager of Japan Marketing Division, Sales and Marketing President of Ricoh Japan Corporation
Wataru Ohtani	Corporate Vice Presidents	General Manager of Smart Vision Business Group General Manager of Business Management Center, Smart Vision Business Group General Manager of Data Service Business Center, Smart Vision Business Group Chairman of Ricoh Innovations Corporation
Tetsuya Morita	Corporate Vice Presidents	General Manager of Industrial Printing Business Group
Yoichi Kawagiri	Corporate Vice Presidents	In charge of Trade & Export/Import Control General Manager of Supply Chain Management Division General Manager of Trade & Export/Import Control Division
Carsten Bruhn	Corporate Vice Presidents	General Manager of Ricoh Global Services Group
Donna Venable	Corporate Vice Presidents	Executive Vice President of Ricoh USA, Inc. Deputy General Manager of Human Resources Division
Joji Tokunaga	Corporate Vice Presidents	President of Ricoh USA, Inc.
Eiji Hirahara	Corporate Vice Presidents	General Manager of Global Procurement Division
Kazuhiro Tsuji	Corporate Vice Presidents	General Manager of Human Resources Division General Manager of Corporate Sports Promotion Center

Name	Current Position (Function)	Current Position (Business Area)
Daisuke Segawa	Corporate Advisory Officers	President of Ricoh Leasing Company, Ltd.
Hiroyuki Ishino	Corporate Advisory Officers	President of Ricoh IT Solutions Co., Ltd.
Tadashi Tokura	Corporate Advisory Officers	President of Ricoh Industry Company, Ltd. Chairman of Ricoh Industrie France S.A.S. Chairman of Ricoh UK Products Ltd.

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

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

Outside Directors

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Makoto Azuma	Number of the Company's shares held is 10,100 as of March 31, 2019. Mr. Makoto Azuma is from TOSHIBA CORPORATION. The Company has business relations with TOSHIBA CORPORATION such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and TOSHIBA CORPORATION, respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Makoto Azuma to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Masami Iijima	Number of the Company's shares held is 6,100 as of March 31, 2019. Mr. Masami Iijima is Representative Director, Chairperson of the Board of Directors of MITSUI & CO., LTD. The Company has business relations with MITSUI & CO., LTD. such product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and MITSUI & CO., LTD., respectively, which is considered extremely insignificant. In addition, he is an Outside Director of SoftBank Group Corp and Isetan Mitsukoshi Holdings Ltd.. The Company has business relations with SoftBank Group Corp. and Isetan Mitsukoshi Holdings Ltd., such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and SoftBank Group Corp. and Isetan Mitsukoshi Holdings Ltd., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Masami Iijima to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Mutsuko Hatano	Number of the Company's shares held is 3,000 as of March 31, 2019. The Company had entered into a consignment contract with Ms. Mutsuko Hatano from April 1, 2016 to June 16, 2016, paying ¥1.5 million to her as commission. The purpose of this agreement was to have Ms. Mutsuko Hatano attend the Group Technology Management Meetings to provide advice and recommendations from an outsider's point of view on the management of technology at the Company. This agreement was terminated before her appointment as the Company's Outside Director. The Company has executed a contract with Ms. Mutsuko Hatano to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Kazuhiro Mori	Number of the Company's shares held is 2,100 as of March 31, 2019. Mr. Kazuhiro Mori is from Hitachi, Ltd.. The Company has business relations with Hitachi, Ltd. where Mr. Kazuhiro Mori had belonged to until March 2013, such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Hitachi, Ltd., respectively, which is considered extremely insignificant. In addition, he was an Outside Director of Isuzu Motors Limited until June 2018. The Company has business relations with Isuzu Motors Limited, such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Isuzu Motors Limited, respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Kazuhiro Mori to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥10 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Outside Audit & Supervisory Board Members

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Takashi Narusawa	Number of the Company's shares held is 5,000 as of March 31, 2019. Mr. Takashi Narusawa, is from Nomura Research Institute, Ltd.. The Company has business relations with Nomura Research Institute, Ltd. such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Nomura Research Institute, Ltd., respectively, which is considered extremely insignificant. In addition, he is an Outside Director of The Nisshin OilliO Group,Ltd., Hirata Corporation and LOTTE Co., Ltd.. The Company has business relations with The Nisshin OilliO Group,Ltd., Hirata Corporation and LOTTE Co., Ltd., such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and The Nisshin OilliO Group,Ltd., Hirata Corporation and LOTTE Co., Ltd., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Takashi Narusawa to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

Name	Personal, capital, trading relationships or other special interests between the individuals and the Company
Shigeru Nishiyama	Number of the Company's shares held is 3,300 as of March 31, 2019. Mr. Shigeru Nishiyama is an Outside Director of UNIPRES CORPORATION and Macromill, Inc.. The Company has business relations with UNIPRES CORPORATION and Macromill, Inc., such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and UNIPRES CORPORATION and Macromill, Inc., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Shigeru Nishiyama to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.
Yo Ota	Mr. Yo Ota is a Partner attorney of Nishimura & Asahi. The Company has business relationswith Nishimura & Asahi, which is one of law firms the Company request legal tasks on a case by case basis, such as in consignment legal tasks to other lawyers, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Nishimura & Asahi, respectively, which is considered extremely insignificant. He has never been involved in legal consultation of Ricoh. In addition, he is an Outside Director of Denki Kogyo Company, Limited and Nippon Kayaku Co., Ltd.. The Company has business relations with Denki Kogyo Company, Limited and Nippon Kayaku Co., Ltd., such as in product sales, with the relevant transactional amounts totaling less than 1% of the consolidated net sales of the Company and Denki Kogyo Company, Limited and Nippon Kayaku Co., Ltd., respectively, which is considered extremely insignificant. The Company has executed a contract with Mr. Yo Ota to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of ¥5 million or the minimum liability limit amount stipulated in Article 425, Paragraph 1 of the Companies Act.

There are no special interests between Outside Directors and Outside Audit & Supervisory Board Members and the Company.
Outside Director, Mr. Makoto Azuma, Mr. Masami Iijima, Ms. Mutsuko Hatano and Mr. Kazuhiro Mori, and Outside Audit & Supervisory Board Members, Mr. Takashi Narusawa, Mr. Shigeru Nishiyama and Mr. Yo Ota, have been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

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

Outside Directors

Name	The functions and roles in Corporate Governance
Makoto Azuma	Provided proactive comments and advice in various areas including technological strategies and long-term management strategies based on his achievements and extensive experience as the Corporate Executive Vice President and the Chief Technology Officer of TOSHIBA CORPORATION and as a professor of the Graduate School of Innovation Studies of Tokyo University of Science. In addition, as the Chairperson of the Compensation Committee, he has led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. Furthermore, as a member of the Nomination Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate Chief Technology Officer.
Masami Iijima	Provided proactive comments and advice in various areas including global governance and risk management based on his outstanding achievements and extensive experience as management executive at MITSUI & CO., LTD., a company with globally developed business network. In addition, as the Chairperson of the Nomination Committee, he led the operation of the committee, encouraged lively discussions among members, and reported its content to the Board of Directors. As a member of the Compensation Committee, he has actively made proposals and engaged in discussions from a corporate top executive viewpoint.
Mutsuko Hatano	Provided proactive comments and advice from multifaceted perspectives in various areas including technology, education and policies based on her achievements and extensive experience as the professor of the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and as a committee member of many administrative bodies. Concurrently, as a member of the Compensation Committee, she has made proposals and engaged in discussions regarding the details of compensation and its system from a viewpoint different from that of a corporate executive.
Kazuhiro Mori	Provided proactive comments and advice in various areas including global business development with his high-leveled business judgment capability and leadership in management from his extensive experience in the Hitachi Group, having served in various posts including Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. as well as the leader to carry out its structural reform. Concurrently, as a member of the Nomination Committee and the Compensation Committee, he has actively made proposals and engaged in discussions based on his experience as a corporate top executive.

Outside Audit & Supervisory Board Members

Name	Their function and role in Corporate Governance
Takashi Narusawa	Proactively expressed opinions from a viewpoint based on his experience as securities analyst and management consultant, along with management experience at Nomura Research Institute, Ltd.
Shigeru Nishiyama	Proactively expressed opinions from a viewpoint based on his professional activities and experience in the areas of finance and accounting, as certified public accountant as well as a university professor.
Yo Ota	Proactively expressed his opinions from a viewpoint based on his rich experience as attorney and expert on corporate governance.

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

The Company established the Company’s Standards for Independence of Outside Directors and Audit & Supervisory Board Members as below and confirms these standards to elect Outside Directors and Outside Audit Supervisory Board Members.

1. In principle, Outside Directors and Outside Audit & Supervisory Board Members of the Company should be independent from the Company and should satisfy all of the items set out below.

(i) A person who is not a shareholder holding 10% or more of the total voting rights of the Company (a “major shareholder”), or a person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of the major shareholder of the Company.

(ii) A person who is not a director, audit and supervisory board member, accounting advisor, executive officer, executive director, corporate officer, manager or any other employee of a company of which the Ricoh Group is a major shareholder.

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

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

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

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

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

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

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

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

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

3) Cooperation among internal audits, audits by Audit & Supervisory Board Members and accounting audits and relations with internal control departments
Outside directors, as member of the Board of Directors, are responsible for management oversight and important decision making concerning Ricoh's management. Outside Audit & Supervisory Board Members are responsible for auditing the decision making and operations performed by Executive Officers.
Supervisory board members and so on about information shared in the three-way audit meeting which consists of Internal Audit & Supervisory board members, the Internal Management & Control Division who is in charge of internal audit and External Auditor. It is held periodically to exchange views of auditing policies and plans, and to share the findings from the audits performed by each auditor. Furthermore, Outside Audit & Supervisory Board Members maintain an effective cooperation with Internal Audit & Supervisory Board Members, External Auditor and Internal Management & Control Division. They attend the interviews to Directors performed by External Auditor with Internal Audit & Supervisory board members and the Internal Management & Control Division and perform audits with Internal Audit & Supervisory board members, if necessary.

(3) Audit

"Cabinet Office Ordinance on the Disclosure of Corporate Content etc." after revision by the "Cabinet Office Ordinance to revise a part of the Cabinet Office Ordinance on disclosure of corporate content etc." (Cabinet Office Ordinance No. 3 on January 31, 2019) The provisions of Caution (56) a (b) and d (a) ii described in the No. 2 format have been applied from the securities report for the current fiscal year.

1) Audit & Supervisory Board members and the Audit & Supervisory Board

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

Position	Name	Career etc.	Attendance rate for the Audit & Supervisory Board meetings held during the fiscal year
Audit & Supervisory Board Member (Full-time)	Katsumi Kurihara	He has his experience working within our design and development, production, and quality assurance divisions, among others, as well as his in-depth knowledge of business processes in the Company's core businesses.	100% (13 out of 13)
Audit & Supervisory Board Member (Full-time)	Hiroshi Osawa	He has abundant experience in the Company's accounting and finance divisions as well as in management administration of overseas subsidiaries. He has considerable insight into finance and accounting.	100% (13 out of 13)
Independent outside Audit & Supervisory Board Member	Takashi Narusawa	He has experiences as securities analyst and management consultant, along with management experience at Nomura Research Institute, Ltd, and has considerable expertise in finance and accounting.	100% (13 out of 13)

Independent outside Audit & Supervisory Board Member	Shigeru Nishiyama	He is a finance and accounting professional, serving as a certified public accountant and a professor at the Graduate School of Business and Finance, Waseda Business School, and has considerable insight into finance and accounting.	100% (13 out of 13)
Independent outside Audit & Supervisory Board Member	Yo Ota	He has his rich experience as attorney and expert on corporate governance.	92% (12 out of 13)

The Audit & Supervisory Board prescribed audit policies, activity plans, assignment of duties and other relevant matters. Audit & Supervisory Board Members reviewed risks and issues in the four areas, namely (1) Directors, (2) Business execution, (3) Internal audit, and (4) Accounting audit, and formulated annual activity plans. Outline. Also, annual activity plans were considered and formulated annual activity plans.

Key matters and information shared and considered in the Audit & Supervisory Board meeting in FY2018 are as follows.
Key matters and information shared and considered:
- Audit policy, audit plan, and division of duties
- Evaluation of the Independent Auditor
- Review of audit standards of Audit & Supervisory Board Members
- Reinforcement of governance at overseas subsidiaries
- Status of execution of duties by full-time Audit & Supervisory Board Members (monthly)

Chart1 : Outline of audit activities

<table>
<tr><td rowspan="3">(1) Directors</td><td>Attending the Board of Directors meetings</td></tr>
<tr><td>★Holding regular meetings with Chairman of the Board and Representative Director (quarterly)</td></tr>
<tr><td>★Holding governance review meetings attended by Directors and the Audit & Supervisory Board Members (semi-annually)</td></tr>
<tr><td rowspan="5">(2) Business execution</td><td>Auditing headquarters, principle offices & plants and each company of Ricoh Group</td></tr>
<tr><td>Attending Group Management Committee (GMC)</td></tr>
<tr><td>Attending performance review meetings, Global meetings, Investment Committee meetings and the other important meetings</td></tr>
<tr><td>★Holding separate regular meetings with the CEO and the CFO respectively (monthly)</td></tr>
<tr><td>Reviewing and confirming important documents (agendas and minutes of important meetings, documents for approval, written agreements, etc.)</td></tr>
<tr><td rowspan="4">(3) Internal audit</td><td>Receiving explanation from Internal audit divisions about the internal audit plan, and reporting the results thereof</td></tr>
<tr><td>★Holding regular meetings with Internal Audit division (monthly)</td></tr>
<tr><td>★Holding regular meetings with Audit & Supervisory Board members of subsidiaries (monthly)</td></tr>
<tr><td rowspan="2">★Meetings with Independent Auditor and Internal audit division (monthly)</td></tr>
<tr><td rowspan="3">(4) Accounting audit</td></tr>
<tr><td>Receiving explanation about audit plan and reports of quarterly review and Audit result</td></tr>
<tr><td>Evaluating Independent Auditor</td></tr>
</table>

★Meetings organized by the Audit & Supervisory Board members

The full-time Audit & Supervisory Board Members were engaged in the audit activities as illustrated in Chart 1, and the detail of such activities were communicated to the Independent Outside Audit & Supervisory Board Members, as appropriate.

The Independent Outside Audit & Supervisory Board Members conducted audits, drawing on the respective individual expertise and background, on new divisions established in FY2018, new and growing business divisions, and the Risk Responsible divisions for Managerial Risks together with the full-time Audit & Supervisory Board Members.

They also received detailed explanations about the management policies, growth strategy, etc. and expressed opinions from the standpoint of Independent Audit & Supervisory Board Members at the regular meetings with Chairperson of the Board and Representative Director.

2) Internal Audit Members

The Internal Management & Control Division, which consists of 21 staff members and is in charge of internal auditing, objectively reviews and assesses the status of business execution by respective business divisions according to clearly defined rules to improve operational effectiveness and efficiency, ensure the reliability of financial reporting, to comply with regulations and Company rules related to corporate activities and to safeguard assets. The results are regularly reported to the GMC's Internal Control Committee.

The Internal Management & Control Division will have periodic meetings with the Audit & Supervisory Board Members to share information and findings from the audits performed. Furthermore, a database has been established between the two parties for sharing key information so that audits by both parties can be implemented effectively.

The Audit & Supervisory Board Members and Internal Management & Control Division will also maintain close ties with external auditors and proactively exchange opinions and information in order to perform effective audits.

3) Accounting Audit

a. Name of certified public accountants

KPMG AZSA LLC

b. The length of years the Accounting Auditor has served

For 37 years

* The length of years the accounting auditor has served may exceed the above-mentioned number of years because the survey before FY1981 is extremely difficult.

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

Isao Kamizuka, Katsunori Hanaoka and Shingo Iwamiya

d. The numbers of audit assistants involved in the auditing

There were a total of 58 audit assistants involved in the auditing as of March 31, 2019, 24 certified public accountants and 34 others.

e. Policy to select the independent auditor and the reason

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

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

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

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

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

- Any item of Article 340, Paragraph 1 of the Companies Act.
- Any difficulties for independent auditor to properly perform audit duties etc.

(Based on the evaluation criteria for reappointment of the Independent Auditor, Audit & Supervisory Board Members evaluated its audit structure, independence, gap between audit plan and its execution, quality of the audits etc.)

As conclusion, the Audit & Supervisory Board hereby confirmed that the audit methods and its results of the Independent Auditor, KPMG AZSA LLC, and the results were appropriate, and reappointment of KPMG AZSA LLC was decided as the Independent Auditor for FY2018.

Meanwhile, “Election of an Independent Auditor” for FY2019 was proposed as one of the items to be resolved at the 119th ordinary general meeting of shareholders held in June 21, 2019. It was approved and adopted in all respects as proposed. Thus, Deloitte Touche Tohmatsu LLC was appointed as the Independent Auditor for FY2019. Please see “3) Accounting Audit - f. Change of Certified Public Accountant” which shows the contents of Extraordinary Report for the reason of selection as a candidate of the Independent Auditor by the Audit & Supervisory Board.

f. Change of Certified Public Accountant

The company’s Certified Public Accountant has been changed as below.

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

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

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

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

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

1. Reason of submit

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

2. Contents of the Notice

(1) Name of incoming and outcoming certified public accountants

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

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

(2) Expected date of change

June 21, 2019

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

June 22, 2018

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

Not applicable

(5) Reason and background for the decision to change

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

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

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

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

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

The Audit & Supervisory Board Members and the Audit & Supervisory Board conducted an evaluation of the audit firm in accordance with the evaluation criteria of the audit firm. Each item of the criteria is as follows.

- Quality Control by the audit firm
- Attitude toward Management
- Audit Team
- Audit for Subsidiaries
- Audit fee, etc.
- Fraud Risk
- Communication with Audit & Supervisory Board Members, etc.

h. Details of Audit fees etc.

