

**Ricoh Company, Ltd.**

Condensed Consolidated Financial Statements  
for the Nine Months Ended December 31, 2017

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the nine months ended December 31, 2017 pursuant to the Japanese Financial Instrument and Exchange Law.

# Condensed Consolidated Statement of Financial Position

Ricoh Company, Ltd. and Consolidated Subsidiaries

ASSETS	Millions of Yen	
	As of March 31, 2017	As of December 31, 2017
Current assets		
Cash and cash equivalents	126,429	159,533
Time deposits	8,662	90
Trade and other receivables	566,315	569,699
Other financial assets	276,575	291,664
Inventories	202,551	209,380
Other current assets	58,682	62,943
Subtotal	1,239,214	1,293,309
Assets classified as held for sale (Note 5)	-	15,360
Total current assets	1,239,214	1,308,669
Non-current assets:		
Property, plant and equipment	271,257	260,409
Goodwill and intangible assets	388,177	389,736
Other financial assets	655,600	674,527
Investments accounted for using the equity method	563	926
Other investments	81,579	98,177
Other non-current assets	39,210	37,750
Deferred tax assets	83,687	75,187
Total non-current assets	1,520,073	1,536,712
Total assets	2,759,287	2,845,381

<b>LIABILITIES AND EQUITY</b>	Millions of Yen	
	As of March 31, 2017	As of December 31, 2017
Current liabilities:		
Bonds and borrowings (Note 6)	229,944	209,760
Trade and other payables	295,788	270,679
Other financial liabilities	2,227	400
Income tax payables	15,149	21,371
Provisions	9,127	6,723
Other current liabilities	254,689	229,823
Subtotal	806,924	738,756
Liabilities directly associated with assets classified as held for sale (Note 5)	-	7,754
<b>Total current liabilities</b>	<b>806,924</b>	<b>746,510</b>
Non-current liabilities:		
Bonds and borrowings (Note 6)	629,799	702,524
Other financial liabilities	2,178	2,343
Accrued pension and retirement benefits	120,725	118,205
Provisions	10,969	9,873
Other non-current liabilities	61,701	82,258
Deferred tax liabilities	10,114	14,816
<b>Total non-current liabilities</b>	<b>835,486</b>	<b>930,019</b>
<b>Total liabilities</b>	<b>1,642,410</b>	<b>1,676,529</b>
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,423	186,463
Treasury stock	(37,318)	(37,325)
Other components of equity	100,194	149,172
Retained earnings	657,443	656,936
<b>Total equity attributable to owners of the parent</b>	<b>1,042,106</b>	<b>1,090,610</b>
<b>Non-controlling interests</b>	<b>74,771</b>	<b>78,242</b>
<b>Total equity</b>	<b>1,116,877</b>	<b>1,168,852</b>
<b>Total liabilities and equity</b>	<b>2,759,287</b>	<b>2,845,381</b>

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

# Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2016 and 2017

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Sales: (Note 4)		
Products	663,443	668,459
Post sales and rentals	732,841	756,781
Other revenue	73,142	90,960
Total sales	1,469,426	1,516,200
Cost of sales:		
Products	(501,068)	(521,012)
Post sales and rentals	(342,331)	(343,732)
Other revenue	(40,519)	(57,512)
Total cost of sales	(883,918)	(922,256)
Gross profit	585,508	593,944
Selling, general and administrative expenses (Note 9)	(559,138)	(558,184)
Other income	2,205	12,274
Operating profit	28,575	48,034
Finance income	3,599	2,866
Finance costs	(6,045)	(7,786)
Share of profit (loss) of investments accounted for using the equity method	33	51
Profit before income tax expenses	26,162	43,165
Income tax expenses	(17,539)	(21,367)
Profit for the period	8,623	21,798
Profit attributable to:		
Owners of the parent	4,114	17,335
Non-controlling interests	4,509	4,463

	Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Earnings per share (attributable to owners of the parent): (Note 10)		
Basic	5.68	23.91
Diluted	-	-

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

\* Gain on sales of property, plant and equipment and others are included in “other income”.