(1) Fees to certified public accountants

Category	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019	
	Fees for audit services (Millions of Yen)	Fees for non audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non audit services (Millions of Yen)
The Company	218	-	209	4
Consolidated subsidiaries	136	4	133	-
Total	354	4	342	4

Descriptions of non audit services to the Company

(Fiscal year ended March 31, 2018)

Not applicable.

(Fiscal year ended March 31, 2019)

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

Descriptions of non audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2018)

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

(Fiscal year ended March 31, 2019)

Not applicable.

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

Category	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019	
	Fees for audit services (Millions of Yen)	Fees for non audit services (Millions of Yen)	Fees for audit services (Millions of Yen)	Fees for non audit services (Millions of Yen)
The Company	-	1	-	-
Consolidated subsidiaries	1,324	223	1,332	207
Total	1,324	224	1,332	207

Descriptions of non audit services to the Company

(Fiscal year ended March 31, 2018)

Non-audit services to the Company were in respect of tax compliance related services.

(Fiscal year ended March 31, 2019)

Not applicable.

Descriptions of non audit services to consolidated subsidiaries

(Fiscal year ended March 31, 2018)

Non-audit services to consolidated subsidiaries were in respect of the tax compliance related services and advisory services on sales process.

(Fiscal year ended March 31, 2019)

Non-audit services to consolidated subsidiaries were in respect of the tax compliance related services and advisory services on sales process.

(3) Other fees

Not applicable.

(4) Policy on determination of audit fees

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

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

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

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

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

Policy of Compensation for Directors

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

1) Compensation is composed of three elements: i) basic compensation that reflects roles and performance of Directors, ii) bonuses that reflect business results (performance-linked compensation), and iii) compensation that reflects medium- to long-term increase in shareholder value.

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

[Breakdown and ratio of Director Compensation]

Fixed		Short-term		Medium to long-term		
i) Basic compensation (reflects roles and capabilities)	+	ii) Bonuses *1 *1 Excludes Outside Directors	+	iii) - Compensation for acquiring stock*2 -Stock-based compensation with stock price conditions*3 *2 Excludes Outside Directors and non-executive Directors *3 Excludes Outside Directors and non-executive Directors	=	6:3:1*4 *4 The above ratios are rough estimates based on the business results for fiscal 2018.

i) Basic compensation consists of compensation pertaining to management oversight and compensation reflecting the importance of individual roles and management responsibilities.
In addition, compensation based on positions is additionally provided for the Representative Director, Chairperson of the Board, Chairperson of the Nomination Committee and the Compensation Committee, etc. A total of ¥276,300,000 was paid in FY2018.

ii) The amount of bonuses paid to Directors is determined based on operating income. By setting operating income as the key performance indicator, which is strongly correlated with market capitalization, it further clarifies responsibilities of Directors for the business results of the entire Ricoh Group and the improvement of shareholder value.
In addition, regardless of the results calculated through this framework, whether or not a bonus will be paid reflecting the status of governance and non-financial factors will be discussed by the Compensation Committee and decided by the Board of Directors, the amount of bonuses is ¥68,950,000 as approved and adopted at the 119th ordinary general meeting of shareholders held in June 21, 2019.

(Reference)
The amount of bonuses is calculated by the following formula, which has been judged as appropriate and determined through deliberation by the Compensation Committee.
Directors' bonuses = Base compensation for calculation (Basic monthly compensation) × Profit factor (Number of months determined in accordance with consolidated operating income*5)
*5 Number of months = consolidated operating income (millions of yen) / 20,000
In addition, the target of consolidated operating income which is an indication of performance-linked compensation was ¥80 billion in FY2018 and actual result of it was ¥86.8 billion.

iii) Among compensation that reflects the stock price, compensation for acquiring stock is allocated in full for the acquisition of stock in the Ricoh Executive Stock Ownerships Plan as an incentive for increasing shareholder value over the medium- to long-term. As stated in Agenda 4 subsequent provision of stock price-linked compensation will be abolished, and stock-based incentive with stock price conditions will be introduced as approved and adopted at the 119th ordinary general meeting of shareholders held in June 21, 2019. Stock-based compensation with stock price conditions is a system which the Company's Directors would be granted Ricoh shares through the trust from the stock market. The goals of adopting the System are to help improve corporate earnings over the medium and long term and to enhance an

awareness of contributions to corporate value gains by more clearly linking Company Director's compensation to corporate earnings.
At the same time, in the event of any misconduct that may harm the
Company during the office of a Director, stock-based incentive may be taken back upon a Board of Directors resolution and other necessary procedure as stipulated in the so-called clawback provision.
Compensation for acquiring stocks and stock price-linked compensation are paid to Directors by the Company in cash. As for FY2018, a total of ¥23,250,000 was paid.

(Reference)
Compensation for acquiring stock is fixed. As for the stock price-linked compensation, the amount is determined based on Ricoh's share price growth rate relative to that of TOPIX through deliberation by the Compensation Committee. Although the target of the stock price-linked compensation in FY2018 was for Ricoh's share price growth rate to outperform that of TOPIX, as a result, Ricoh's share price growth rate was approximately 102% and that of TOPIX was approximately 93%.
In addition, as for Stock-based compensation, its amount will be determined based on Ricoh's share price growth rate relative to that of TOPIX same as stock price-linked compensation.

Outside Directors with positions that are independent from business execution are only paid basic compensation, and they do not receive contingent compensation such as performance-linked compensation.
The retirement benefit plan was abolished as of the date of the 107th Ordinary General Meeting of executive Shareholders held on June 27, 2007.
Total compensation amount for Directors paid in FY2018 was ¥394,000,000.

Future revisions to Director Compensation
The Company places emphasis on securing objectivity, transparency, and suitability of elements such as Directors' compensation levels and ratio of basic compensation to variable compensation. The Compensation Committee deliberates on the matter including peer company benchmarks for Director Compensation in October each year and considers revising compensation levels and ratios as required.

Compensation Evaluation Process
The Company has established a voluntary Compensation Committee in order to build an objective and transparent compensation valuation process in order to improve competitiveness corporate value, and corporate governance. The Compensation Committee decides (i) the individual compensation amount regarding basic compensation, compensation for acquiring stock and stock price-linked compensation (excluding bonuses), and (ii) the individual compensation plan for bonuses, based on corporate performance, the compensation criteria for Directors and individual evaluations after holding several discussions. Subsequently, with regard to bonuses, following discussions by the Board of Directors, it is determined whether or not to submit a proposal on the payment of bonuses to Directors to the General Meeting of Shareholders. The new stock-based incentive with stock price conditions will be determined by the Compensation Committee upon setting the individual number of shares to be delivered based on comparison of the compensation levels of Directors and Ricoh's share price growth rate relative to that of TOPIX.

Policy of Compensation for Audit & Supervisory Board Members

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

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

Category		Total compensation, etc. (Millions of Yen)	Total amount of each type (Millions of Yen)				Number of Persons
			Fixed	Short-term	Medium to long-term		
			Basic compensation	Bonuses	Compensation for acquiring stock*	stock price-linked compensation	
Directors (excluding Outside Directors)		310	218	68	11	11	8
Audit & Supervisory Board Members (excluding Outside Audit &Supervisory Board Members)		57	57	-	-	-	2
Outside Directors and Audit & Supervisory Board Members	Subtotal	86	86	-	-	-	8
	Outside Directors	57	57	-	-	-	5
	Outside Audit & Supervisory Board Members	28	28	-	-	-	3
Total		454	362	68	11	11	18

Notes:

1. The above includes compensation paid to five Audit & Supervisory Board Members who retired at the conclusion of the 118th Ordinary General Meeting of Shareholders held on June 22, 2018.
2. It was decided that aggregate basic compensation of Directors should not exceed ¥46 million per month (including ¥7 million per month for Outside Directors), according to the resolution of the 116th Ordinary General Meeting of Shareholders held on June 17, 2016. It was decided that aggregate basic compensation of Audit & Supervisory Board Members should not exceed ¥9 million per month, according to the resolution of the 84th Ordinary General Meeting of Shareholders held on June 29, 1984.
3. The compensation, etc. paid to Directors excludes employee wages for Directors who are also employees.

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

Category	Total amount of compensation, etc. (Millions of Yen)	Category	Company	Total amount of each type (Millions of Yen)			
				Basic compensation	Bonuses	Compensation for acquiring stock*	stock price-linked compensation
Yoshinori Yamashita	117	Director	Ricoh Company, Ltd.	81	26	4	5

(Notes) Only members who were awarded with consolidated remuneration of ¥100 million or more in total are stated.

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

(5) Information on share holdings

1) Standards and principle of classification of equity securities

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

2) Equity securities held for purposes other than pure investment

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

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

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

b. Stock name and Nonconsolidated Statement of Financial Position Amount as of March 31, 2018.

	Number of stock names	Nonconsolidated Statement of Financial Position Amount as of March 31, 2019 (Millions of Yen)
Unlisted securities	36	1,188
Other than unlisted securities	23	13,496

(Stocks increasing shares in year ended March 31, 2019)

	Number of stock names	Nonconsolidated Statement of Financial Position Amount as of March 31, 2019 (Millions of Yen)	The reason of increasing of shares
Unlisted securities	5	803	Purchasing 4 stocks, ¥802 million, due to maintain comfortable relationships over the long term. Purchasing 1 stocks, ¥0 million, due to liquidate of affiliates.
Other than unlisted securities	-	-	None.

(Stocks decreasing shares in year ended March 31, 2019)

	Number of stock names	Nonconsolidated Statement of Financial Position Amount as of March 31, 2019 (Millions of Yen)
Unlisted securities	-	-
Other than unlisted securities	1	75,045

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

Specified investment securities

Stock Name	Fiscal year ended March 31, 2019 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2019 (Millions of Yen)	Fiscal year ended March 31, 2018 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2018 (Millions of Yen)	Purpose and effect of holding, reason of increasing the number of shares	Share of common stock owned by each company
SAN-AI OIL CO.,LTD	3,362,820	3,362,820	Maintaining and enhancement of stable sales business relationships	Yes
	3,056	5,262		
OMRON Corporation	363,565	363,565	Facilitation and enhancement of business alliance	Yes
	1,883	2,275		
OTSUKA CORPORATION.	390,000	195,000	Facilitation and enhancement of business alliance Number of shares increase due to stock split	Yes
	1,612	1,045		
Sindoh Co., Ltd	313,748	313,748	Maintaining and enhancement of stable procurement relationships	None
	1,465	2,089		
Central Japan Railway Company	40,000	40,000	Maintaining and enhancement of stable sales business relationships	None
	1,028	805		
NIDEC CORPORATION.	60,988	60,988	Maintaining and enhancement of stable procurement relationships	Yes
	855	999		
MAX Co., Ltd.	500,000	500,000	Maintaining and enhancement of stable procurement relationships	Yes
	814	683		
Ushio Inc.	500,429	500,429	Maintaining and enhancement of stable sales and procurement relationships	Yes
	646	714		
HISAMITSU PHARMACEUTICAL CO., INC.	118,100	118,100	Maintaining and enhancement of stable sales business relationships	Yes
	601	973		
Sumitomo Mitsui Trust Holdings, Inc.	112,409	112,409	Maintaining and enhancement of stable sales and financial relationships	Yes
	446	484		
Hitachi, Ltd.	67,200	336,000	Facilitation and enhancement of business alliance Number of shares decrease due to split-down	Yes
	240	258		
Nippon Paper Group, Inc.	81,024	81,024		Yes

	185	160	Maintaining and enhancement of stable sales business relationships	
Tokio Marine Holdings, Inc.	34,500	34,500	Maintaining and enhancement of stable sales and insurance relationships	Yes
	184	163		
Daiwa Securities Group Inc.	304,924	304,924	Maintaining and enhancement of stable sales business relationships	Yes
	164	206		
The Dai-ichi Life Insurance Company, Limited	52,800	52,800	Maintaining and enhancement of stable sales and insurance relationships	Yes
	81	102		
Japan Pulp & Paper Co., Ltd.	17,185	17,185	Maintaining and enhancement of stable procurement relationships	Yes
	71	73		
Sompo Holdings, Inc.	12,403	12,403	Maintaining and enhancement of stable sales and insurance relationships	Yes
	50	53		
SMK Corporation.	12,409	124,091	Maintaining and enhancement of stable sales business relationships Number of shares decrease due to split-down and odd-lot	Yes
	32	54		
THE BANK OF SAGA LTD.	16,556	16,556	Maintaining and enhancement of stable sales business relationships	Yes
	31	38		
STANLEY ELECTRIC CO., LTD.	5,813	5,813	Maintaining and enhancement of stable sales business relationships	Yes
	17	22		
KYOCERA Corporation	1,800	1,800	Facilitation and enhancement of business alliance	None
	11	10		
TDK Corporation	930	930	Maintaining and enhancement of stable sales business relationships	Yes
	8	8		
Katakura Industries Co., Ltd.	5,000	5,000	Maintaining and enhancement of stable sales business relationships	None
	6	6		
Coca-Cola Bottlers Japan Holdings Inc.	-	17,075,239	Sold on April 13, 2018.	Yes
	-	75,045		

Deemed holding securities

Stock Name	Fiscal year ended March 31, 2019 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2019 (Millions of Yen)	Fiscal year ended March 31, 2018 Number of Shares (Shares) Nonconsolidated Statement of Financial Position Amount as of March 31, 2018 (Millions of Yen)	Purpose and effect of holding, reason of increasing the number of shares	Shares of common stock owned by each company
SAN-AI OIL CO.,LTD	5,800,000 5,336	5,800,000 9,131	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Mitsubishi UFJ Financial Group, Inc.	7,790,000 4,357	7,790,000 5,489	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
STANLEY ELECTRIC CO., LTD.	1,300,000 3,895	1,300,000 5,132	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Ushio Inc.	1,388,000 1,852	1,388,000 2,012	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes
Mizuho Financial Group, Inc.	5,445,000 950	5,445,000 1,059	Retaining the authority to give instructions on the exercise of voting rights on the retirement benefit trust arrangement	Yes

(Notes)

1. Specified investment securities and deemed holding securities are not combined for disclosure of major shareholders.
2. “ - “ means the Company does not have the stocks.
3. “Shares of common stock owned by each company” included the shares of subsidiaries’ if the issuing company controls the subsidiaries management system as their principle business.

4. It is difficult to describe the quantitative effectiveness of holding, due to unable to disclose the business conditions of each issues. However, from the viewpoint of streamlining and strengthening of business alliance and development of collaborative businesses, the Company verify the rationality of holdings of shares whether effective for the future development of Ricoh Group, whether the benefits and risks of the holding are worth the capital cost while taking into consideration of the returns such as dividends.

3) Equity securities held for pure investment

None.

V. FINANCIAL INFORMATION

Consolidated Financial Statements
For the year ended March 31, 2019
With Independent Auditor's Report

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Ricoh Company, Ltd. and Consolidated Subsidiaries

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

Consolidated Statement of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents (Note 6)	160,568	240,099
Time deposits (Note 6)	68	70
Trade and other receivables (Note 7)	589,741	604,804
Other financial assets (Note 13 and 14)	291,144	294,351
Inventories (Note 8)	180,484	207,748
Other Investments (Note 15 and 24)	55,921	-
Other current assets	50,052	40,107
Subtotal	1,327,978	1,387,179
Assets classified as held for sale (Note 9)	-	2,583
Total current assets	1,327,978	1,389,762
Non-current assets:		
Property, plant and equipment (Note 10 and 12)	250,005	250,287
Goodwill and intangible assets (Note 11 and 12)	217,130	219,806
Other financial assets (Note 13 and 14)	689,629	708,295
Investments accounted for using the equity method (Note 26)	3,703	12,521
Other investments (Note 15)	26,985	22,443
Other non-current assets	36,806	38,006
Deferred tax assets (Note 21)	88,794	84,012
Total non-current assets	1,313,052	1,335,370
Total assets (Note 5)	2,641,030	2,725,132

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
LIABILITIES AND EQUITY		
Current liabilities:		
Bonds and borrowings (Note 17)	223,194	266,957
Trade and other payables (Note 16)	300,724	306,189
Other financial liabilities (Note 19)	453	521
Income tax payables	17,871	15,455
Provisions (Note 18)	12,235	12,277
Other current liabilities (Note 20)	234,045	242,799
Total current liabilities	788,522	844,198
Non-current liabilities:		
Bonds and borrowings (Note 17)	658,707	666,462
Other financial liabilities (Note 19)	3,788	3,420
Accrued pension and retirement benefits (Note 22)	104,998	105,288
Provisions (Note 18)	12,709	6,610
Other non-current liabilities (Note 20)	80,174	77,619
Deferred tax liabilities (Note 21)	3,377	2,547
Total non-current liabilities	863,753	861,946
Total liabilities	1,652,275	1,706,144
Equity:		
Common stock (Note 23)	135,364	135,364
Additional paid-in capital (Note 23)	186,463	186,086
Treasury stock (Note 23)	(37,329)	(37,394)
Other components of equity	114,954	73,645
Retained earnings (Note 23)	510,113	574,876
Total equity attributable to owners of the parent	909,565	932,577
Non-controlling interests (Note 35)	79,190	86,411
Total equity	988,755	1,018,988
Total liabilities and equity	2,641,030	2,725,132

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

Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Sales (Note 5 and 27)	2,063,363	2,013,228
Cost of sales	(1,272,357)	(1,246,345)
Gross profit	791,006	766,883
Selling, general and administrative expenses (Note 28 and 29)	(777,917)	(702,912)
Other income (Note 25)	17,062	23,449
Impairment of Goodwill (Note 12)	(145,827)	(581)
Operating profit (loss)	(115,676)	86,839
Finance income (Note 30)	4,123	4,598
Finance costs (Note 30)	(12,831)	(7,965)
Share of profit (loss) of investments accounted for using the equity Method	202	492
Profit before income (loss) tax expenses	(124,182)	83,964
Income tax expenses (Note 21)	(5,457)	(28,587)
Profit (loss)	(129,639)	55,377
Profit (loss) attributable to:		
Owners of the parent	(135,372)	49,526
Non-controlling interests	5,733	5,851

	Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Earnings per share (attributable to owners of the parent) (Note 32) :		
Basic	(186.75)	68.32
Diluted	-	-

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

* Gain on sales of non-current assets and shares of Ricoh Logistics System Co., Ltd were included in "other income".
* Gain arising from the removal from consolidation of Ricoh India Limited with loss of control, provision of allowance for doubtful accounts for receivable for Ricoh India Limited and others were included in "selling, general and administrative expenses".

Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Profit (loss)	(129,639)	55,377
Other comprehensive income (loss) (Note 31) :		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	2,541	(6,389)
Net changes in fair value of financial assets measured through other comprehensive income	-	(1,929)
Total components that will not be reclassified subsequently to profit or loss	2,541	(8,318)
Components that will be reclassified subsequently to profit or loss:		
Net gain (loss) on fair value of available-for-sale financial assets	17,375	-
Net gain (loss) on fair value of cash flow hedges	(13,497)	56
Exchange differences on translation of foreign operations	10,737	(10,979)
Total components that will be reclassified subsequently to profit or loss	14,615	(10,923)
Total other comprehensive income (loss)	17,156	(19,241)
Comprehensive income (loss)	(112,483)	36,136
Comprehensive income (loss) attributable to:		
Owners of the parent	(118,072)	30,304
Non-controlling interests	5,589	5,832

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

Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen						
				Other components of equity			
	Common stock	Additional paid-in capital	Treasury stock	Remeasure-ments of defined benefit plans	Net gain (loss) on fair value of financial assets measured through other comprehensive income	Net gain (loss) on fair value of available-for-sale financial assets	Net gain (loss) on fair value of cash flow hedges
Balance as of April 1, 2017	135,364	186,423	(37,318)	-	-	34,330	73
Profit (loss)							
Other comprehensive income (loss) (Note 31)				2,540		17,251	(13,334)
Comprehensive income (loss)	-	-	-	2,540	-	17,251	(13,334)
Net change in treasury stock			(11)				
Dividends declared and approved to owners							
Transfer from other components of equity to retained earnings				(2,540)			
Equity transactions with non-controlling shareholders		40					
Total transactions with owners	-	40	(11)	(2,540)	-	-	-
Balance as of March 31, 2018	135,364	186,463	(37,329)	-	-	51,581	(13,261)
Cumulative effects of changes in accounting policy	-	-	-	-	10,432	(51,581)	13,293
Opening Balance reflecting changes in accounting policy	135,364	186,463	(37,329)	-	10,432	-	32
Profit (loss)							
Other comprehensive income (loss) (Note 31)				(6,385)	(2,001)		27
Comprehensive income (loss)	-	-	-	(6,385)	(2,001)	-	27
Net change in treasury stock			(10)				
Dividends declared and approved to owners							
Transfer from other components of equity to retained earnings				6,385	(616)		
Equity transactions with non-controlling shareholders		(377)					
Other			(55)				
Total transactions with owners	-	(377)	(65)	6,385	(616)	-	-
Balance as of March 31, 2019	135,364	186,086	(37,394)	-	7,815	-	59

	Millions of Yen					
	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2017	65,791	100,194	657,443	1,042,106	74,771	1,116,877
Profit (loss)			(135,372)	(135,372)	5,733	(129,639)
Other comprehensive income (loss) (Note 31)	10,843	17,300		17,300	(144)	17,156
Comprehensive income(loss)	10,843	17,300	(135,372)	(118,072)	5,589	(112,483)
Net change in treasury stock				(11)		(11)
Dividends declared and approved to owners (Note 23)			(14,498)	(14,498)	(954)	(15,452)
Transfer from other components of equity to retained earnings		(2,540)	2,540	-		-
Equity transactions with non-controlling shareholders				40	(216)	(176)
Total transactions with owners	-	(2,540)	(11,958)	(14,469)	(1,170)	(15,639)
Balance as of March 31, 2018	76,634	114,954	510,113	909,565	79,190	988,755
Cumulative effects of changes in accounting policy	-	(27,856)	33,691	5,835	-	5,835
Opening Balance reflecting changes in accounting policy	76,634	87,098	543,804	915,400	79,190	994,590
Profit (loss)			49,526	49,526	5,851	55,377
Other comprehensive income (loss) (Note 31)	(10,863)	(19,222)		(19,222)	(19)	(19,241)
Comprehensive income (loss)	(10,863)	(19,222)	49,526	30,304	5,832	36,136
Net change in treasury stock				(10)		(10)
Dividends declared and approved to owners (Note 23)			(12,685)	(12,685)	(1,101)	(13,786)
Transfer from other components of equity to retained earnings		5,769	(5,769)	-		-
Equity transactions with non-controlling shareholders				(377)	2,490	2,113
Other				(55)		(55)
Total transactions with owners	-	5,769	(18,454)	(13,127)	1,389	(11,738)
Balance as of March 31, 2019	65,771	73,645	574,876	932,577	86,411	1,018,988

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

Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss)	(129,639)	55,377
Adjustments to reconcile profit to net cash provided by operating activities		
Depreciation and amortization (Note 5)	108,327	94,288
Impairment losses of property, plant and equipment and intangible assets (Note 12)	30,140	2,138
Impairment of goodwill (Note 12)	145,827	581
Other income (Note 25)	(17,062)	(23,449)
Share of profit (loss) of investments accounted for using the equity method	(202)	(492)
Finance income and costs (Note 30)	8,708	3,367
Income tax expenses (Note 21)	5,457	28,587
(Increase) decrease in trade and other receivables	(17,106)	(6,595)
(Increase) decrease in inventories	22,720	(30,097)
(Increase) decrease in lease receivables	(27,922)	(13,527)
Increase (decrease) in trade and other payables	5,215	10,024
Increase (decrease) in accrued pension and retirement benefits	(11,506)	(6,937)
Other, net	32,808	553
Interest and dividends received	3,902	4,123
Interest paid	(5,025)	(5,007)
Income taxes paid	(44,354)	(30,987)
Net cash provided by (used in) operating activities	110,288	81,947
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of property, plant and equipment (Note 10)	18,484	9,707
Expenditures for property, plant and equipment (Note 10)	(72,285)	(72,462)
Proceeds from sales of intangible assets (Note 11)	6,554	969
Expenditures for intangible assets (Note 11)	(34,698)	(29,589)
Payments for purchases of available-for-sale securities	(1,005)	(8,639)
Proceeds from sales of available-for-sale securities	186	63,830
(Increase) decrease in time deposits	8,062	458
Purchases of business, net of cash acquired (Note 26)	(458)	(5,133)
Proceeds from sales of investments in subsidiaries	7,788	10,223
Other, net	(13,705)	(15,295)
Net cash provided by (used in) investing activities	(81,077)	(45,931)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds (repayments) of short-term debt (Note 17)	(21,180)	26,236
Proceeds from long-term debt (Note 17)	134,819	152,234
Repayments of long-term debt (Note 17)	(109,877)	(139,399)
Proceeds from issuance of bonds (Note 17)	68,285	50,000
Repayments of bonds (Note 17)	(50,000)	(35,000)
Dividends paid (Note 23)	(14,498)	(12,685)
Payments for purchases of treasury stock	(11)	(10)
Proceeds from sales of shares of subsidiaries which does not involve changes in the scope of consolidation (Note 26)	-	3,006
Other, net	(1,131)	(1,958)
Net cash provided by (used in) financing activities	6,407	42,424
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	(1,479)	1,091
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,139	79,531
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	126,429	160,568
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	160,568	240,099

*The additional payment of corporate taxes based on the transfer pricing taxation paid by the subsidiary in U.S. is included in "Income taxes paid" for the year ended March 31, 2018.

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

Notes to Consolidated Financial Statements

Ricoh Company, Ltd. and Consolidated Subsidiaries

1. REPORTING ENTITY

Ricoh Co., Ltd. (the "Company") is a company domiciled in Japan. The consolidated financial statements of the Company as of and for the year ended March 31, 2019 comprise the Company and its subsidiaries ("Ricoh" as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of the Office Printing segment, including MFPs and copiers, related parts and supplies, the Office Service segment, including personal computers, servers, network equipment, related service and support, the Commercial Printing segment, including cut sheet printers, continuous feed printers, the Industrial Printing segment, including inkjet heads, imaging systems and industrial printers, the Thermal Media segment, including thermal media and Other, including industrial optical component/module, electronic components and digital cameras (see Note 5, "Segment Information").

2. BASIS OF PREPARATION

(1) Statements of Compliance

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

(2) Basis of Measurement

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

(3) Functional and Presentation Currency

The items included in financial statements of each group company are measured by the currency of the primary economic environment in which each group company operates ("functional currency"). The consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All amounts presented in Japanese yen have been rounded to the nearest million.

(4) New Standards and Interpretations

Significant accounting policies which apply in the Condensed Consolidated Statement of Financial Position are the same as those in the previous fiscal year except those in the table below.

IFRS	Title	Summaries of new IFRS or amendments
IFRS 9	Financial instruments	Classification of financial instruments, revisions concerning measurement and recognition and adoption of provisions with regard to impairment loss based on expected credit loss model
IFRS 15	Revenue from contracts with customers	Presentation of a unified framework applied to accounting treatment related to revenue recognition

1. Adoption of IFRS 9 Financial Instruments

Ricoh implemented IFRS 9 Financial Instruments as of April 1, 2018. Ricoh applied this standard in compliance with the transitional provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year.
Ricoh made an irrevocable election at initial recognition to present subsequent changes in fair value with regards to equity instruments previously classified as available for sale under the prior standard in other comprehensive income in principle, while part of the equity instruments previously classified as available for sale under the prior standard were classified as equity instruments measured at fair value through profit and loss. As a result, 10,432 million yen was reclassified from net gain (loss) on fair value of available-for-sale financial assets to net gain (loss) on fair value of financial assets measured through other comprehensive income of other components of equity as at the beginning of the current fiscal year. In addition, 41,149 million yen was reclassified from net gain (loss) on fair value of available-for-sale financial assets to retained earnings and -13,293 million yen was reclassified from net gain (loss) on fair value of cash flow hedges to retained earnings, causing an increase of 27,856 million yen in retained earnings. Accordingly, the changes caused a decrease of 27,856 million yen in profit from the amount that would have been reported if the previous standard had been applied.

In respect to equity instruments measured at fair value through other comprehensive income, changes in fair value are recognized as other comprehensive income. When the fair value significantly declines or the equity instruments are derecognized, accumulated other comprehensive income is reclassified to retained earnings.

Impairment loss is recognized with respect to financial assets based on the expected credit loss model. As a result, other current financial assets increased by 962 million yen and retained earnings increased by 661 million yen respectively as at the beginning of the current fiscal year. The changes had no material impact on profit and loss of the current fiscal year.

2. Adoption of IFRS 15 Revenue from contracts with customers

Ricoh implemented IFRS 15 Revenue from contracts with customers as of April 1, 2018. Ricoh applied this standard in compliance with the transitional provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year.

Ricoh recognizes the incremental costs of obtaining a contract with a customer as an asset and amortizes it in accordance with the recognition of revenue. As a result, other current assets increased by 3,948 million yen, other non-current assets increased by 3,139 million yen and retained earnings increased by 5,174 million yen respectively as at the beginning of the current fiscal year from the amount that would have been reported if the previous standard had been applied. There change had no material impact on profit and loss of the current fiscal year from the changes.

(5) Early Adoption of New Standards

Ricoh has no early adoption of new standards.

(6) Use of Estimates and Judgments

For the preparation of consolidated financial statements in accordance with IFRSs, it is required that management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Judgments and estimates made by management in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements are as follows:

• Note 21 – Income taxes (Recognition of deferred tax assets)

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

• Note 12 - Impairment losses (Impairment losses on tangible assets, intangible assets and goodwill)
• Note 18 - Provisions
• Note 21 - Income taxes (Recognition of deferred tax assets)
• Note 22 - Employee benefits (Pension accounting)
• Note 24 - Financial Instruments and related disclosures (Allowance for doubtful receivables, impairment of securities)

(7) Change in accounting presentation

"Proceeds from sales of investments in subsidiaries" included in "Other, net" in the Statement of Consolidated Statement of Cash Flows for the previous fiscal year has been separately presented for the current fiscal year due to an increase in its quantitative and qualitative significance.

To reflect this change in presentation, 7,788 million yen presented under "Other, net" in the prior year Consolidated Statement of Cash Flows has been reclassified as "Proceeds from sales of investments in subsidiaries".

3. SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of Consolidation

(a) Business Combinations

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

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

(b) Subsidiaries

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

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

(c) Associates

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

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

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

(2) Foreign Currency

(a) Foreign currency transactions

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

(b) Foreign operations

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

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

(3) Cash and cash equivalents

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

(4) Inventories

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

(5) Property, Plant and Equipment

(a) Recognition and measurement

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

(b) Subsequent costs

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

(c) Depreciation

Depreciation of property, plant and equipment is mainly computed by the straight-line method based on the estimated useful life of each item. The depreciation period generally ranges from 2 to 60 years for buildings and structures, 1 to 20 years for machinery and vehicles and 1 to 20 years for tools, equipment and fixtures. Leased assets are depreciated over the shorter of the lease term and the useful life of the asset if there is no reasonable certainty that Ricoh will obtain ownership by the end of the lease term. The depreciation method, useful life and residual value are reviewed at the end of each reporting period and changed when necessary.

(6) Leased Assets

Assets held by Ricoh under lease arrangements that transfer to Ricoh substantially all of the risks and rewards of ownership are classified as finance leases. Leased assets are initially recognized at fair value or, if lower, at the present value of the minimum lease payments. Subsequent to initial recognition, the leased assets are accounted for in accordance with accounting policies applicable to the assets. Assets held under leases other than finance leases are classified as operating leases and are not recognized in Ricoh's consolidated statement of financial position.

(7) Goodwill and Intangible Assets

(a) Goodwill

Goodwill is recognized and measured as the excess of the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed over the aggregate of consideration transferred, including the recognized amount of any noncontrolling interests in the acquire, generally measured at fair value at the acquisition date. It is not amortized and is measured by deducting impairment loss from cost.

(b) Intangible Assets

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

(i) Capitalized software costs

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

(ii) Development assets

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset for use or sale;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortization of such an asset commences on the commercial production date after the completion of an internal project, and the asset is amortized on a straight-line basis over its estimated useful life, generally ranging from 2 to 9 years, that is the period over which it is expected to generate net cash inflows. Other development expenditure and expenditure on research activities are recognized as an expense as incurred.

(iii) Other intangible assets

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

(iv) Amortization (other than development assets)

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

(8) Impairment losses of tangible assets and intangible assets

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

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

In the 19th Mid-Term Management Plan that Ricoh launched in last fiscal year, our strategy shifted from expanding scale to focusing on profit for the core business segments of Office Printing and Office Service, and we have redefined our business domain for business management according to that strategy and divided it into more discrete segments than before. A system was created that enabled actual management decision-making and business management monitoring using smaller management units and newly defined CGUs and CGU groups based on the management units.

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

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

(9) Leases

(a) Leases as lessee

Ricoh assesses whether an arrangement is or contains a lease at the inception of the arrangement. If fulfillment of the arrangement is dependent on the use of a specific asset, it contains a lease. Arrangements convey the right to use the assets when the arrangements convey to Ricoh the right to control the use of the underlying assets. At the inception or on reassessment of an arrangement that contains a lease, Ricoh separates payments and other consideration required by the arrangement into lease and non lease elements on the basis of their relative fair values. If Ricoh concludes that it is impracticable to separate the payments for finance leases reliably, then assets and liabilities are recognized at the amount equal to the fair value of the underlying assets. Subsequently, the liabilities are reduced as payments are made, and imputed finance costs incurred on the liabilities are recognized using Ricoh's incremental borrowing rate.

Operating lease payments are recognized in profit or loss on a straight-line basis over the lease term. Lease incentives are deemed as inseparable components of the total lease payments and are recognized over the lease term.

Minimum lease payments made under finance leases are allocated to the finance costs and the reduction of the outstanding liabilities. Finance costs are allocated to each period during the lease term so as to produce a constant rate of interest on the remaining balance of liabilities.

(b) Leases as lessor

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

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

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

(10) Provisions

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

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

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

(11) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that Ricoh will comply with the terms and conditions attached to the grants. With regard to government grants for the purchase of assets, the amount of the grant is credited to deferred income and recognized in the statement of profit over the expected useful life of the relevant assets on a straight-line basis.

(12) Employee benefits

(a) Post-employment benefits

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

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

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

(b) Short-term employee benefits

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

(13) Financial Instruments

(For year ended March 31, 2018)

Non-derivative financial assets of Ricoh are classified as loans, receivables and available-for-sale financial assets. Non-derivative financial liabilities are classified as other financial liabilities.

(a) Recognition and derecognition of non-derivative financial assets and liabilities

Ricoh initially recognizes loans, receivables and debt securities on the date that they are originated. All other financial assets and liabilities are recognized initially on the settlement date, which is the date that Ricoh becomes a party to the contractual provisions of the instrument. Ricoh derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or Ricoh transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Ricoh derecognizes a financial liability when contractual obligations are discharged, cancelled or expire.

(b) Measurement of non-derivative financial assets

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as any of the above categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and subsequent changes in fair value are recognized as “Net gain on fair value of available-for-sale financial assets” in other comprehensive income. When objective evidence of impairment exists for an available-for-sale financial asset, the impairment loss is recognized in profit or loss. Dividends from available-sale-securities are included in net income as part of financial income. On derecognition, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity into profit or loss.

(c) Non-derivative financial liabilities

Non-derivative financial liabilities, including borrowings, are initially recognized at fair value less transaction costs that are directly attributable to the issuance of the financial liability. After initial recognition, non-derivative financial liabilities are measured at amortized cost using the effective interest method.