Three months ended December 31, 2016 and 2017

	Millions of Yen	
	Three months ended December 31, 2016	Three months ended December 31, 2017
Sales: (Note 4)		
Products	226,067	226,942
Post sales and rentals	247,304	259,045
Other revenue	24,612	31,376
Total sales	497,983	517,363
Cost of sales:		
Products	(170,424)	(183,498)
Post sales and rentals	(115,771)	(110,306)
Other revenue	(13,505)	(20,043)
Total cost of sales	(299,700)	(313,847)
Gross profit	198,283	203,516
Selling, general and administrative expenses (Note 9)	(186,844)	(181,425)
Other income	586	3,928
Operating profit	12,025	26,019
Finance income	149	963
Finance costs	(1,288)	(1,606)
Share of profit (loss) of investments accounted for using the equity method	(18)	17
Profit before income tax expenses	10,868	25,393
Income tax expenses	(10,238)	(10,971)
Profit for the period	630	14,422
Profit attributable to:		
Owners of the parent	(888)	12,808
Non-controlling interests	1,518	1,614

	Yen	
	Three months ended December 31, 2016	Three months ended December 31, 2017
Earnings per share (attributable to owners of the parent): (Note 10)		
Basic	(1.23)	17.67
Diluted	-	-

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

\* Gain on sales of property, plant and equipment and others are included in “other income”.

# Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and Consolidated Subsidiaries

Nine months ended December 31, 2016 and 2017

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit for the period	8,623	21,798
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	(154)	(3,344)
Total components that will not be reclassified subsequently to profit or loss	(154)	(3,344)
Components that will be reclassified subsequently to profit or loss:		
Net gain on fair value of available-for-sale financial assets	8,519	10,396
Net gain on fair value of cash flow hedges	398	225
Exchange differences on translation of foreign operations	(5,348)	38,535
Total components that will be reclassified subsequently to profit or loss	3,569	49,156
Total other comprehensive income (loss)	3,415	45,812
Comprehensive income	12,038	67,610
Comprehensive income attributable to:		
Owners of the parent	7,656	62,969
Non-controlling interests	4,382	4,641

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

*Three months ended December 31, 2016 and 2017*

	Millions of Yen	
	Three months ended December 31, 2016	Three months ended December 31, 2017
Profit for the period	630	14,422
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	(2)	(3,344)
Total components that will not be reclassified subsequently to profit or loss	(2)	(3,344)
Components that will be reclassified subsequently to profit or loss:		
Net gain on fair value of available-for-sale financial assets	8,996	7,940
Net gain on fair value of cash flow hedges	1,231	89
Exchange differences on translation of foreign operations	75,573	5,433
Total components that will be reclassified subsequently to profit or loss	85,800	13,462
Total other comprehensive income (loss)	85,798	10,118
Comprehensive income	86,428	24,540
Comprehensive income attributable to:		
Owners of the parent	84,438	22,754
Non-controlling interests	1,990	1,786

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

# Condensed Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and Consolidated Subsidiaries

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	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, 2016	135,364	186,423	(37,312)	-	23,617	(267)
Profit for the period						
Other comprehensive income (loss)				(154)	8,524	399
Comprehensive income:	-	-	-	(154)	8,524	399
Net change in treasury stock			(3)			
Dividends declared and approved to owners (Note 7)						
Transfer from other components of equity to retained earnings				154		
Acquisition of non-controlling interests						
Total transactions with owners	-	-	(3)	154	-	-
Balance as of December 31, 2016	135,364	186,423	(37,315)	-	32,141	132

	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, 2016	91,564	114,914	678,424	1,077,813	69,951	1,147,764
Profit for the period			4,114	4,114	4,509	8,623
Other comprehensive income (loss)	(5,227)	3,542		3,542	(127)	3,415
Comprehensive income:	(5,227)	3,542	4,114	7,656	4,382	12,038
Net change in treasury stock				(3)		(3)
Dividends declared and approved to owners (Note 7)			(28,996)	(28,996)	(867)	(29,863)
Transfer from other components of equity to retained earnings		154	(154)	-		-
Acquisition of non-controlling interests				-		-
Total transactions with owners	-	154	(29,150)	(28,999)	(867)	(29,866)
Balance as of December 31, 2016	86,337	118,610	653,388	1,056,470	73,466	1,129,936