(d) Equity

(i) Ordinary shares

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

(ii) Treasury shares

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

(e) Derivative financial instruments and hedging activities

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

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

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

(iii) Derivatives not designated as hedging instruments

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

(For the year ended March 31, 2019)

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

(a) Initial recognition and measurement

Ricoh initially recognizes trade and other receivables on the date that they are originated. All other financial assets and liabilities are initially recognized on the settlement date, which is the date that Ricoh becomes a party to the contractual provisions of the instrument. Financial assets measured at fair value through profit or loss are initially measured at fair value. Financial assets measured at amortized cost and equity instruments measured at fair value through other comprehensive income are initially measured at fair value plus transaction costs directly attributable to the acquisition. However, trade receivables that do not contain a significant financing component are initially measured at the transaction price.

(b) Classification and subsequent measurement

(i) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

Financial assets that are not classified as financial assets measured at amortized cost or equity instruments measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

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

(iv) Financial liabilities measured at amortized cost

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

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

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

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

(d) Impairment of non-derivative financial assets

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

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

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

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

・the time value of money; and

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

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

(e) Equity

(i) Ordinary shares

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

(ii) Treasury shares

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

(f) Derivative financial instruments and hedging activities

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

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets hedge effectiveness requirements. In general, a derivative may be designated as either (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (“fair value hedge”) or

(2) a hedge of the exposure to changes in variability of the expected cash flows associated with an existing asset or liability or a highly probable forecasted transaction (“cash flow hedge”).

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

(iii) Derivatives not designated as hedging instruments

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

(14) Revenue Recognition

Ricoh implemented IFRS 15 Revenue from contracts with customers as of April 1, 2018. Ricoh recognizes and measure revenue based on a 5-step approach as follows.

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

The specific revenue recognition standards are described in Note 27 Sales.

(15) Finance Income and Finance Costs

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

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

(16) Income Taxes

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

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

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

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

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

(17) Earnings Per Share

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

(18) Operating Segments

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

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New standards and interpretations that were not effective in the reporting period ended March 31, 2019 and which Ricoh has not yet adopted for the preparation of consolidated financial statements are set forth in the table below.

IFRS	Title	Date on or after which the application is required for new reporting periods	Ricoh's applicable reporting period	Summary of new IFRSs rules/amendments
IFRS 16	Leases	January 1, 2019	Period ending March 2020	Changes in accounting for leases

IFRS 16 Leases is a new standard to replace IAS 17 Leases and other standards. Under IFRS 16 Leases, all lease contracts shall be basically recognized as right-of-use assets representing the right to use an underlying asset and lease liabilities on the consolidated statement of financial position. After recognition of right-of-use assets and lease liabilities, depreciation expense of the right-of-use assets and interest expense on the lease liabilities are accounted for on the consolidated statement of income. The modified retrospective approach which recognizes the cumulative effect of initial adoption at the date of the initial application will be adopted. The main impact of IFRS16 Leases adoption on the consolidated financial statements is estimated to be an increase of approximately 80 billion yen in right-of-use assets and lease liabilities on the consolidated statement of financial position at the beginning of the fiscal year ending March 31, 2020.

5. OPERATING SEGMENTS

Ricoh's Operating Segments Information is as follows.

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

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

The following tables present certain information regarding Ricoh's operating segments and geographic areas for the years ended March 31, 2018 and 2019. Intersegment sales are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the years ended March 31, 2018 and 2019.

(1) Operating Segment Information

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Segment sales:		
Office Printing	1,144,053	1,086,428
Office Services	447,973	481,392
Commercial Printing	185,933	185,292
Industrial Printing	19,200	20,692
Thermal Media	61,458	66,368
Other	275,986	218,080
Intersegment sales	(71,240)	(45,024)
Total segment sales	2,063,363	2,013,228
Segment profit (loss):		
Office Printing	(44,306)	117,999
Office Services	(25,617)	14,739
Commercial Printing	25,180	27,223
Industrial Printing	(2,250)	(7,127)
Thermal Media	5,016	4,230
Other	10,032	17,305
Total segment profit	(31,945)	174,369
Reconciling items:		
Corporate expenses and elimination	(83,731)	(87,530)
Finance income	4,123	4,598
Finance costs	(12,831)	(7,965)
Share of profit (loss) of investments accounted for using equity method	202	492
Profit before income tax expenses	(124,182)	83,964

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

The following table represents significant restructuring activities for the years ended March 31, 2018 and 2019.

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Office Printing	18,428	16,908
Commercial Printing	682	-
Corporate	6,637	2,393
Total	25,747	19,301

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Total assets:		
Office Printing	1,466,929	1,471,925
Office Services	272,529	331,116
Commercial Printing	169,635	171,544
Industrial Printing	23,614	24,044
Thermal Media	49,038	53,502
Other	249,667	252,875
Elimination	(9,496)	(5,275)
Corporate	419,114	425,401
Consolidated	2,641,030	2,725,132

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Capital expenditures:		
Office Printing	59,579	60,762
Office Services	3,981	3,737
Commercial Printing	14,474	10,831
Industrial Printing	3,363	2,278
Thermal Media	4,517	2,423
Other	9,801	13,981
Corporate	11,268	8,039
Consolidated	106,983	102,051
Depreciation and amortization:		
Office Printing	67,997	57,082
Office Services	6,312	3,885
Commercial Printing	12,398	13,047
Industrial Printing	1,904	2,016
Thermal Media	1,947	2,329
Other	8,623	8,870
Corporate	9,146	7,059
Consolidated	108,327	94,288

Assets are allocated to the operating segments which mainly benefited from the assets. Corporate assets consist primarily of cash and cash equivalents and other financial assets that are not related to specific operating segments.

(2) Sales by Product Category

Information for sales by product category is as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Office Printing	1,144,053	1,086,428
Office Services	447,973	481,392
Commercial Printing	185,933	185,292
Industrial Printing	19,200	20,692
Thermal Media	61,458	66,368
Other	204,746	173,056
Total sales	2,063,363	2,013,228

* Each category includes the following product lines:

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

(3) Geographic Information

Sales based on the location of customers and noncurrent assets, including property, plant and equipment, goodwill and intangible assets were as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Sales:		
Japan	799,904	805,799
The Americas	577,559	567,442
Europe, the Middle East and Africa	477,554	458,856
Other	208,346	181,131
Consolidated	2,063,363	2,013,228
The United States (included in The Americas)	479,014	468,334

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Non-current assets:		
Japan	266,740	265,743
The Americas	85,949	91,533
Europe, the Middle East and Africa	85,046	81,869
Other	29,400	30,948
Consolidated	467,135	470,093
The United States (included in The Americas)	68,312	77,837

6. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Cash and cash equivalents		
Cash and deposit	160,636	240,169
Less time deposit over 3 months	(68)	(70)
Total cash and cash equivalents on consolidated statement of financial position	160,568	240,099

The balance of "Cash and cash equivalents" in the consolidated statement of financial position as of March 31, 2018 and 2019 agree with the respective balances in the consolidated statement of cash flows.

7. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Notes receivables and electronically recorded monetary claims	48,914	44,030
Accounts receivables	441,323	464,124
Other receivables	113,801	143,773
Less allowance for doubtful receivables	(14,297)	(47,123)
Total	589,741	604,804

The amounts expected to be recovered or settled within or after 12 months after the reporting period are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Within 12 months	512,377	511,044
After 12 months	77,364	93,760
Total	589,741	604,804

8. INVENTORIES

Details of inventories are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Goods and products	97,899	121,490
Work in progress and raw materials	82,585	86,258
Total	180,484	207,748

The amount of write-down is as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Amount of write-down	7,152	5,112

The amount of write-down is included in "Cost of sales" in the consolidated statement of profit or loss.

9. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale consist mainly of land, buildings and structures in Ricoh Industry Co., Ltd. (former Saitama plant) in the amount of 2,150 million yen and for which a signed sales contract was entered into in March 2019.

10. PROPERTY, PLANT AND EQUIPMENT

Cost, accumulated depreciation and impairment loss, and the carrying amount of property, plant and equipment are as follows:

Cost

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2017	35,183	284,353	264,462	466,368	10,939	1,061,305
Additions	-	3,682	4,302	44,319	19,982	72,285
Acquisitions through business combinations	-	18	-	13	-	31
Disposals	(1,222)	(10,619)	(9,370)	(46,710)	(181)	(68,102)
Transfers from construction in progress	413	7,749	4,550	8,579	(21,291)	-
Exchange differences	(86)	(96)	1,360	(696)	(29)	453
Decrease due to disposal of interest in subsidiaries	(1,562)	(8,586)	(44,828)	(2,819)	(583)	(58,378)
Others	(730)	(364)	13	6,880	(295)	5,504
Balance as of March 31, 2018	31,996	276,137	220,489	475,934	8,542	1,013,098
Additions	-	8,503	3,146	39,447	21,366	72,462
Acquisitions through business combinations	85	43	-	85	-	213
Disposals	(1,087)	(10,333)	(6,561)	(35,101)	(248)	(53,330)
Transfers from construction in progress	26	3,657	8,625	9,200	(21,508)	-
Exchange differences	213	633	(438)	3,305	(85)	3,628
Decrease due to disposal of interest in subsidiaries	(845)	(8,631)	(1,798)	(1,675)	(2)	(12,951)
Others *	(962)	(2,448)	519	7,565	18	4,692
Balance as of March 31, 2019	29,426	267,561	223,982	498,760	8,083	1,027,812

* Reclassification to Assets classified as held for sale was included in "Others".

Accumulated depreciation and impairment loss

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Total
Balance as of April 1, 2017	(1,608)	(198,005)	(222,165)	(368,270)	(790,048)
Depreciation expense	-	(9,633)	(12,030)	(46,773)	(68,436)
Disposals	-	10,055	8,472	40,678	59,205
Impairment loss	(321)	(3,194)	(845)	(7,150)	(11,510)
Exchange differences	-	337	(1,044)	498	(209)
Decrease due to disposal of interest in subsidiaries	-	6,812	43,688	2,436	52,936
Others	321	751	351	(6,454)	(5,031)
Balance as of March 31, 2018	(1,608)	(192,877)	(183,573)	(385,035)	(763,093)
Depreciation expense	-	(9,052)	(10,737)	(45,648)	(65,437)
Disposals	252	8,822	6,116	32,419	47,609
Impairment loss	-	(129)	(356)	(1,212)	(1,697)
Exchange differences	-	(319)	507	(1,236)	(1,048)
Decrease due to disposal of interest in subsidiaries	-	4,278	1,076	474	5,828
Others	-	1,921	(366)	(1,242)	313
Balance as of March 31, 2019	(1,356)	(187,356)	(187,333)	(401,480)	(777,525)

Carrying amount

	Millions of Yen					
	Land	Buildings and structures	Machinery and vehicles	Tools, equipment and fixtures	Construction in progress	Total
Balance as of April 1, 2017	33,575	86,348	42,297	98,098	10,939	271,257
Balance as of March 31, 2018	30,388	83,260	36,916	90,899	8,542	250,005
Balance as of March 31, 2019	28,070	80,205	36,649	97,280	8,083	250,287

11. GOODWILL AND INTANGIBLE ASSETS

Cost, accumulated amortization and impairment loss, and the carrying amount of goodwill and intangible assets are as follows:

Cost

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2017	309,037	173,516	85,367	82,490	23,255	673,665
Additions	-	17,255	-	-	417	17,672
Acquisitions through business combinations	466	22	90	-	-	578
Increase through internal development activities	-	-	-	17,026	-	17,026
Disposals	-	(13,575)	(517)	(18,973)	(580)	(33,645)
Exchange differences	(7,693)	2,206	(2,581)	-	(54)	(8,122)
Decrease due to disposal of interest in subsidiaries	-	(2,384)	-	-	(2,910)	(5,294)
Others	-	(555)	-	(3)	158	(400)
Balance as of March 31, 2018	301,810	176,485	82,359	80,540	20,286	661,480
Additions	-	10,827	-	-	1,775	12,602
Acquisitions through business combinations	3,924	222	1,134	-	-	5,280
Increase through internal development activities	-	-	-	16,987	-	16,987
Disposals	-	(13,166)	(954)	(17,606)	(16)	(31,742)
Exchange differences	7,659	(703)	2,935	-	(1,772)	8,119
Decrease due to disposal of interest in subsidiaries	-	(6,654)	-	-	-	(6,654)
Others	-	(1,300)	-	-	63	(1,237)
Balance as of March 31, 2019	313,393	165,711	85,474	79,921	20,336	664,835

Accumulated amortization and impairment loss

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2017	(43,016)	(123,809)	(64,163)	(34,296)	(20,204)	(285,488)
Amortization expense	-	(12,682)	(6,779)	(19,557)	(873)	(39,891)
Disposals	-	9,822	517	18,973	259	29,571
Impairment loss	(145,827)	(8,643)	(9,987)	-	-	(164,457)
Exchange differences	7,987	(830)	2,559	-	470	10,186
Decrease due to disposal of interest in subsidiaries	-	2,174	-	-	2,907	5,081
Others	-	648	-	-	-	648
Balance as of March 31, 2018	(180,856)	(133,320)	(77,853)	(34,880)	(17,441)	(444,350)
Amortization expense	-	(10,101)	(1,474)	(16,850)	(426)	(28,851)
Disposals	-	12,929	954	17,606	14	31,503
Impairment loss	(581)	(329)	(112)	-	-	(1,022)
Exchange differences	(7,081)	349	(2,538)	-	903	(8,367)
Decrease due to disposal of interest in subsidiaries	-	5,328	-	-	-	5,328
Others	-	713	-	-	17	730
Balance as of March 31, 2019	(188,518)	(124,431)	(81,023)	(34,124)	(16,933)	(445,029)

Carrying amount

	Millions of Yen					
	Goodwill	Software	Trademarks and customer relationships	Development assets	Others	Total
Balance as of April 1, 2017	266,021	49,707	21,204	48,194	3,051	388,177
Balance as of March 31, 2018	120,954	43,165	4,506	45,660	2,845	217,130
Balance as of March 31, 2019	124,875	41,280	4,451	45,797	3,403	219,806

Amortization expense of development assets and other intangible assets were included in “Cost of sales”, and “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

12. IMPAIRMENT LOSS

(1) Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit groups

Impairment loss on Property, plant and equipment and goodwill and intangible assets by segment and cash generating units or cash generating unit group was as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Office Printing (Americas sales group)	137,171	-
Office Printing (Australia sales)	5,990	-
Office Printing (Europe, Middle East and Africa sales group)	3,112	-
Other	2,433	-
Office Printing Total	148,705	-
mindSHIFT	16,846	-
Office Service (Europe, Middle East and Africa sales group)	6,132	-
Other	3,900	257
Office Service Total	26,878	257
Industrial Printing (Common function group excluding sales for Industrial printer)	-	1,927
Industrial Printering Total	-	1,927
Other Total	383	535
Impairment loss Total	175,967	2,719

(2) Impairment loss on Property, plant and equipment and goodwill and intangible assets per type

Impairment loss on Property, plant and equipment and goodwill and intangible assets per type was as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Land	321	-
Buildings and structures	3,194	129
Machinery and vehicles	845	356
Tools, equipment and fixtures	7,150	1,212
Property, plant and equipment Total	11,510	1,697
Goodwill	145,827	581
Software	8,643	329
Trademarks and customer relationships	9,987	112
Others	-	-
Goodwill and intangible assets Total	164,457	1,022
Impairment loss Total	175,967	2,719

Impairment loss for the year ended March 31, 2018 was included in “Selling, general and administrative expenses” in the amount of ¥30,140 million and “Impairment of goodwill” in the amount of ¥145,827 million. Impairment loss for the year ended March 31, 2019 was included in “Selling, general and administrative expenses” in the amount of ¥2,138 million and “Impairment of goodwill” in the amount of ¥581 million.

(3) Impairment losses and the background

(For year ended March 31, 2018)

In the past, Ricoh has managed business based on three disclosed segments: Imaging & Solutions, Industrial, and Other. Of these, Imaging & Solutions was composed of the three categories of Office Imaging, focusing on printers, multifunctional printers, printers and Network System Solutions, which has the same customers and produces sales synergy, and Production Printing, which has some customer overlap and produces technical synergy. Our strategy had been to leverage the synergies of these segments in our core business to expand global sales and achieve growth. Asset evaluation such as goodwill was performed along with these business segment categories.

Under the 19th Mid-Term Management Plan, launched in April 2017, our strategy shifted from expanding scale to focusing on profit for the core business segments of Office Printing and Office Service, and we defined a strategic goal of using the cash they created to concentrate investment in growth businesses to change the business structure of the Ricoh Group. In order to carry out business management aligned with this strategy, from the fiscal year ended March 31, 2018, Ricoh further divided its disclosure segments into Office Printing, Office Service, Commercial Printing, Industrial Printing, Thermal Media, and Other.

At the same time, for each of these six business domains, a system was created that enabled actual management decision-making and business management monitoring using smaller management units. Furthermore, future cash flow was reviewed and asset value was evaluated based on this strategy shift, in the cash generating units newly defined based on management units. As a result, impairment losses were posted. Ricoh recognized the impairment loss of a part of property, plant and equipment and goodwill and intangible assets of Office Printing segment and Office Service segment due to actual profit falling below assumed profit.

Ricoh decreased the carrying amounts of relevant assets in the Office Printing segment (Americas sales group) to the recoverable amount (the net realizable value : ¥6,100 million), in the Office Printing segment (Europe, Middle East and Africa sales group) to the recoverable amount (the value in use : ¥142,248 million) and in mindSHIFT to the recoverable amount (the net realizable value ¥421 million). In addition, Ricoh decreased the carrying amounts of relevant assets in Office Printing (Australia sales) and Office Service (Europe, Middle East and Africa sales group) to zero.

Value in use is calculated by discounting 7.6% to 14.9% of the estimated cash flows based on the projection approved by management and the growth rate. Business plans are projected for within 5 years and the growth rate of long-term market expectation is not used.

The major components of impairment losses above-mentioned are as follows.