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	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 for the period						
Other comprehensive income (loss)				(3,344)	10,190	156
Comprehensive income:	-	-	-	(3,344)	10,190	156
Net change in treasury stock			(7)			
Dividends declared and approved to owners (Note 7)						
Transfer from other components of equity to retained earnings				3,344		
Acquisition of non-controlling interests		40				
Total transactions with owners	-	40	(7)	3,344	-	-
Balance as of December 31, 2017	135,364	186,463	(37,325)	-	44,520	229

	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 for the period			17,335	17,335	4,463	21,798
Other comprehensive income (loss)	38,632	45,634		45,634	178	45,812
Comprehensive income:	38,632	45,634	17,335	62,969	4,641	67,610
Net change in treasury stock				(7)		(7)
Dividends declared and approved to owners (Note 7)			(14,498)	(14,498)	(954)	(15,452)
Transfer from other components of equity to retained earnings		3,344	(3,344)	-		-
Acquisition of non-controlling interests				40	(216)	(176)
Total transactions with owners	-	3,344	(17,842)	(14,465)	(1,170)	(15,635)
Balance as of December 31, 2017	104,423	149,172	656,936	1,090,610	78,242	1,168,852

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

# Condensed Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and Consolidated Subsidiaries

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit for the period	8,623	21,798
Adjustments to reconcile profit for the period to net cash provided by operating activities -		
Depreciation and amortization	78,997	81,520
Other income	(2,205)	(12,274)
Share of profit (loss) of investments accounted for using the equity method	(33)	(51)
Finance income and costs	2,446	4,920
Income tax expenses	17,539	21,367
Decrease in trade and other receivables	16,444	9,038
Increase in inventories	(26,126)	(5,079)
Increase in lease receivables	(18,485)	(11,645)
Decrease in trade and other payables	(11,339)	(27,212)
Decrease in accrued pension and retirement benefits	(6,128)	(5,349)
Other, net	(9,878)	10,596
Interest and dividends received	1,962	2,705
Interest paid	(5,521)	(4,957)
Income taxes paid	(22,100)	(45,067)
Net cash provided by operating activities	24,196	40,310
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of property, plant and equipment	12,906	18,136
Expenditures for property, plant and equipment	(53,049)	(46,137)
Proceeds from sales of intangible assets	-	5,652
Expenditures for intangible assets	(18,121)	(21,564)
Payments for purchases of available-for-sale securities	(386)	(1,005)
Proceeds from sales of available-for-sale securities	755	186
Decrease in time deposits	222	8,564
Purchase of business, net of cash acquired	(287)	(458)
Other, net	(5,250)	(3,989)
Net cash used in investing activities	(63,210)	(40,615)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds of short-term debt	38,916	42,428
Proceeds from long-term debt	233,019	97,681
Repayments of long-term debt	(202,093)	(85,722)
Proceeds from issuance of bonds (Note 6)	31,567	43,285
Repayments of bonds (Note 6)	(10,000)	(50,000)
Dividends paid (Note 7)	(28,996)	(14,498)
Payments for purchase of treasury stock	(5)	(7)
Other, net	(887)	(1,130)
Net cash provided by financing activities	61,521	32,037
<b>IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS</b>	3,100	3,386
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	25,607	35,118
<b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	167,547	126,429
<b>VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	193,154	161,547

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

\* Cash and cash equivalents classified as Asset classified as held for sale is included in "Cash and cash equivalents at end of period".

# Notes to Condensed Consolidated Financial Statements

*Ricoh Company, Ltd. and Consolidated Subsidiaries*

## 1. REPORTING ENTITY

Ricoh Co., Ltd. (the “Company”) is a company domiciled in Japan. The condensed consolidated financial statements of the Company as of and for the period ended December 31, 2017 comprise of the Company and its subsidiaries (the “Ricoh” as a consolidated group) and Ricoh's interest in associates. Ricoh's operating segments are composed of Office Printing, including MFPs & copiers, related parts & supplies, services & solutions, Office Service, including personal computers, servers, network related services, Commercial Printing, including cut sheet printers, Industrial Printing, including inkjet heads, Thermal Media, including thermal media and Other, including digital cameras (see Note 4 “Operating Segments”).

Ricoh redefined business region from April 1, 2017 which 19th Mid-term Management Plan starts. Based on this redefinition, Ricoh has changed Operating Segment Information from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

## 2. BASIS OF PREPARATION

### (1) Statements of Compliance

The condensed consolidated financial statements meets the requirements set out under Article 1-2, Paragraph 1, Item 2 of the Rules on Terminology, Formats and Compilation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007; hereinafter referred to as the “Rules on Quarterly Consolidated Financial Statements”) under which the Company is qualified as a “specified company” and duly prepares such summary in accordance with IAS 34 “Interim Financial Reporting”, under the provisions of Article 93 of the Rules on Quarterly Consolidated Financial Statements. As the condensed consolidated financial statements do not contain all the information required in annual consolidated financial statements, it should be read in combination with the consolidated financial statements for the fiscal year ended March 31, 2017, prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The condensed consolidated financial statements are presented in Japanese yen, which is also the Company's functional currency. All amounts presented in Japanese yen have been rounded to the nearest million.

### (2) Use of Estimates and Judgments

The preparation of condensed consolidated financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods in which the revision affects.

Estimates and judgments that have significant impact on the amounts in the condensed consolidated financial statements for the nine months ended December 31, 2017 remain the same as those that had significant impact on the amounts in the consolidated financial statements for the previous fiscal year.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Ricoh did not change the significant accounting policies from the previous fiscal year, with the exception of the following new IFRSs.

The adoption of the following IFRSs has no material impact on Ricoh's condensed consolidated financial statements.

IFRSs	Title	Summaries of new IFRSs/amendments
IAS 7	Statement of Cash Flow	Requirement for disclosure of changes in liabilities arising from financing activities

### 4. OPERATING SEGMENTS

Ricoh redefined business region from April 1, 2017 which 19th Mid-term Management Plan starts. Based on this redefinition, Ricoh has changed Operating Segment Information from this fiscal year. Prior year comparative figures have also been reclassified to conform to the current year's presentation. Intersegment transactions increased due to subdivision of segment information. Intersegment transactions are mainly sales from Other segment to Office Printing.

The content of changes in Operating Segment Information is as follows;

Conventional Segment		Products & Services
Imaging & Solutions	Office Imaging	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, facsimile, scanners, related parts & supplies, services, support and software
	Network System Solutions	Personal computers, servers, network equipment, related services, support and software
	Production Printing	Cut sheet printers, continuous feed printers, related parts & supplies, services, support and software
Industrial Products		Thermal media, optical equipment, electronic components, semiconductor devices and inkjet heads
Other		Digital cameras

New Segment	Products & Services
Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format, facsimile, scanners, related parts & supplies, services, support and software
Office Service	Personal computers, servers, network equipment, related services, support, software and service & solutions related to document
Commercial Printing	Cut sheet printers, continuous feed printers, related parts & supplies, services, support and software
Industrial Printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal media
Other	Optical equipment, electronic components, semiconductor devices, digital cameras, industrial cameras, 3D printing, environment and healthcare

Segment profit (loss) is based on operating profit, 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 nine months and three months ended December 31, 2016 and 2017. Intersegment transactions are made at arm's-length prices. No single customer accounted for 10% or more of the total sales for the three months ended December 31, 2016 and 2017.

**(a) Operating Segment Information**

Nine months ended December 31, 2016 and 2017

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Segment sales:		
Office Printing	858,118	849,247
Office Service	294,100	317,583
Commercial Printing	133,355	137,797
Industrial Printing	8,169	13,429
Thermal Media	42,779	46,292
Other	189,390	203,569
Intersegment sales	(56,485)	(51,717)
Total segment sales	1,469,426	1,516,200
Segment profit (loss):		
Office Printing	80,593	88,581
Office Service	(6,109)	(3,007)
Commercial Printing	9,461	19,998
Industrial Printing	(2,647)	(1,778)
Thermal Media	4,930	4,640
Other	6,561	5,705
Total segment profit	92,789	114,139
Reconciling items:		
Corporate expenses and elimination	(64,214)	(66,105)
Finance income	3,599	2,866
Finance costs	(6,045)	(7,786)
Share of profit (loss) of investments accounted for using equity method	33	51
Profit before income tax expenses	26,162	43,165