Office Printing segment: ¥148,705 million, of which goodwill was ¥130,134 million

Office Service segment: ¥26,878 million, of which goodwill was ¥15,693 million

The impaired assets primarily consist of tangible assets, goodwill and intangible assets in North America from the geographic perspective.

Goodwill for IKON acquired in 2008 was included in the Office Printing segment. Goodwill for mindSHIFT acquired in 2014 was included in the Office Service segment.

(For the year ended March 31, 2019)

Ricoh recognized impairment loss on property, plant and equipment and goodwill and intangible assets in Industrial Printing and other business due to the actual profit falling below the assumed profit. Ricoh decreased the recoverable amount of these carrying amounts to zero.

Value in use is calculated by discounting 8.3% to 12.6% of the estimated cash flows based on the projection approved by management and the growth rate. Business plans are projected for within 5 years and the growth rate of long-term market expectation is not used.

The major components of the above-mentioned impairment losses are as follows.

Industrial Printing segment: ¥1,927 million, of which goodwill was ¥581 million.

Other segment: ¥535 million. Impairment loss in the Industrial Printing segment included goodwill for AnaJet LLC acquired in 2016.

(4) Impairment test of goodwill

(For year ended March 31, 2018)

The recoverable amount of goodwill was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and

the growth rate. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-2 to 2%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (7 to 15%).
If the expected cash flows decrease or discount rates increase in the Office Printing segment (Europe, Middle East and Africa sales group), which are major assumptions for the impairment test, there is possibility that additional impairment losses are recognized. Other than the above, Ricoh believes carrying amounts will not exceed the recoverable amounts even if major assumptions (growth rate or discount rates) change within a reasonable range.

(For the year ended March 31, 2019)
The recoverable amount of goodwill was determined based on value in use. The value in use is the present value calculated by discounting the estimated cash flows based on projections approved by management and the growth rate. The growth rate used is determined by considering the long-term growth rate of the market to which the CGU or CGU group belongs (-3 to 5%). The discount rate used is calculated based on the pre-tax weighted average capital cost of each CGU or CGU group (8 to 13%).
The result of estimations of the growth rate and the discount rate is set forth in the table below. This estimates whether recognition of impairment loss is necessary in case how much the growth rate falls or the discount rate rise in each.

	Growth rate	Discount rate
Office Printing (Europe, Middle East and Africa sales group)	-1.2%	+0.8%

The recoverable amount in Office Printing (Europe, Middle East and Africa sales group) is ¥6,604 million more than the book value.

The details of goodwill after recognition of impairment losses by CGU or CGU group are as follows.
In accordance with redefinition of the CGU or CGU group, the Office Printing segment is separated into Sales functions and Common functions other than sales in consideration of monitoring of business management and the decision-making units. CGU or CGU group is set by geographic area as well with regard to sales.

	Millions of Yen	Millions of Yen
	As of March 31, 2018	As of March 31, 2019
Office Printing (Common function group excluding sales)	63,568	65,321
Office Printing (Europe, Middle East and Africa sales group)	47,245	46,718
Office Printing (Japan sales group)	5,078	5,078
Other CGUs, CGU groups	5,063	7,758
Total	120,954	124,875

13. LEASE

(1) As Lessor

Lease receivables are included in other financial assets.

Ricoh's products are leased to domestic customers primarily through Ricoh Leasing Co., Ltd., a majority owned domestic subsidiary, and to overseas customers primarily through certain overseas subsidiaries. Most of these leases are accounted for as finance leases.

Future receivables under finance leases are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Gross investments in finance leases		
Due in 1 year or less	309,030	310,690
Due after 1 year through 5 years	560,729	558,820
Due after 5 years	40,698	47,503
Unguaranteed residual value	(6,710)	(6,701)
Future finance income	(57,870)	(58,815)
Present value of minimum lease payments receivable	845,877	851,497

Present value of future receivable under finance leases are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Due in 1 year or less	296,741	298,305
Due after 1 year through 5 years	513,070	511,342
Due after 5 years	36,066	41,850

(2) As Lessee

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

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Due in 1 year or less	19,775	13,384
Due after 1 year through 5 years	40,430	29,366
Due after 5 years	8,036	6,772

Ricoh made lease payments totaling ¥43,648 million and ¥32,045 million for the years ended March 31, 2018 and 2019, respectively, under cancelable and non cancelable operating lease agreements for office space, warehouses and machinery and equipment. Some of the agreements contain lease renewal option or escalation clauses.

14. OTHER FINANCIAL ASSETS

The components of other financial assets are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Derivative assets	1,605	1,286
Lease receivables	852,587	858,198
Installment loans	137,468	154,314
Less allowance for doubtful receivables	(10,887)	(11,152)
Total	980,773	1,002,646
Current	291,144	294,351
Noncurrent	689,629	708,295

15. OTHER INVESTMENTS

The components of other investments were as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Securities	81,759	21,411
Bonds	1,147	1,032
Total	82,906	22,443
Current	55,921	-
Noncurrent (i)	26,985	22,443

(i) Securities held for sale as of March 31, 2018 were reclassified from noncurrent assets to current assets.

16. TRADE AND OTHER PAYABLES

The components of trade and other payables are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Notes payables and electronically recorded obligations	25,483	32,620
Accounts payable	168,930	175,614
Other payables	106,311	97,955
Total	300,724	306,189

17. LOANS AND BORROWINGS

Long-term borrowings are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Bonds:		
2.08% straight bonds, payable in yen, due March 2019, issued by the Company	15,000	-
0.37% straight bonds, payable in yen, due July 2019, issued by the Company	13,052	12,456
0.35% straight bonds, payable in yen, due July 2020, issued by the Company	13,052	12,456
0.20% straight bonds, payable in yen, due December 2023, issued by the Company	-	10,000
0.47% straight bonds, payable in yen, due December 2028, issued by the Company	-	10,000
0.47% straight bonds, payable in yen, due July 2018, issued by a consolidated subsidiary	10,000	-
0.32% straight bonds, payable in yen, due January 2019, issued by a consolidated subsidiary	10,000	-
0.27% straight bonds, payable in yen, due July 2019, issued by a consolidated subsidiary	10,000	10,000
0.001% straight bonds, payable in yen, due September 2019, issued by a consolidated subsidiary	10,000	10,000
0.001% straight bonds, payable in yen, due February 2020, issued by a consolidated subsidiary	10,000	10,000
0.05% straight bonds, payable in yen, due July 2020, issued by a consolidated subsidiary	15,000	15,000
0.27% straight bonds, payable in yen, due August 2020, issued by a consolidated subsidiary	20,000	20,000
0.08% straight bonds, payable in yen, due January 2021, issued by a consolidated subsidiary	10,000	10,000
0.05% straight bonds, payable in yen, due September 2021, issued by a consolidated subsidiary	10,000	10,000
0.05% straight bonds, payable in yen, due September 2021, issued by a consolidated subsidiary	-	10,000
0.16% straight bonds, payable in yen, due January 2022, issued by a consolidated subsidiary	10,000	10,000
0.13% straight bonds, payable in yen, due February 2022, issued by a consolidated subsidiary	10,000	10,000
0.10% straight bonds, payable in yen, due February 2022, issued by a consolidated subsidiary	-	10,000
0.16% straight bonds, payable in yen, due July 2022, issued by a consolidated subsidiary	10,000	10,000
0.19% straight bonds, payable in yen, due September 2023, issued by a consolidated subsidiary	-	10,000
0.30% straight bonds, payable in yen, due January 2025, issued by a consolidated subsidiary	5,000	5,000
0.35% straight bonds, payable in yen, due July 2027, issued by a consolidated subsidiary	5,000	5,000
6.75% straight bonds, payable in yen, due December 2025, issued by a consolidated subsidiary	1,491	1,560
7.30% straight bonds, payable in yen, due November 2027, issued by a consolidated subsidiary	2,193	2,296
Total bonds	189,788	203,768

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Unsecured loans		
From banks and insurance companies		
weighted average interest rate	0.20%	0.24%
due 2028	629,959	643,195
Long-term borrowings arising from securitization of lease receivables (see Note 24)	21,388	21,143
Subtotal	841,135	868,106
Less current maturities included in "Current liabilities"	(182,428)	(201,644)
Total	658,707	666,462

All bonds outstanding as of March 31, 2019 are redeemable at the option of Ricoh under certain conditions as provided in the applicable agreements.

Bonds are subject to certain covenants such as restrictions on additional secured borrowings as defined in the agreements. Ricoh was in compliance with all such covenants as of March 31, 2019.

Short-term borrowings consist of the following:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Borrowings, principally from banks	32,798	14,214
Commercial paper	7,968	51,099
Total	40,766	65,313

	Weighted average interest rate	
	As of March 31, 2018	As of March 31, 2019
Borrowings, principally from banks	1.9%	2.8%
Commercial paper	2.1%	0.7%

Movement of liabilities related to financing activities consisted of the following:

	Millions of yen			
	As of April 1, 2017	Movement with cash flows	Exchange differences	As of March 31, 2018
Short-term debt	62,299	(21,180)	(353)	40,766
Long-term debt (i)	626,581	24,942	(176)	651,347
Bonds (i)	170,863	18,285	640	189,788
Total	859,743	22,047	111	881,901

(i) Including the current portion.

	Millions of yen			
	As of April 1, 2018	Movement with cash flows	Exchange differences	As of March 31, 2019
Short-term debt	40,766	26,236	(1,689)	65,313
Long-term debt (i)	651,347	12,835	156	664,338
Bonds (i)	189,788	15,000	(1,020)	203,768
Total	881,901	54,071	(2,553)	933,419

(i) Including the current portion.

18. PROVISIONS

The changes in provisions are as follows:

	Millions of Yen				
	Asset retirement obligation	Warranties provision	Restructuring provision	Other provisions	Total
Balance as of April 1, 2018	8,546	1,970	8,109	6,319	24,944
Increase for the year	276	1,800	7,143	1,718	10,937
Decrease for the year (applied against provisions)	(1,505)	(827)	(6,664)	(992)	(9,988)
Decrease for the year (unused amounts reversed)	(221)	(899)	(495)	(3,439)	(5,054)
Interest expense for discounting	49	-	-	-	49
Others	(2,494)	(95)	(135)	723	(2,001)
Balance as of March 31, 2019	4,651	1,949	7,958	4,329	18,887
Current liabilities	53	1,949	7,958	2,317	12,277
Noncurrent liabilities	4,598	-	-	2,012	6,610

Ricoh recognizes provisions for asset retirement obligation when there is a contractual obligation to dismantle, remove or restore assets at the end of lease contract or obligation to decontaminate certain fixed assets. Future expected outflows of economic benefits are long-term in nature and may be affected by future business plans.

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

The restructuring provision consists of expenditures on restructuring activities such as fixed costs reductions in order to enhance competitiveness. Restructuring provisions are expected to be utilized mainly within the next fiscal year. However, they may be affected by future business plans.

Other provisions mainly consist of litigation provisions.

19. OTHER FINANCIAL LIABILITIES

The components of other financial liabilities are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Derivative liabilities	706	544
Lease liabilities	3,535	3,397
Total	4,241	3,941
Current	453	521
Noncurrent	3,788	3,420

20. GOVERNMENT GRANTS

Government grants, principally arising in the Office Printing segment, relate to capital expenditures on R&D of Ricoh Company, Ltd. and the production facility of a manufacturing subsidiary in Japan. Government grants are recognized in the consolidated statement of profit or loss on a straight-line basis over the expected useful life of the relevant assets.

The total balance of government grants, presented as deferred income in “Other current liabilities” or “Other non-current liabilities” in the consolidated statement of financial position as of March 31, 2018 and 2019 was ¥5,032 million and ¥4,638 million, respectively.

There are no unfulfilled conditions or contingencies related to government grants recognized as deferred income.

21. INCOME TAXES

Details of deferred tax assets and liabilities are as follows:

	Millions of Yen				
	As of April 1, 2017	Recognized in profit or loss	Recognized in other comprehen-sive income	Other (foreign exchange fluctuations)	As of March 31, 2018
Deferred tax assets:					
Accrued expenses	21,613	2,449	-	(12)	24,050
Unrealized profit on inventories	15,510	(4,318)	-	(163)	11,029
Depreciation and amortization	11,662	(4,208)	-	(1,566)	5,888
Accrued pension and retirement benefits	40,715	(5,005)	(4,165)	89	31,634
Net operating loss carryforwards	29,081	5,529	-	(1,366)	33,244
Other	7,115	22,708	5,831	(4,178)	31,476
Total deferred tax assets	125,696	17,155	1,666	(7,196)	137,321
Deferred tax liabilities:					
Finance leases	(494)	(79)	-	-	(573)
Undistributed earnings of foreign subsidiaries and affiliates	(7,377)	546	-	(1)	(6,832)
Net gain on fair value of available-for-sale financial assets	(15,462)	-	(494)	45	(15,911)
Goodwill and intangible assets	(27,025)	6,819	-	-	(20,206)
Other	(1,765)	(7,170)	105	448	(8,382)
Total deferred tax liabilities	(52,123)	116	(389)	492	(51,904)

	Millions of Yen					
	As of April 1, 2018	Cumulative effect of adoption of new standard	Recognized in profit or loss	Recognized in other comprehen-sive income	Other (foreign exchange fluctuations)	As of March 31, 2019
Deferred tax assets:						
Accrued expenses	24,050	-	(274)	-	11	23,787
Unrealized profit on inventories	11,029	-	1,776	-	(12)	12,793
Depreciation and amortization	5,888	-	1,718	-	(42)	7,564
Accrued pension and retirement benefits	31,634	-	(2,572)	1,755	12	30,829
Net operating loss carryforwards	33,244	-	(13,651)	-	(46)	19,547
Other	31,476	(301)	(7,078)	-	(456)	23,641
Total deferred tax assets	137,321	(301)	(20,081)	1,755	(533)	118,161
Deferred tax liabilities:						
Finance leases	(573)	-	22	-	-	(551)
Undistributed earnings of foreign subsidiaries and affiliates	(6,832)	-	5,093	-	334	(1,405)
Net gain on fair value of available-for-sale financial assets	(15,911)	15,911	-	-	-	-
Net gain on fair value of financial asset through net income	-	(13,005)	13,005	-	-	-
Net gain on fair value of financial asset through other comprehensive income	-	(2,906)	-	881	(636)	(2,661)
Goodwill and intangible assets	(20,206)	-	(220)	-	(115)	(20,541)
Other	(8,382)	(1,913)	(2,560)	(28)	1,345	(11,538)
Total deferred tax liabilities	(51,904)	(1,913)	15,340	853	928	(36,696)

Ricoh assesses the probability that a portion or all of the future deductible temporary differences or net operating loss carryforwards can be used to offset future taxable profits on recognition of deferred tax assets. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and whether loss carryforwards are utilizable. Ricoh considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, Ricoh believes it is more likely than not that the deferred tax assets of these deductible differences will be realized. The amount of the deferred tax assets considered realizable, however, will be reduced if estimates of future taxable income during the carryforward period are reduced.

Net operating loss carryforwards, deductible temporary differences and foreign tax credit carryforwards for which deferred tax assets have not been recognized are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Net operating loss carryforwards	86,026	75,614
Deductible temporary differences	14,112	3,058
Foreign tax credit carryforwards	2,271	1,451
Total	102,409	80,123

The expiration date and amounts of net operating loss carryforwards for which deferred tax assets are not recognized are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Within 4 years	7,631	5,959
After 5 years and thereafter	78,395	69,655
Total	86,026	75,614

The expiration date of foreign tax credit carryforwards is within 4 years.

Ricoh applies the consolidated taxation system in Japan. The above amounts do not include net operating loss carryforwards in which deferred tax assets related to local taxes (residence tax and enterprise tax) are not recognized as it is not covered by consolidated taxation system. The amounts of net operating loss carryforwards related to residence tax and enterprise tax as of March 31, 2018 were ¥8,671 million and ¥64,763 million respectively and as of March 31, 2019 were ¥47,287 million and ¥115,359 million, respectively.

The amounts of recognized deferred tax assets over the amounts of deferred tax liabilities and the recoverability of deferred tax assets are dependent on future taxable profits as of March 31, 2018 and 2019 were ¥48,516 million and ¥6,238 million, respectively. These deferred tax assets were recognized in the domestic consolidated taxation group and some other subsidiaries which recognized tax losses for the year ended March 31, 2018 and in some other subsidiaries which recognized tax losses for the year ended March 31, 2019. Ricoh and some other subsidiaries assess the probability that the domestic consolidated taxation group and some other subsidiaries can utilize deductible temporary differences, net operating loss carryforwards and foreign tax credit carryforwards against future taxable profits.
The amounts of recognized deferred tax assets in the domestic consolidation taxation group are included for the year ended March 31, 2018 because net operating losses are recognized in domestic consolidation taxation group in the year ended March 31, 2017. And the amounts of recognized deferred tax assets in domestic consolidation taxation group are not included for the year ended March 31, 2019 because net operating losses are not recognized in the year ended March 31, 2018 and 2019.

Details of current and deferred tax expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Current tax expense:		
Current year	22,728	23,846
Total current tax expense	22,728	23,846
Deferred tax expense:		
Origination and reversal of temporary differences	(17,890)	1,126
Changes in tax rates	1,312	-
Changes in unrecognized deferred tax assets in previous years	(693)	3,615
Total deferred tax expense	(17,271)	4,741
Total provision for income taxes	5,457	28,587

The amount of the benefits arising from previously unrecognized tax losses, tax credit or temporary differences of a prior period that were used to reduce current tax expenses for the year ended March 31, 2018 and 2019 were ¥3,505 million and ¥3,147 million, respectively and these benefits were included in the current tax expense.

The Company and its domestic subsidiaries are subject to a number of income taxes, which, in the aggregate, represent a statutory income tax rate of approximately 32% for the year ended March 31, 2018 and approximately 32% for the year ended March 31, 2019.