Three months ended December 31, 2016 and 2017

	Millions of Yen	
	Three months ended December 31, 2016	Three months ended December 31, 2017
Segment sales:		
Office Printing	287,574	289,877
Office Service	100,057	105,506
Commercial Printing	47,487	47,213
Industrial Printing	2,748	4,534
Thermal Media	15,282	16,874
Other	64,241	70,678
Intersegment sales	(19,406)	(17,319)
<b>Total segment sales</b>	<b>497,983</b>	<b>517,363</b>
Segment profit (loss):		
Office Printing	25,744	37,861
Office Service	(1,885)	(467)
Commercial Printing	4,633	8,549
Industrial Printing	(814)	(795)
Thermal Media	1,993	1,759
Other	1,406	3,600
<b>Total segment profit</b>	<b>31,077</b>	<b>50,507</b>
Reconciling items:		
Corporate expenses and elimination	(19,052)	(24,488)
Finance income	149	963
Finance costs	(1,288)	(1,606)
Share of profit (loss) of investments accounted for using equity method	(18)	17
<b>Profit before income tax expenses</b>	<b>10,868</b>	<b>25,393</b>

**(a) Geographic Information**

Sales based on the location of customers are as follows:

Nine months ended December 31, 2016 and 2017

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Sales:		
Japan	546,996	579,205
The Americas	443,704	431,905
Europe, Middle East and Africa	334,654	348,024
Other	144,072	157,066
Consolidated	1,469,426	1,516,200
The United States (included in The Americas)	374,316	359,283

Three months ended December 31, 2016 and 2017

	Millions of Yen	
	Three months ended December 31, 2016	Three months ended December 31, 2017
Sales:		
Japan	182,205	194,089
The Americas	150,859	143,843
Europe, Middle East and Africa	113,726	123,866
Other	51,193	55,565
Consolidated	497,983	517,363
The United States (included in The Americas)	127,051	119,323

**5. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

The company concluded a share transfer agreement to transfer 80% of the outstanding shares of Ricoh Electronic Devices Co., Ltd. (referred to as Ricoh Electronic Devices from here), its consolidated subsidiary, to Nisshinbo Holdings Inc. on October 30, 2017.

Based on this conclusion, assets and liabilities which relates to Ricoh Electronic Devices and included as Other segment in Operating segments will be recognized as “Assets classified as held for sale” and “Liabilities directly associated with assets classified as held for sales” until the shares would be transferred. The following table presents the components of Assets classified as held for sale.

The transfer of the shares, which is subject to the approval of the relevant authorities, is expected to eventually take place in March 2018. As a result of the share transfer, Ricoh Electronic Devices will be an affiliated company accounted for by using the equity method.

	Millions of Yen	
	As of	As of
	March 31, 2017	December 31, 2017
	Carrying amount	Carrying amount
Assets classified as held for sale:		
Cash and cash equivalents	-	2,014
Trade and other receivables	-	4,426
Inventories	-	4,168
Property, plant and equipment	-	4,266
Other	-	486
Total	-	15,360
Liabilities directly associated with assets classified as held for sale:	-	
Trade and other payables	-	2,039
Accrued pension and retirement benefits	-	2,122
Other	-	3,593
Total	-	7,754

## 6. BONDS

As for the nine months ended December 31, 2016, there were issuances of straight bonds of EURO 100 million (¥12,270 million) (0.37% per annum, due July 2019), ¥10,000 million (0.001% per annum, due September 2019) and ¥10,000 million (0.05% per annum, due September 2021). There was a repayment of straight bonds of ¥10,000 million (0.07% per annum, due July 2016).