On December 2017, the "Tax Cuts and Jobs Act" was enacted in the U.S that became effective from January 2018. As a result, the federal corporate tax rate applicable to subsidiaries in the U.S. was reduced from 35% to 21% and a tax for Mandatory Deemed Repatriation on foreign earnings was imposed. Income tax expenses of the Company's U.S. consolidated subsidiaries increased ¥1,312 million as a result of the remeasurement of Deferred Tax Assets and Liabilities in these subsidiaries. In addition, income tax expenses of subsidiaries in U.S. increased ¥2,090 million due to the imposition of new tax for the year ended March 31, 2018.

Reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Statutory income tax rate	32%	32%
Nondeductible expenses	(0)	2
Nontaxable income	0	(0)
Changes in unrecognized deferred tax assets in previous years	1	4
Tax credits for research and development and other	1	(2)
Income tax exposures	(1)	1
Taxes on undistributed earnings of foreign subsidiaries	(2)	1
Difference in statutory tax rates of foreign subsidiaries	2	(2)
Changes in tax rate	(1)	-
Impairment of goodwill	(34)	0
Other, net	(2)	(2)
Effective income tax rate	(4)	34

Ricoh does not recognize deferred tax liability on the taxable temporary differences associated with a portion of undistributed retained earnings in foreign subsidiaries because Ricoh is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The amount of those taxable temporary differences as of March 31, 2018 and 2019 was ¥420,239 million and ¥428,254 million, respectively.

22. EMPLOYEE BENEFITS

(1) Defined benefit plans

Ricoh has defined benefit corporate pension plans and lump-sum payment plans. The benefits on these defined benefit plans are provided based on employees' years of service, compensation level and other terms. Contributions to these plans have been made to provide future pension payments in conformity with actuarial calculations determined by the current basic rate of salary.

The Company and some of its subsidiaries have contract-type corporate pension plans based on pension provision. The Company and some of its subsidiaries have established Ricoh group corporate pension provisions stipulating the contents of the pension plan such as eligibility requirements, contents and method for determining benefit payments and burden of contributions by agreement with their employees and have, had these plans approved by the Minister of Health, Labour and Welfare. The Company and some of its subsidiaries maintain plans by exchanging contracts with trust banks and insurance companies for the payment of contributions and the management of accumulated funds. The trust banks maintain and manage the plan assets while they perform actuarial calculation and payments of annual and lump-sum benefits.

The Company and some of its subsidiaries are responsible for operations related to the administration and investment of pension reserves for the participants in compliance with laws and regulations and any orders issued by the Minister of Health, Labour and Welfare. Furthermore, the Company and some of its subsidiaries are prohibited from engaging in any actions that could hinder proper administration and investment of the pension reserves for the purpose of furthering their own interests or the interests of third parties other than the participants.

In December 2017, certain overseas subsidiaries offered voluntary lump-sum pension payout options to employees and made a lump-sum payment to applicants of this offer. As a result, Ricoh recognized settlement gain and loss in the consolidated statement of profit or loss for the year ended March 31, 2018.

The changes in the defined benefit obligations and plan assets of the pension plans are as follows:

	Millions of Yen	
Domestic plans	For the year ended March 31, 2018	For the year ended March 31, 2019
Net defined benefit obligations at beginning of year:	60,358	52,723
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	252,295	242,663
Current service cost	8,732	8,280
Interest cost	1,241	950
Actuarial gain and loss (i)	2,675	(2,263)
Benefits paid	(15,817)	(14,238)
Decrease due to disposal of interest in subsidiaries	(6,463)	(4,253)
Defined benefit obligations at end of year	242,663	231,139
Changes in plan assets:		
Fair value of plan assets at beginning of year	191,937	189,940
Interest income	966	655
Income related to plan assets (ii)	8,122	(6,931)
Employer contributions	9,347	9,634
Partial withdrawal of plan assets	(330)	(390)
Benefits paid	(15,767)	(14,197)
Decrease due to disposal of interest in subsidiaries	(4,335)	(2,904)
Fair value of plan assets at end of year	189,940	175,807
Net defined benefit obligations at end of year	52,723	55,332

Foreign plans	Millions of Yen For the year ended March 31, 2018	 For the year ended March 31, 2019
Net defined benefit obligations at beginning of year:	60,037	53,747
Changes in the present value of defined benefit obligations:		
Defined benefit obligations at beginning of year	247,611	239,070
Current service cost	950	907
Past service cost	-	(122)
Interest cost	8,081	7,610
Plan participants' contributions	8	5
Actuarial gain (i)	2,244	4,449
Settlements	(10,669)	-
Benefits paid	(10,135)	(9,962)
Decrease due to disposal of interest in subsidiaries	-	(136)
Foreign exchange impact and other	980	859
Defined benefit obligations at end of year	239,070	242,680
Changes in plan assets:		
Fair value of plan assets at beginning of year	187,574	185,323
Interest income	6,319	6,250
Income related to plan assets (ii)	3,504	973
Employer contributions	9,375	7,974
Plan participants' contributions	8	5
Partial withdrawal of plan assets	(496)	(754)
Settlements	(9,370)	-
Benefits paid	(10,135)	(9,962)
Foreign exchange impact and other	(1,456)	2,150
Fair value of plan assets at end of year	185,323	191,959
Net defined benefit obligations at end of year	53,747	50,721

(i) Actuarial gain arose mainly from changes in financial assumptions.

(ii) Income related to plan assets excludes interest income.

The weighted average of significant actuarial assumptions used to determine defined benefit obligations are as follows:

	Domestic plans		Foreign plans	
	As of March 31, 2018	As of March 31, 2019	As of March 31, 2018	As of March 31, 2019
Discount rate	0.4%	0.4%	3.2%	3.1%
Rate of compensation increase	2.4%	2.4%	2.3%	2.1%

In situations in which the discount rate changes, the effects on the defined benefit obligation as of March 31, 2018 and 2019 are shown below. The sensitivity analysis is based on the assumption that there are no other changes in the actuarial calculations, but, in fact, other changes in assumptions could possibly effect the defined benefit obligation. Ricoh does not expect any changes in the rate of compensation to increase.

	Millions of Yen For the year ended March 31, 2018	 For the year ended March 31, 2019
Increase of 0.5 of a percentage point	(29,983)	(27,288)
Decrease of 0.5 of a percentage point	32,673	29,534

The fair value of plan assets as of March 31, 2018 by asset class is as follows:

Domestic plans	Millions of Yen As of March 31, 2018 Assets with quoted market prices in an active market	 Assets without quoted market prices in an active market	 Total
Equity securities:			
Domestic companies	26,556	-	26,556
Pooled funds	-	35,514	35,514
Debt securities:			
Domestic bonds	6,842	-	6,842
Pooled funds	-	69,429	69,429
Life insurance company general accounts	-	26,025	26,025
Other assets	16	25,558	25,574
Total assets	33,415	156,525	189,940

Foreign plans	Millions of Yen As of March 31, 2018 Assets with quoted market prices in an active market	 Assets without quoted market prices in an active market	 Total
Equity securities:			
Foreign companies	1,075	-	1,075
Pooled funds	-	39,945	39,945
Debt securities:			
Foreign bonds	43,458	-	43,458
Pooled funds	-	74,733	74,733
Life insurance company general accounts	-	22,507	22,507
Other assets	408	3,197	3,605
Total assets	44,941	140,382	185,323

The fair value of plan assets as of March 31, 2019 by asset class is as follows:

Domestic plans	Millions of Yen		
	As of March 31, 2019		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Domestic companies	16,391	-	16,391
Pooled funds	-	38,288	38,288
Debt securities:			
Domestic bonds	-	-	-
Pooled funds	-	58,297	58,297
Life insurance company general accounts	-	25,058	25,058
Other assets	11	37,762	37,773
Total assets	16,402	159,405	175,807

Foreign plans	Millions of Yen		
	As of March 31, 2019		
	Assets with quoted market prices in an active market	Assets without quoted market prices in an active market	Total
Equity securities:			
Foreign companies	1,028	-	1,028
Pooled funds	-	36,579	36,579
Debt securities:			
Foreign bonds	42,875	-	42,875
Pooled funds	-	86,514	86,514
Life insurance company general accounts	-	21,578	21,578
Other assets	327	3,058	3,385
Total assets	44,230	147,729	191,959

Ricoh’s investment objectives are to maximize returns subject to specific risk management policies. Its risk management policies permit investments in mutual funds and debt and equity securities and prohibit speculative investment in derivative financial instruments. Ricoh addresses diversification by the use of mutual fund investments whose underlying investments are in domestic and international fixed income securities and domestic and international equity securities. These mutual funds are readily marketable and can be sold to fund benefit payment obligations as they become payable.

Ricoh’s model portfolio for domestic plans consists of three major components: approximately 30% is invested in equity securities, approximately 35% is invested in debt securities and approximately 35% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Outside Japan, investment policies vary by country, but the long-term investment objectives and strategies remain consistent. Ricoh’s model portfolio for foreign plans has been developed as follows: approximately 20% is invested in equity securities, approximately 65% is invested in debt securities and approximately 15% is invested in other investment vehicles, consisting primarily of investments in life insurance company general accounts.

Ricoh expects to contribute ¥16,600 million to its pension plans for the year ending March 31, 2020.

The weighted average duration of defined benefit obligations was mainly 12 years as of March 31, 2019.

(2) Defined contribution plans

The Company and certain subsidiaries have defined contribution plans. The cost of defined contribution plans for the years ended March 31, 2018 and 2019 were ¥12,062 million and ¥ 12,700 million, respectively.

(3) Employee benefit expense

The employee benefit expense included in "Cost of sales" and "Selling, general and administrative expenses" on consolidated statement of profit or loss for the years ended March 31, 2018 and 2019 were ¥670,202 million and ¥ 653,542 million, respectively.

23. CAPITAL AND RESERVES

(1) Common Stock

The numbers of shares authorized and issued are as follows:

	Number of shares	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Authorized:		
Ordinary shares	1,500,000,000	1,500,000,000
Issued:		
Balance, beginning of year	744,912,078	744,912,078
Adjustment for the year	-	-
Balance, end of year	744,912,078	744,912,078

The number of shares of treasury stock as of March 31, 2018 and 2019 included in the number of shares issued shown above were 20,040,659 shares and 20,049,430 shares, respectively.

(2) Reserves

(a) Additional Paid-in Capital

Under the Company Law of Japan (“the Company Law”), at least 50% of the proceeds of certain issues of common shares shall be credited to Common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Company Law permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained Earnings

The Company Law provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

Retained earnings available for dividends under the Company Law is based on the amount recorded in the Company’s general accounting records maintained in accordance with accounting principles generally accepted in Japan.

The Company Law limits the amount of retained earnings available for dividends. Retained earnings of ¥139,074 million and ¥177,347 million as of March 31, 2018 and 2019, respectively, were not restricted by the limitations under the Company Law.

(3) Dividends

Dividends paid are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)	(Yen)		
Ordinary general meeting of shareholders held on June 16, 2017	Ordinary shares	9,061	12.5	March 31, 2017	June 19, 2017
Board of Directors' meeting held on October 30, 2017	Ordinary shares	5,436	7.5	September 30, 2017	December 1, 2017
Ordinary general meeting of shareholders held on June 22, 2018	Ordinary shares	5,436	7.5	March 31, 2018	June 25, 2018
Board of Directors' meeting held on October 26, 2018	Ordinary shares	7,249	10.0	September 30, 2018	December 3, 2018

Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution	Class of shares	Amount of dividends	Source of dividends	Dividends per share	Record date	Effective date
		(Millions of Yen)		(Yen)		
Ordinary general meeting of shareholders held on June 21, 2019	Ordinary shares	9,423	Retained earnings	13.0	March 31, 2019	June 24, 2019

24. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Capital risk management

Ricoh's capital management policy is to maintain a strong financial position, which enables us to procure sufficient funds for business expansion and to build an efficient capital structure in order to achieve continuous growth and increase corporate value.

Ricoh manages net interest-bearing debt, where cash and deposits are deducted from interest-bearing debt, capital (equity attributable to owners of the parent company) and the debt-to-equity ratio (ratio of interest-bearing debt to equity). The amounts as of each year end are as set forth in the table below.

In addition, Ricoh manages net interest-bearing debt, excluding debt from sales financing, for managerial purposes.

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Interest-bearing debt	881,901	933,419
Cash and deposit	(160,636)	(240,169)
Net interest-bearing debt	721,265	693,250
Capital (equity attributable to owners of the parent)	909,565	932,577
Debt Equity Ratio	0.79	0.74

(2) Market risk management

(a) Foreign currency exchange rate risk

(i) Foreign currency exchange rate risk management

The financial results, assets and liabilities are subject to foreign exchange fluctuations because of the high volume of Ricoh's production and sales activities in the Americas, Europe and Other, such as China.

Ricoh enters into foreign currency contracts to hedge against the potentially adverse impact of foreign currency fluctuations on those assets and liabilities denominated in foreign currencies.

(ii) Foreign currency contracts

Foreign currency contracts are as follows:

Foreign Currency Contracts

	As of March 31, 2018		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	¥106.24	3,973	16
Euro/¥	¥130.52	22,301	73
Pound/Euro	€1.14	6,408	(5)
Other currencies		29,871	618
Total		62,553	702

	As of March 31, 2019		
	Exchange rates	Contract amounts (Millions of Yen)	Fair value (Millions of Yen)
U.S. dollar/¥	¥110.99	3,885	0
Euro/¥	¥124.56	35,008	556
Pound/Euro	€1.16	39,095	(141)
Other currencies		91,878	(38)
Total		169,886	377

(iii) Sensitivity analysis for foreign currency risk

The following table represents Ricoh’s sensitivity analysis of financial instruments for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before income tax expenses in the consolidated statement of profit or loss that would have resulted from a 1 yen appreciation of the Japanese yen against the U.S. dollar and the euro at the end of the year. The analysis is based on the assumption that such balances and interest rates are constant.

Sensitivity analysis for foreign exchange exposure is as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
U.S. dollar	310	310
Euro	370	370

(b) Interest rate risk

(i) Interest rate risk management

Interest-bearing debt with floating rates is exposed to interest rate fluctuation risk.

Derivative financial contracts that Ricoh enters into are interest rate swap agreements to hedge against the potentially adverse impacts of cash flow fluctuations on its outstanding debt. Ricoh uses these financial instruments to reduce its risk in conformity with Ricoh policy.

(ii) Sensitivity analysis for interest rate

If the interest rate of financial instruments held by Ricoh as of March 31, 2018 and 2019 had increased by 1%, the impact on profit before income taxes in the consolidated statement of profit or loss would have been as set forth below.

The analysis assumes interest-bearing debt with floating rates affected by interest rate fluctuation and is based on the assumption that other factors, including the impact of foreign exchange fluctuation, are constant.

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Profit before income tax expense	(1,364)	(1,279)

(3) Credit risk management

(For year ended March 31, 2018)

Trade and other receivables are exposed to customer credit risk. Management responsible for trade receivables is focused on establishing appropriate credit limits, ongoing credit evaluation and account monitoring procedures. Ricoh adjusts credit limits based on the result of the monitoring procedures in order to minimize potential risks such as the concentration of credit risk and credit default. To reduce credit risk in derivative transactions, Ricoh uses only creditworthy financial institutions.

The total carrying amount of financial assets represents the maximum amount of exposure to credit risk.

Ricoh continuously monitors overdue trade and other receivables and, Ricoh considers uncollectible risk receivables. For trade and other receivables with specific customer collection issues, Ricoh individually evaluates the collectability in order to determine the amount of allowance for doubtful receivables. For other receivables, Ricoh categorizes these receivables into groups by their nature and characteristics. Ricoh evaluates the collectability by group, using its historical experience of write-offs and determines the amount of allowance for doubtful receivables.

Allowance for doubtful receivables is as follows:

	Millions of Yen		
	Trade and other receivables	Finance receivables	Total
As of March 31, 2017	11,527	9,591	21,118
Provision	6,692	3,263	9,955
Charge-offs	(3,893)	(1,900)	(5,793)
Translation adjustments	(29)	(67)	(96)
As of March 31, 2018	14,297	10,887	25,184

As of March 31, 2018, the total gross amount of trade and other receivables and finance receivables that were determined to be impaired and subject to write-off individually was ¥20,399 million, and the allowance for doubtful receivables recognized as of March 31, 2018 was ¥10,385 million.

The aging of trade and other receivables and finance receivables that were past due at the end of reporting period but not impaired is as follows:

	Millions of Yen
	As of March 31, 2018
Past due in 1 - 90 days	62,914
Past due 91 - 365 days	6,564
Past due 366 days or more	4,373
Total	73,851

(For the year ended March 31, 2019)

(1) Credit risk of financial assets

Trade and other receivables are exposed to customer credit risk.

The credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Management responsible for trade receivables is focused on establishing appropriate credit limits, ongoing credit evaluations and account monitoring procedures.

Ricoh adjusts credit limits based on the results of the monitoring procedures in order to minimize potential risks such as the concentration of credit risk and credit default. In addition, Ricoh measures and recognizes an allowance for doubtful receivables by estimating future credit losses with consideration for future situations.

Ricoh considers the credit risk on that financial instrument has increased significantly since initial recognition by evaluating changes in default risk with reference to factors including the decline of counterparty results and delinquency information. Additionally, Ricoh recognizes credit-impaired financial asset if it occurs the serious overdue payment such as over 180 days or more and customer’s serious financial difficulties. Ricoh directly reduce the gross carrying amount of a financial asset when there are no reasonable expectations of recovering a financial asset in its entirety such as receivables is legally extinguished.

To reduce credit risk in derivative transactions, Ricoh uses only creditworthy financial institutions.

The total carrying amount of financial assets represents the maximum amount of exposure to credit risk.

(i) The measurement of expected credit losses on trade receivables and lease receivables

Ricoh adopts the simplified method in which the loss allowance on trade receivables and lease receivables is measured in an amount equal to the lifetime expected credit losses.

(ii) The measurement of expected credit loss on loans and other receivables

When at the end of the reporting period, the credit risk on loans and other receivables has not significantly increased since initial recognition, Ricoh calculates the amount of loss allowance on these financial instruments by estimating the 12-month expected credit loss collectively based upon both historical credit loss experience and forward-looking information such as economic conditions. Ricoh manages loan transactions by ongoing credit evaluations, establishing appropriate credit limits and monitoring accounts periodically to minimize the credit risk of these financial instruments.

(2) Quantitative and qualitative information on expected credit loss

Allowance for doubtful trade receivables and lease receivables is as follows:

	Millions of Yen		
	Non-credit-impaired doubtful receivables	Credit-impaired doubtful receivables	Total
As of April 1, 2018	15,453	9,731	25,184
Cumulative effects of adopting IFRS 9	(962)	-	(962)
As of April 1, 2018	14,491	9,731	24,222
Provision	1,230	37,783	39,013
Charge-offs	(364)	(4,639)	(5,003)
Translation adjustments	120	(77)	43
As of March 31, 2019	15,477	42,798	58,275

The carrying amount of trade receivables and the allowance for doubtful receivables by the number of days past due as of March 31, 2019 is as follows:

	Millions of Yen		
	Carrying amounts of receivables	Expected credit loss	Allowance for doubtful receivables for the entire period
Past due 180 days or less	1,321,182	1.2%	15,477
Past due 181 days or more	45,170	94.7%	42,798
Total	1,366,352	4.3%	58,275

(4) Liquidity risk management

Ricoh raises funds through borrowings from financial institutions or the issuance of bonds. These liabilities are exposed to the liquidity risk that Ricoh would not be able to repay liabilities on the due date due to the deterioration of the financing environment.

The Company and certain subsidiaries have committed limit of borrowing and overdraft facilities with financial institutions as well as commercial paper programs.

Ricoh has implemented a cash management system as a pooling-of-funds arrangement to achieve greater efficiencies in the utilization of liquidity on hand from one group company to another company through finance subsidiaries located in each region.

Ricoh has various funding methods and also has several committed lines of credit with financial institutions in order to reduce the liquidity risk.

An analysis of the contractual maturities of financial liabilities other than guarantee liabilities is as follows:

	Millions of Yen							
	As of March 31, 2018							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	300,724	300,724	300,724	-	-	-	-	-
Short-term borrowings	40,766	40,791	40,791	-	-	-	-	-
long-term borrowings	651,347	651,610	145,550	156,861	113,170	152,743	36,759	46,527
Bonds	189,788	194,360	35,886	43,535	33,479	20,355	15,336	45,769
Subtotal	1,182,625	1,187,485	522,951	200,396	146,649	173,098	52,095	92,296
Derivative financial liabilities								
Interest rate swap agreements	615	615	65	85	358	72	35	-
Foreign currency contracts	91	91	91	-	-	-	-	-
Forward contracts	19,124	19,124	19,124	-	-	-	-	-
Subtotal	19,830	19,830	19,280	85	358	72	35	-
Total	1,202,455	1,207,315	542,231	200,481	147,007	173,170	52,130	92,296

Note:
Derivative liabilities consisting of forward contracts in the amount of ¥19,124 million were included in Securities as Other investments (current) in Consolidated Statement of Financial Position.

	Millions of Yen							
	As of March 31, 2019							
	Carrying amount	Contractual cash flows	Due within 1 year or less	Due between 1 year and 2 years	Due between 2 years and 3 years	Due between 3 years and 4 years	Due between 4 years and 5 years	Due after 5 years
Non-derivative financial liabilities								
Trade and other payables	306,189	306,189	306,189	-	-	-	-	-
Short-term borrowings	65,313	65,365	65,365	-	-	-	-	-
long-term borrowings	664,338	667,865	160,273	115,417	167,912	115,289	57,346	51,628
Bonds	203,768	206,867	42,990	57,958	50,447	10,397	20,377	24,698
Subtotal	1,239,608	1,246,286	574,817	173,375	218,359	125,686	77,723	76,326
Derivative financial liabilities								
Interest rate swap agreements	472	472	46	287	85	54	-	-
Foreign currency contracts	72	72	72	-	-	-	-	-
Subtotal	544	544	118	287	85	54	-	-
Total	1,240,152	1,246,830	574,935	173,662	218,444	125,740	77,723	76,326

The Company and its certain subsidiaries enter into limit of borrowing and overdrafts arrangements with financial institutions. These financial institutions also hold the commercial paper issued by the Company and certain subsidiaries.

The total of credit facilities are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Limit of borrowing and overdrafts		
Used	14,572	4,963
Unused	370,031	367,150
Total	384,603	372,113
Issue limit of commercial paper		
Used	7,968	51,099
Unused	265,936	252,176
Total	273,904	303,275

(5) Fair value of financial instruments by type

The carrying amount and fair value of major financial instruments were as follows:

	Millions of Yen			
	As of March 31, 2018		As of March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Trade receivables	110,375	115,018	132,365	138,060
Lease receivables	842,908	860,968	848,234	863,268
Installment loans	136,260	137,055	153,126	153,325
Derivative assets	1,605	1,605	1,286	1,286
Securities	100,883	100,883	22,092	22,092
Bonds	1,147	1,147	1,032	1,032
Total	1,193,178	1,216,676	1,158,135	1,179,063
Liabilities:				
Derivative liabilities	19,830	19,830	544	544
Loans and borrowings	658,707	657,165	666,462	666,283
Lease liabilities	3,535	3,616	3,397	3,460
Total	682,072	680,611	670,403	670,287

Note:

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

These financial instruments are not included in the table above as the carrying amounts approximate the fair values due to their relatively short-term nature.

(ii) Trade and other receivables

Trade and other receivables settled in a short period and other receivables are not included in the table above because the carrying amounts approximate the fair values due to the short maturities of these instruments.

The fair value of the receivables expected not to be recovered or settled in a short period is calculated per each receivable classified per certain business type based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk.

Trade and other receivables using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iii) Lease receivables and installment loans

The fair value of lease receivables and installment loans is calculated per each receivable classified per certain period based on the present value of such receivable discounted by the interest rate which takes into account the period to maturity and the credit risk. Lease receivables and installment loans using the inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

(iv) Derivatives

Derivative instruments include foreign currency contracts, interest rate swap agreements and forward contracts. The fair values of these instruments are measured mainly by obtaining quotes from brokers or proper valuation methods based on available information.

(v) Securities and bonds

Securities and bonds include mainly marketable securities, bonds and unlisted securities. Marketable securities and bonds are held at fair value using quoted prices in an active market. The fair value of unlisted securities is measured using comparable companies' analyses or other reasonable valuation methods.

(vi) Loans, borrowings and lease liabilities

Loans and borrowings expected to be settled in less than 12 months are not included in the table above as the carrying amounts approximate fair values due to the short maturities of these instruments.

The fair value of loans, borrowings and lease liabilities are calculated from estimated present values using year-end borrowing rates applied to borrowings with similar maturities derived from future cash flows on a per-loan basis as well as calculated based on market prices. Loans, borrowings and lease liabilities using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework, since they are valued using observable market data.

(vii) Measurement of financial instruments

Measurement methods for financial instruments in accordance with IFRS9 'Financial Instruments' were as follows.

At amortized cost: trade receivables, installment loans, loans (as liabilities) and borrowings.

At fair value through profit or loss: derivative assets and liabilities.
At fair value through other comprehensive income: securities and bonds (as assets).

(viii) The carrying amount and fair value of securities and derivative liabilities decreased during the current period due primarily to completion of the transactions related to the tender offer of Ricoh owned shares in Coca-Cola Bottlers Japan Holdings Inc.

Ricoh classifies the equity securities it holds to maintain and reinforce the relationships it has with the companies as the financial assets measured at fair value through other comprehensive income.

The names of the companies whose securities represent the largest holdings of such securities by the company and their fair value as of March 31, 2019 were as follows:

Company name	Fair value (Millions of Yen)
SAN-AI OIL CO.,LTD	3,056
OMRON Corporation	1,883
OTSUKA CORPORATION.	1,612
Sindoh Co., Ltd	1,465
Coca-Cola Bottlers Japan Holdings Inc.	1,080
Central Japan Railway Company	1,028
NIDEC CORPORATION.	855
Casa Inc.	845
MAX Co., Ltd.	814
Ushio Inc.	706
Others	8,748
Total	22,092

Ricoh derecognizes some financial assets measured at fair value through other comprehensive income by sale for reasons that include asset efficiency and changes in business relationships. The total amounts of the fair value of such financial assets at the time of sale and the cumulative gains or losses on the sales are as follows:

	For the year ended March 31, 2019 (Millions of Yen)
Fair value	696
Cumulative gains (losses)	174
Dividend income	3

The divides related to held investments in equity instruments designated at fair value through other comprehensive income for the year ended March 31, 2019 was 618 million yen.

Ricoh transfers to retained earnings the cumulative gains or losses arising from changes in the fair value if financial assets measured at fair value through other comprehensive income recognized in other components of equity when it disposes of an investment or when the fair value declines significantly. Cumulative gains or losses of other comprehensive income, net of tax, that were transferred to retained earnings for the year ended March 31, 2019 was 616 million yen.

(6) Fair value measurement applied in consolidated statement of financial position

The analysis of financial instruments subsequently measured at fair value is shown below. The fair value hierarchy of financial instruments is categorized as follows from Level 1 to Level 3:

Reclassification among the levels in the fair value hierarchy is recognized upon the date when the event or change in circumstances causing the reclassification first come into being.

Level 1: Fair values measured using quoted prices in active markets with respect to identical assets or liabilities

Level 2: Fair values measured using inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Fair values measured using inputs not based on observable market data

The following tables present the fair-value hierarchy of financial assets and liabilities that are measured at fair value in the consolidated statement of financial position.

	Millions of Yen			
	As of March 31, 2018			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,605	-	1,605
Securities	97,259	-	3,624	100,883
Bonds	1,147	-	-	1,147
Total assets	98,406	1,605	3,624	103,635
Derivative liabilities	-	19,830	-	19,830
Total liabilities	-	19,830	-	19,830

	Millions of Yen			
	As of March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	1,286	-	1,286
Financial assets at fair value through other comprehensive income:				
Securities	17,207	-	4,885	22,092
Bonds	1,032	-	-	1,032
Total assets	18,239	1,286	4,885	24,410
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	544	-	544
Total liabilities	-	544	-	544

Note:

(i) Derivative instruments consist of foreign currency contracts, interest rate swap agreements and forward contracts. These derivative instruments are classified as Level 2 in the fair value hierarchy since they are valued using observable market data such as LIBOR based yield curves.

(ii) Securities and Bonds classified as Level 1 in the fair value hierarchy contains marketable equity securities and bonds. Marketable equity securities and bonds are valued using a market approach based on the quoted market prices of identical instruments in active markets. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as comparable companies' share prices and unobservable inputs, therefore, unlisted securities are classified as Level 3.

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

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Beginning balance	3,198	3,624
Total gains and losses:	75	243
- in other comprehensive income (i)	75	243
Purchases	1,112	1,715
Sales	(213)	(683)
Reclassified to Level 1 (ii)	(402)	-
Others	(146)	(14)
Ending balance	3,624	4,885

Note:

(i) Total gains and losses for the years ended March 31, 2018 and 2019 included in other comprehensive income relate to the shares not traded in the market. Related profit and loss for the year ended March 31, 2018 was included in “Net gain on fair value of available-for-sale financial assets” and for the year ended March 31, 2019 was included in “Net changes in fair value of financial assets measured through other comprehensive income” (see Note 31, “Other Comprehensive Income”).

(ii) Reclassification is because the initial public offering of investees made possible to observe its fair value by the share market price.

(7) Derivative financial instruments and hedging activities

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

Ricoh recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When entering into a derivative contract, Ricoh makes a determination as to whether or not the hedging relationship meets the hedge effectiveness requirements.

In general, a derivative instrument may be designated as either a hedge of the exposure to change in the fair value of a recognized asset or liability or an unrecognized firm commitment (“fair value hedge”) or a hedge of the exposure to change in the variability of the expected cash flows associated with an existing asset or liability or a forecasted transaction (“cash flow hedge”).

The periods in which the cash flows associated with the cash flow hedge derivatives are expected to occur and the periods in which the cash flows are expected to enter into the determination of profit or loss are from 1 year to 4 years.

Gains and losses resulting from the fair values of derivatives not designated as hedging instruments were ¥1,943 million (gain) and ¥325 million (loss) for the years ended March 31, 2018 and 2019, respectively, and are included in "Finance income" and "Finance costs" on consolidated statement of profit or loss. The gains and losses as noted above were due mainly to the impact of foreign exchange fluctuation.

The fair values of cash flow hedges and fair value hedges are as follows:

	Millions of Yen
	As of March 31, 2018
Cash flow hedge	(19,019)
Fair value hedge	92
Total	(18,927)

For the year ended March 31, 2019, hedging instruments designated as cash flow hedges and fair value hedges were as follows:

	Millions of Yen			Average interest rate	Presentation in the consolidated statement of financial position
	Contract amounts	Carrying amount			
		Asset	Liability		
Cash flow hedges					
Interest rate swap agreement	91,260	661	472	0.2%	Other financial assets Other financial liabilities
Fair value hedges					
Interest rate swap agreement	99,500	176	-	0.1%	Other financial assets

For the year ended March 31, 2019, hedged items designated as cash flow hedges and fair value hedges were as follows:

	Millions of Yen
	Cash flow hedge reserve
Cash flow hedge	
Interest rate swap contracts	59

	Millions of Yen			Presentation in the consolidated statement of financial position
	Carrying amount	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount		
		Asset	Liability	
Cash flow hedge				
Interest rate swap contracts	99,500	-	176	Loans and borrowings

Due to the immateriality of the amount for hedge ineffectiveness recognized in profit or loss, disclosure has been omitted for the change in value of the hedging instruments and the hedged item used as the basis for recognizing hedge ineffectiveness.

(8) Financial assets and liabilities offset

As for financial assets and liabilities arising from cash pooling, Ricoh has a legally enforceable right to offset and has the intention to settle the assets and liabilities between subsidiaries in Europe and the financial institution on a net basis or realize the assets and settle the liabilities simultaneously.

The amount of recognized financial assets and liabilities arising from the cash pooling contracts were as follows:

	Millions of Yen		
	As of March 31, 2018		
	Gross amount	Offset amount	Carrying amount
Financial assets			
Cash and cash equivalents	19,698	(19,698)	-
Financial liabilities			
Bonds and borrowings	21,488	(19,698)	1,790

	Millions of Yen		
	As of March 31, 2019		
	Gross amount	Offset amount	Carrying amount
Financial assets			
Cash and cash equivalents	21,531	(21,081)	450
Financial liabilities			
Bonds and borrowings	21,081	(21,081)	-

(9) Liquidated financial assets not qualify for derecognition criteria

Ricoh has liquidated financial assets such as “Trade and other receivables” and “Finance lease receivables”.

Ricoh Leasing Co., Ltd. is involved with structured entities mainly through securitization of finance lease receivables. These structured entities, which have been designed in a way that voting or similar rights are not the dominating factors in deciding who controls these entities, are consolidated.

Ricoh Leasing Co., Ltd. has the power to direct the activities of the structured entities that most significantly impact the entities’ economic performance, and has the right to the profit and the obligation of the losses that would be potentially significant to the entities as well. Therefore, the entities are considered controlled by Ricoh Leasing Co., Ltd.

In accordance with the contractual arrangements with the structured entities, use of assets and the settlement of liabilities of these consolidated structured entities are restricted to the purposes for which they are structured.

The carrying amounts of assets and liabilities of the consolidated structured entities for Ricoh are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Current maturities of finance lease receivables, net	9,654	9,374
Finance lease receivables, net	15,140	15,371
Current maturities of borrowings	7,895	7,682
Borrowings	12,381	12,596

Ricoh Leasing Co., Ltd. transfers a portion of its beneficial interests. Transfers of beneficial interests are recorded as financial transactions since Ricoh Leasing Co., Ltd. retains substantially all the risks and rewards of the beneficial interests transferred. Lease receivables recognized based on the accounting treatment of consolidation of the structured entities and borrowings are in substance only to be used to settle obligations of the structured entities' liabilities.

The senior beneficial interests for which the investors have recourse only in transferred asset and the associated liabilities are as follows:

	Millions of Yen			
	As of March 31, 2018		As of March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance lease receivables, net	20,276	20,794	20,278	20,654
Borrowings	20,276	20,313	20,278	20,352

Apart from the transactions mentioned above, some other foreign subsidiaries of the Company transferred lease receivables with recourse. Ricoh recognized receivables subject to these transfers as well as relevant liabilities as Borrowings since the risks and economic values were retained and these transactions did not meet the derecognition criteria for financial assets. The assets and liabilities that were accounted for as secured loans are as follows:

	Millions of Yen	
	As of March 31, 2018	As of March 31, 2019
Current maturities of finance lease receivables, net	489	382
Finance lease receivables, net	623	483
Current maturities of borrowings	489	382
Borrowings	623	483

The senior beneficial interests for which the investors have recourse only in transferred asset and the associated liabilities are as follows:

	Millions of Yen			
	As of March 31, 2018		As of March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance lease receivables, net	1,112	1,176	865	916
Borrowings	1,112	1,112	865	865

(10) Classification of financial assets and liabilities under IFRS 9

The following table shows the classification of the financial assets of Ricoh as at April 1, 2018 under IAS 39 and IFRS 9. The financial liabilities have not been changed by classification or carrying amount.

The application of IFRS 9 is no impact on the carrying amount of financial assets as at April 1, 2018 other than that on other financial assets (current) as shown in changes in accounting policy.

			Millions of Yen	
	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9
Financial assets				
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortized cost	160,568	160,568
Trade and other receivables	Loans and receivables	Financial assets measured at amortized cost	589,741	589,741
Bonds	Available-for-sale financial assets	Financial assets measured at fair value through other comprehensive income	1,147	1,147
Securities	Available-for-sale financial assets	Financial assets measured at fair value through other comprehensive income	25,838	25,838
Securities	Available-for-sale financial assets	Financial instruments measured at fair value through profit or loss	75,045	75,045
Total			852,339	852,339

The following table shows the reconciliation of allowance for doubtful receivables of other financial assets (current) as of March 31, 2018.