As for the nine months ended December 31, 2017, there were issuances of straight bonds of ¥15,000 million (0.05% per annum, due July 2020), ¥10,000 million (0.16% per annum, due July 2022), ¥5,000 million (0.35% per annum, due July 2027) and EURO 100 million (¥13,494 million) (0.35% per annum, due July, 2020). There was a repayment of straight bonds of ¥20,000 million (0.88% per annum, due June 2017), ¥10,000 million (0.15% per annum, due July 2017) and ¥20,000 million (0.35% per annum, due November, 2017).

## 7. DIVIDENDS

Dividends paid during the nine months ended December 31, 2016 and 2017 are as follows:

Resolution	Class of shares	Amount of dividends	Dividends per share	Record date	Effective date	Source of dividends
		(Millions of Yen)	(Yen)			
Ordinary general meeting of shareholders held on June 17, 2016	Ordinary shares	12,686	17.5	March 31, 2016	June 20, 2016	Retained earnings
Ordinary general meeting of shareholders held on October 27, 2016	Ordinary shares	16,310	22.5	September 30, 2016	December 1, 2016	Retained earnings
Ordinary general meeting of shareholders held on June 16, 2017	Ordinary shares	9,061	12.5	March 31, 2017	June 19, 2017	Retained earnings
Board of Directors' meeting held on October 30, 2017	Ordinary shares	5,437	7.5	September 30, 2017	December 1, 2017	Retained earnings

Dividends whose record date is in the third quarter but whose effective date is in the following quarter are as follows:

None noted.

## 8. FINANCIAL INSTRUMENTS

### (1) Fair value of financial instruments by type

Carrying amounts and fair values of the major financial instruments are as follows:

	Millions of Yen			
	As of March 31, 2017		As of December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair Value
Assets:				
Trade receivables	94,964	99,231	107,763	112,605
Lease receivables	810,191	835,283	837,760	863,034
Installment loans	120,311	120,820	126,843	127,380
Derivative assets	1,673	1,673	1,588	1,588
Securities	80,141	80,141	96,870	96,870
Bonds	1,438	1,438	1,307	1,307
<b>Total</b>	<b>1,108,718</b>	<b>1,138,586</b>	<b>1,172,131</b>	<b>1,202,784</b>
Liabilities:				
Derivative liabilities	(2,444)	(2,444)	(732)	(732)
Loans and borrowings	(629,799)	(628,380)	(702,524)	(701,432)
Lease liabilities	(1,961)	(2,026)	(2,011)	(2,078)
<b>Total</b>	<b>(634,204)</b>	<b>(632,850)</b>	<b>(705,267)</b>	<b>(704,242)</b>

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 fair values due to the relatively short-term nature.

#### (ii) Trade and other receivables

The 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 per each receivable classified per certain business type is calculated 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 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 per each receivable classified per certain period is calculated 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 inputs described above are classified as Level 3 under the fair value measurement and disclosure framework.

#### (iv) Derivatives

Derivative instruments consist of foreign currency contracts and interest rate swap agreements. The fair values of these instruments are measured mainly by obtaining quotes from brokers or proper valuation method based on available information.

(v) Securities and bonds

Securities and bonds include 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 the comparable companies' analysis 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 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.

**(2) Fair value hierarchy applied in condensed consolidated statement of financial position**

The fair value hierarchy of financial instruments is categorized as follows from Level 1 to Level 3:

Level 1: Quoted prices in active markets with respect to identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Inputs not based on observable market data

The following tables present the fair value hierarchy of financial assets and liabilities that are measured at the fair values in the condensed consolidated statement of financial position.

	Millions of Yen			
	As of March 31, 2017			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,673	-	1,673
Securities	76,943	-	3,198	80,141
Bonds	1,438	-	-	1,438
Total assets	78,381	1,673	3,198	83,252
Derivative liabilities	-	2,444	-	2,444
Total liabilities	-	2,444	-	2,444

	Millions of Yen			
	As of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Derivative assets	-	1,588	-	1,588
Securities	93,500	-	3,370	96,870
Bonds	1,307	-	-	1,307
Total assets	94,807	1,588	3,370	99,765
Derivative liabilities	-	732	-	732
Total liabilities	-	732	-	732

Note:

(i) Derivative instruments consist of interest rate swap agreements, foreign currency contracts and foreign currency options. 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 include marketable equity securities, bonds and unlisted securities. Marketable equity securities and bonds are observable and valued using a market approach based on the quoted market

prices of identical instruments in active markets, and therefore marketable equity securities and bonds are classified as Level 1. As for unlisted securities, Ricoh determines the fair value based on an approach using observable inputs such as the comparable company's share prices and unobservable inputs, and therefore unlisted securities are classified as Level 3.