	Millions of Yen
The carrying amount as of March 31, 2018 under IAS 39	10,887
The adjustment for application of IFRS 9	(962)
The carrying amount as of April 1, 2018 under IFRS 9	9,925

25. OTHER INCOME

The components of other incomes are as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Gain on sale of tangible assets and intangible assets	6,515	6,126
Gain on sale of securities of affiliates	4,756	14,227
Others	5,791	3,096
Total	17,062	23,449

26. LOSS OF CONTROL OF SUBSIDIARY

(For year ended March 31, 2018)
The Company concluded a share transfer agreement to transfer 80% of the outstanding shares of consolidated subsidiary Ricoh Electronic Devices Co., Ltd. ("Ricoh Electronic Devices"), its consolidated subsidiary, to Nisshinbo Holdings Inc. on October 30, 2017, and share transfer took place on March 1, 2018. As a result of the share transfer, Ricoh Electronic Devices became an affiliated company accounted for by the equity method.

Assets and liabilities included in the derecognized subsidiary were as follows:

	Millions of Yen
	As of March 31, 2018
	Carrying amount
Cash and cash equivalents	2,542
Trade and other receivables	5,325
Inventories	4,360
Property, plant and equipment	4,556
Other assets	1,932
Trade and other payables	(6,089)
Accrued pension and retirement benefits	(2,069)
Other liabilities	(2,315)
Total	8,242

Gain arising from the sale of the subsidiary with to loss of control was as follows:

	Millions of Yen
	For the year ended March 31, 2018
Cash received	9,610
Net assets removed	(8,242)
Retained investment in former subsidiary	2,402
Gain arising from the sale of subsidiaries due to loss of control	3,770

Note:

Gain arising from the sale of the subsidiary with loss of control was included in "Other income". The gain from measuring the retained investment in the former subsidiary at fair value at the date of loss of control was ¥754 million.

Cash flows resulting from the sale of subsidiary were as follows:

	Millions of Yen
	For the year ended March 31, 2018
Cash received from the sale of subsidiary	9,610
Cash and cash equivalents of derecognized subsidiary	(2,542)
Net proceeds from the sale of subsidiary	7,068

(For the year ended March 31, 2019)

(1) Ricoh India Limited

1. Overview of loss of control

On January 2018, our consolidated subsidiary Ricoh India Limited ("Ricoh India") filed a petition with the National Company Law Tribunal (NCLT) pursuant to Section 10 of the Insolvency and Bankruptcy Code of India. The petition had been admitted in May 2018. Along with this, an interim resolution professional was appointed. A creditors committee composed of Ricoh India's financial creditors appointed the current interim resolution professional as the official resolution professional in June 2018.

Ricoh had a majority of the voting rights of Ricoh India, whereas Ricoh India was excluded from the scope of consolidation in May 2018 based on our judgement that Ricoh lost control of Ricoh India in the situation above-mentioned in which Ricoh India was under the control of the resolution professional.

A public offering to the parties concerned in the corporate insolvency resolution was announced in July 2018. The participants in the offering prepared a reorganization plan and submitted it to the creditors committee. The creditors committee for Ricoh India approved one of the plans, amongst the several resolution plans submitted. The resolution professional filed this Resolution Plan with the NCLT for its approval on February 2019. The resolution plan is presently pending consideration by the NCLT.

2. Assets and liabilities included in the derecognized subsidiary were as follows:

	Millions of Yen
	As of March 31, 2019
	Carrying amount
Cash and cash equivalents	3,056
Trade and other receivables	10,526
Inventories	2,906
Property, plant and equipment and intangible assets	765
Other assets	8,063
Trade and other payables	(14,113)
Borrowings	(24,224)
Other liabilities	(3,382)
Net assets derecognized	(16,403)

3. Gain arising from the deconsolidation of Ricoh India with loss of control were as follows:

	Millions of Yen
	For the year ended March 31, 2019
Net assets derecognized	16,403
Other comprehensive income transferred to net profit/loss	2,618
Gain arising from the deconsolidation of Ricoh India	19,021

Note: The loss amounting to ¥20,929 million from measuring the retained investment in the former subsidiary at fair value at the date of loss of control was included in selling, general and administrative expenses.

4. Cash flows resulting from the derecognition were as follows:

	Millions of Yen For the year ended March 31, 2019
Cash and cash equivalents of derecognized subsidiary	(3,056)
Net proceeds from the deconsolidation of Ricoh India	(3,056)

5. Trade and other receivables resulting from loss of control and remeasurement of provision of allowance for doubtful accounts for receivable were as follows:

	As of April 1, 2018	At the time of deconsolidation of Ricoh India (*1)	Remeasurement of provision of allowance for doubtful accounts for receivables (*2)	Other	As of March 31, 2019
Receivables total	-	37,400	-	(40)	37,360
Provision of allowance for doubtful accounts for receivables	-	(16,403)	(20,957)	-	(37,360)
Net	-	20,997	(20,957)	(40)	-

Note: *1 Due to deconsolidation of Ricoh India, Ricoh has recognized receivables, which are included in trade and other receivables. These receivables were judged as a credit risk on financial instruments since Ricoh India is presently petitioning pursuant to Section 10 of the Insolvency and Bankruptcy Code of India. Thus, an allowance for doubtful accounts for receivables was measured in same amount as the expected credit loss over the entire period.

In addition, the provision of allowance for doubtful accounts for receivables of ¥16,403 million and gain of ¥19,021 million, which were recognized at the time of the deconsolidation of Ricoh India, were included in selling, general and administrative expenses.

*2 As a result of comprehensive consideration based on information that can be obtained at the end of the current fiscal year, we have determined that all receivables from this company cannot be collected, and the provision of allowance for doubtful accounts for receivables of ¥ 20,957 million was additionally booked. The provision for allowance for doubtful accounts was included in selling, general and administrative expenses.

(2) Ricoh Logistics System Co., Ltd.

1. Overview of loss of control

Ricoh concluded an agreement to sell approximately 66.6% of the Company's shares in Ricoh Logistics System Co., Ltd. ("Ricoh Logistics") to SBS Holdings Co., Ltd ("SBS Holdings") on May 18, 2018 and completed the transfer on August 1, 2018. In conjunction with this, Ricoh transferred all its remaining shares in Ricoh Logistics after the share transfer transaction to SBS Holdings representing approximately a 33.3% stake, to a new joint venture, RO Holdings Co., Ltd ("RO Holdings"). Following that transfer, Ricoh transferred ordinary shares equivalent to 33.4% of RO Holdings to Otsuka Corporation. Along with the series of transactions, Ricoh Logistics became an affiliated company accounted for by the equity method.

2. Assets and liabilities included in the derecognized subsidiary were as follows:

	Millions of Yen
	As of March 31, 2019
	Carrying amount
Cash and cash equivalents	4,663
Trade and other receivables	11,774
Property, plant and equipment	7,233
Goodwill and intangible assets	1,281
Trade and other payables	(10,520)
Accrued pension and retirement benefits	(1,485)
Other liabilities	(173)
Net assets removed	12,773

3. Gain arising from the sale of the subsidiary with loss of control was as follows:

	Millions of Yen
	For the year ended March 31, 2019
Cash received	18,000
Net assets removed	(12,773)
Retained investment in former subsidiary	9,000
Gain arising from the sale of subsidiaries with loss of control	14,227

Note: The gain amounting to ¥4,742 million from measuring the retained investment in the former subsidiary at fair value at the date of loss of control was included in gain arising from the sale of subsidiaries with loss of control.

4. Cash flows resulting from the sale of subsidiary were as follows:

	Millions of Yen
	For the year ended March 31, 2019
Cash received from the sale of subsidiary	18,000
Cash and cash equivalents of derecognized subsidiary	(4,663)
Net proceeds from the sale of subsidiary	13,337

Note: The consideration received from Otsuka Corporation for the transfer of ordinary shares equivalent to 33.4% of RO Holdings was included in proceeds from sales of shares of subsidiaries which do not involve changes in the scope of consolidation in the Consolidated Statement of Cash Flows.

27. SALES

1. Disaggregation of sales

As described in Note 5, Operating Segments, operating segments of Ricoh comprise the Office Printing segment, the Office Service segment, the Commercial Printing segment, the Industrial Printing segment, the Thermal Media segment and the Other segment. In addition, sales are classified by region based on the location of customers. The following table presents sales of each segment by geographic region.

	Millions of Yen				
For the year ended March 31, 2019	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	346,032	331,007	299,841	109,548	1,086,428
Office Service	272,644	111,218	80,250	17,280	481,392
Commercial Printing	25,896	96,761	50,172	12,463	185,292
Industrial Printing	2,819	6,127	5,134	6,612	20,692
Thermal Media	13,658	19,461	17,800	15,449	66,368
Other	144,750	2,868	5,659	19,779	173,056
Total segment sales	805,799	567,442	458,856	181,131	2,013,228
Revenue from contracts with customers	683,228	516,697	367,010	154,573	1,721,509
Revenue from other sources	122,571	50,745	91,846	26,558	291,719

Revenue from other sources includes revenue from lease contracts as defined under IAS 17.

The business segments of Ricoh are composed of the Office Printing, the Office Service, the Commercial Printing, the Industrial Printing, the Thermal Media and the Other segments. Each segment sells products and offers services. Revenue is measured at the amount of consideration promised in a contract with a customer, after deducting discounts, rebates, refunds, etc. 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 recognized revenue will occur. Transactions in the Office Service and Other segments which Ricoh acts as an agent are presented on a net basis.

Ricoh makes provisions for product warranties since customers do not have the option to purchase a warranty separately. A warranty, or a part of a warranty, does not provide a customer with service in addition to the assurance that the product complies with agreed-upon specifications. There are no significant amounts for returns, refunds or other similar obligations.

As for sales of products in the Office Printing, the Office Service, the Commercial Printing and the Industrial Printing segments, revenue is recognized upon customer approval for the machines or at the time of customer receipt of related supplies as the performance obligation is satisfied when legal title to and physical possession of the product and the significant risks and rewards of ownership of the product transfer to the customer.
As for sales of main products of the Thermal and Other segments, revenue is recognized when the risks and rewards of ownership of the goods transfer from Ricoh to the customer at the time of customer receipt.

As for the Office Printing and Commercial Printing segments, revenues from maintenance contracts in

which the customer typically pays a variable amount based on usage, a stated fixed fee or a stated base fee plus a variable amount is recognized. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Ricoh judges the performance obligation of 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 recognized 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 installment sales receivables is adjusted since it is billed and paid for on a monthly basis for the term of the installment contract. Other promised consideration includes no significant financing component as Ricoh receives consideration within one year after satisfying the performance obligation.

2. Contract Balance

The ending balance of receivables and liabilities from contracts with customers were as follows:

	Millions of Yen	
	As of April 1, 2018	As of March 31, 2019
Receivables from contracts with customers	532,432	548,282
Contract liabilities	41,392	44,839

On the consolidated statements of financial position, liabilities from contracts with customers are recognized in other current liabilities and other non-current liabilities. Contract liabilities are mainly related to advanced payments from customers for maintenance contracts. For revenues recognized for the year ended March 31, 2019, amounts included in liabilities from contracts with customers at the beginning of the fiscal year were ¥28,762 million. For the year ended March 31, 2019, the amount of revenue recognized from performance obligations satisfied (or partially satisfied) in the previous period was not material.

3. Transaction price allocated to the remaining performance obligation

The remaining performance obligation of the contracts with an initial service period of more than one year at the end of reporting period was ¥191,069 million, 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 that have original expected durations of one year or less.

4. Assets recognized from the costs to obtain or fulfill contracts with customers

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 “other current assets” and “other non-current assets” in the consolidated statements of financial position. Incremental costs of obtaining contracts are those costs that Ricoh incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Incremental costs of obtaining contracts recognized as assets by Ricoh are mainly the initial costs incurred related to sales commissions. The related assets are amortized evenly based on the estimated contract terms.
There are no assets recognized from the cost to fulfill contracts with customers.

	Millions of Yen	
	As of April 1, 2018	As of March 31, 2019
Assets recognized from costs to obtain a contract with customers	7,087	6,923

For the year ended March 31, 2019, amortization associated with the assets recognized from the costs to obtain contracts with customers was ¥5,137 million.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Details of selling, general and administrative expenses are as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Personnel expenses	459,680	441,244
Depreciation and amortization expense	40,093	24,866
Rental payments	33,257	30,913
Shipping and handling costs	28,745	28,060
Restructuring costs	25,747	18,703
Advertising costs	6,948	7,307
Provision of allowance for doubtful accounts for receivables from Ricoh India Limited (*1)	-	37,360
Gain arising from the removal from consolidation of Ricoh India Limited with loss of control (*1)	-	(19,021)
Others	183,447	133,480
Total	777,917	702,912

*1…Gain arising from the removal from consolidation of Ricoh India Limited with loss of control, provision of allowance for doubtful accounts for receivables from Ricoh India Limited and others were included in selling, general and administrative expenses. (See Note 26, Loss of control of subsidiary)

29. RESEARCH AND DEVELOPMENT

Research and development expenses were as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Research and development expenses	93,989	94,026

30. FINANCE INCOME AND FINANCE COSTS

Details of finance income and finance costs are as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Finance income		
Dividend income		
Available-for-sale financial assets	1,542	-
Financial assets measured at fair value through other comprehensive income	-	621
Interest income		
Loans and receivables	2,301	3,453
Available-for-sale financial assets	59	-
Financial assets measured at fair value through other comprehensive income	-	49
Gain on sales		
Available-for-sale financial assets	105	-
Other finance income	116	475
Total finance income	4,123	4,598
Finance costs		
Interest costs		
Interest-bearing debt	6,667	5,915
Provisions	59	49
Impairment loss		
Available-for-sale financial assets	1	-
Foreign currency exchange loss, net	5,444	1,515
Other finance costs	660	486
Total finance costs	12,831	7,965

31. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income (loss) are as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Remeasurements of defined benefit plans		
Gain (loss) arising during the year	2,541	(6,389)
Total	2,541	(6,389)
Net change in fair value of financial assets measured through other comprehensive income		
Gain (loss) arising during the year	-	(1,929)
Total	-	(1,929)
Net gain (loss) on fair value of available-for-sale financial assets		
Gain (loss) arising during the year	17,446	-
Reclassification adjustments to profit or loss for the year	(71)	-
Total	17,375	-
Net gain (loss) on fair value of cash flow hedges		
Gain (loss) arising during the year	(13,528)	(37)
Reclassification adjustments to profit or loss for the year	31	93
Total	(13,497)	56
Exchange differences on translation of foreign operations		
Gain (loss) arising during the year	10,737	(12,839)
Reclassification adjustments to profit or loss for the year	0	1,860
Total	10,737	(10,979)

Tax effects of other comprehensive income (loss) (including those attributable to noncontrolling interests) are as follows:

	Millions of Yen					
	For the year ended March 31, 2018			For the year ended March 31, 2019		
	Pretax amount	Tax benefit (expense)	Net-of-tax amount	Pretax amount	Tax benefit (expense)	Net-of-tax amount
Remeasurements of defined benefit plans	6,706	(4,165)	2,541	(8,144)	1,755	(6,389)
Net change in fair value of financial assets measured through other comprehensive income	-	-	-	(2,810)	881	(1,929)
Net gain (loss) on fair value of available-for-sale financial assets	17,869	(494)	17,375	-	-	-
Net gain (loss) on fair value of cash flow hedges	(19,433)	5,936	(13,497)	84	(28)	56
Exchange differences on translation of foreign operations	10,737	-	10,737	(10,979)	-	(10,979)
Total other comprehensive income (loss)	15,879	1,277	17,156	(21,849)	2,608	(19,241)

32. EARNINGS PER SHARE

Earnings per share are as follows:

Diluted net income (loss) per share for the years ended March 31, 2018 and 2019 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the year.

	For the year ended March 31, 2018	For the year ended March 31, 2019
Profit (loss) attributable to owners of the parent (millions of yen)	(135,372)	49,526
Weighted average number of issued and outstanding shares (thousands of shares)	724,877	724,867
Earnings per share (attributable to owners of the parent) (yen)	(186.75)	68.32

33. RELATED PARTIES

1. Transactions with related parties

There were no material related-party transactions (except for transactions that were offset in the consolidated financial statements).

2. Remuneration of key management personnel

Directors' remuneration during the year is as follows:

	Millions of Yen	
	For the year ended March 31, 2018	For the year ended March 31, 2019
Remuneration, including bonuses	399	368

34. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2018 and 2019, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥14,449 million and ¥9,884 million, respectively.

As of March 31, 2018 and 2019, there were no significant contingent liabilities.

35. GROUP ENTITIES

See “4. Information on Affiliates” in “I. Overview of the Company”.

Ricoh Leasing Co., Ltd. has noncontrolling interests that are material to the Company. “Total assets” of Ricoh Leasing Co., Ltd. as of March 31, 2018 and 2019 were ¥1,051,311 million and ¥1,118,397 million, respectively, and “Total liabilities” were ¥887,483 million and ¥944,193 million, respectively. “Profit” for the years ended March 31, 2018 and 2019 was ¥11,330 million and ¥11,829 million, respectively, and “Comprehensive income” was ¥11,260 million and ¥12,035 million, respectively.

36. SUBSEQUENT EVENTS

There were no material subsequent events.

37. AUTHORIZATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Hidetaka Matsuishi, Director and Corporate Executive Vice President, on June 21, 2019.

KPMG

Independent Auditor's Report

To the Board of Directors of Ricoh Company, Ltd.:

We have audited the accompanying consolidated financial statements of Ricoh Company, Ltd. and its consolidated subsidiaries, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and notes to the consolidated financial statements for the financial year from April 1, 2018 to March 31, 2019.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ricoh Company, Ltd. and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG AZSA LLC

June 21, 2019
Tokyo, Japan