There were no significant changes in the nature of Level 3 securities during the period.

## 9. SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following amounts were charged to selling, general and administrative expenses for the nine months and three months ended December 31, 2016 and 2017:

	Millions of Yen	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Research and development expenses	74,584	68,019
Shipping and handling costs	19,602	20,677
Advertising costs	6,547	5,600

	Millions of Yen	
	Three months ended December 31, 2016	Three months ended December 31, 2017
Research and development expenses	24,583	21,318
Shipping and handling costs	6,825	6,994
Advertising costs	2,219	1,853

## 10. EARNINGS PER SHARE

Earnings per share are as follows.

Diluted net income per share for the nine months and three months ended December 31, 2016 and 2017 are omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit attributable to owners of the parent (millions of yen)	4,114	17,335
Weighted average number of issued and outstanding shares (thousands of shares)	724,886	724,878
Earnings per share (attributable to owners of the parent) (yen)	5.68	23.91

	Three months ended December 31, 2016	Three months ended December 31, 2017
Profit attributable to owners of the parent (millions of yen)	(888)	12,808
Weighted average number of issued and outstanding shares (thousands of shares)	724,885	724,874
Earnings per share (attributable to owners of the parent) (yen)	(1.23)	17.67

## **11. CAPITAL COMMITMENTS AND CONTINGENCIES**

As of March 31, 2017, and December 31, 2017, Ricoh had outstanding contractual commitments for acquisition or construction of property, plant and equipment and other assets aggregating ¥13,007 million and ¥9,643 million.

As of March 31, 2017, and December 31, 2017, there were no significant contingent liabilities.

As of December 31, 2017, the Company and certain subsidiaries were parties to litigation involving routine matters, such as patent rights. In the opinion of management, the ultimate liability, if any, resulting from such litigation will not materially affect the financial position or the results of operations of Ricoh.

## **12. SUBSEQUENT EVENTS**

On January 29, 2018, our consolidated subsidiary, Ricoh India Limited (Headquarters: New Delhi, listed on Bombay Stock Exchange – referred to as Ricoh India from here), filed an application for initiating corporate insolvency resolution process with the National Company Law Tribunal pursuant to Section 10 of the Insolvency and Bankruptcy Code, 2016 of India (\*), based on its board decision to do so.

Ricoh India has been trying to effectuate management reforms, cost reductions and other measures for the purpose of rehabilitating its business; however, its business performance has not improved and deficit has continued. Additionally, Ricoh India's relationship with its major vendor has deteriorated, and it resulted in non-fulfilment of contracts by the vendor and failure to collect receivables from business partners. 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 in the best interests of its customers, employees, minority shareholders, creditors and all other stakeholders.

Ricoh have made the decision not to provide any additional financial support going forward to Ricoh India on October 27, 2017. Ricoh anticipated losses arising from changing in the restructuring support for Ricoh India of 30.0 billion yen. There is no change in this anticipation at the moment. This anticipation is based on information available to and certain assumptions made by Ricoh as at to date, and there can be no assurance that the relevant forecasts will be achieved. Please note that significant differences between the forecasts and actual results may arise from various factors in the future.

\*Reconstruction process based on the Insolvency and Bankruptcy Code of India:

After the NCLT admits the application filed under Section 10 of the Code, NCLT will appoint a resolution professional to be vested with the management of corporate debtor and there will be a prescribed time period during which a resolution plan is to be prepared and submitted to the committee of creditors and to NCLT for their approvals. In the event where any resolution plan is not submitted to NCLT within the time period or where other events stipulated in the Code occur, the NCLT will pass an order requiring the corporate debtor to be liquidated.

## **13. AUTHORIZATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Akira Oyama, Director and Corporate Executive Vice President, on February 13, 2018.