

**Ricoh Company, Ltd.**

Condensed Consolidated Financial Statements  
for the Three Months Ended June 30, 2019

This is an English translation of the Quarterly Securities Report (Shihanki Hokokusho) for the three months ended June 30, 2019 pursuant to the Japanese Financial Instrument and Exchange Law.

# Condensed Consolidated Statement of Financial Position

Ricoh Company, Ltd. and its Consolidated Subsidiaries

ASSETS	Millions of Yen	
	As of March 31, 2019	As of June 30, 2019
Current assets:		
Cash and cash equivalents	240,099	234,039
Time deposits	70	85
Trade and other receivables	604,804	572,318
Other financial assets	294,351	293,357
Inventories	207,748	219,443
Other current assets	40,107	48,843
Subtotal	1,387,179	1,368,085
Assets classified as held for sale (Note 4)	2,583	-
Total current assets	1,389,762	1,368,085
Non-current assets:		
Property, plant and equipment	250,287	242,603
Right-of-use assets (Note 3)	-	73,717
Goodwill and intangible assets	219,806	216,672
Other financial assets	708,295	709,283
Investments accounted for using the equity method	12,521	14,005
Other investments	22,443	32,090
Other non-current assets	38,006	37,907
Deferred tax assets	84,012	83,299
Total non-current assets	1,335,370	1,409,576
Total assets	2,725,132	2,777,661

<b>LIABILITIES AND EQUITY</b>	Millions of Yen	
	As of March 31, 2019	As of June 30, 2019
Current liabilities:		
Bonds and borrowings (Note 7)	266,957	238,141
Trade and other payables	306,189	277,090
Lease liabilities (Note 3)	-	29,094
Other financial liabilities	521	120
Income tax payables	15,455	14,508
Provisions	12,277	9,356
Other current liabilities	242,799	248,254
Total current liabilities	844,198	816,563
Non-current liabilities:		
Bonds and borrowings (Note 7)	666,462	720,922
Lease liabilities (Note 3)	-	47,194
Other financial liabilities	3,420	481
Accrued pension and retirement benefits	105,288	103,327
Provisions	6,610	6,697
Other non-current liabilities	77,619	73,061
Deferred tax liabilities	2,547	2,664
Total non-current liabilities	861,946	954,346
Total liabilities	1,706,144	1,770,909
Equity:		
Common stock	135,364	135,364
Additional paid-in capital	186,086	186,130
Treasury stock	(37,394)	(37,395)
Other components of equity	73,645	56,045
Retained earnings	574,876	581,077
Equity attributable to owners of the parent	932,577	921,221
Non-controlling interests	86,411	85,531
Total equity	1,018,988	1,006,752
Total liabilities and equity	2,725,132	2,777,661

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

# Condensed Consolidated Statement of Profit or Loss

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Sales (Note 5,6)	490,940	477,605
Cost of sales	296,500	293,196
Gross profit	194,440	184,409
Selling, general and administrative expenses (Note 10)	175,795	161,029
Other income *	1,067	4,186
Operating profit (loss)	19,712	27,566
Finance income	1,266	1,635
Finance costs	3,222	3,063
Share of profit (loss) of investments accounted for using the equity method	170	(62)
Profit before income (loss) tax expenses	17,926	26,076
Income tax expenses	6,989	8,833
Profit (loss) for the period	10,937	17,243
Profit (loss) attributable to:		
Owners of the parent	9,282	15,624
Non-controlling interests	1,655	1,619

	Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Earnings per share attributable to owners of the parent: (Note 11)		
Basic	12.81	21.55
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".

# Condensed Consolidated Statement of Comprehensive Income

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit (loss) for the period	10,937	17,243
Other comprehensive income (loss):		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	-	-
Net changes in fair value of financial assets measured through other comprehensive income	(445)	161
Total components that will not be reclassified subsequently to profit or loss	(445)	161
Components that will be reclassified subsequently to profit or loss:		
Net gain (loss) fair value of cash flow hedges	460	237
Exchange differences on translation of foreign operations	(3,084)	(18,183)
Total components that will be reclassified subsequently to profit or loss	(2,624)	(17,946)
Total other comprehensive income (loss)	(3,069)	(17,785)
Comprehensive income (loss)	7,868	(542)
Comprehensive income (loss) attributable to:		
Owners of the parent	6,083	(1,976)
Non-controlling interests	1,785	1,434

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

# Condensed Consolidated Statement of Changes in Equity

Ricoh Company, Ltd. and its 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 financial assets measured through other comprehensive income	Net gain (loss) on fair value of cash flow hedges
Balance as of April 1, 2018	135,364	186,463	(37,329)	-	51,581	(13,261)
Cumulative effects of changes in accounting policy					(41,149)	13,293
Opening Balance reflecting changes in accounting policy	135,364	186,463	(37,329)	-	10,432	32
Profit (loss) for the period						
Other comprehensive income (loss)					(563)	253
Comprehensive income (loss)	-	-	-	-	(563)	253
Net change in treasury stock			(2)			
Dividends declared and approved to owners (Note 8)						
Transfer from other components of equity to retained earnings					(21)	
Total transactions with owners	-	-	(2)	-	(21)	-
Balance as of June 30, 2018	135,364	186,463	(37,331)	-	9,848	285

(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, 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) for the period			9,282	9,282	1,655	10,937
Other comprehensive income (loss)	(2,889)	(3,199)		(3,199)	130	(3,069)
Comprehensive income (loss)	(2,889)	(3,199)	9,282	6,083	1,785	7,868
Net change in treasury stock				(2)		(2)
Dividends declared and approved to owners (Note 8)			(5,437)	(5,437)	(514)	(5,951)
Transfer from other components of equity to retained earnings		(21)	21	-		-
Total transactions with owners	-	(21)	(5,416)	(5,439)	(514)	(5,953)
Balance as of June 30, 2018	73,745	83,878	547,670	916,044	80,461	996,505

(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 financial assets measured through other comprehensive income	Net gain (loss) on fair value of cash flow hedges
Balance as of April 1, 2019	135,364	186,086	(37,394)	-	7,815	59
Profit (loss) for the period						
Other comprehensive income (loss)					167	327
Comprehensive income (loss)	-	-	-	-	167	327
Net change in treasury stock			(1)			
Dividends declared and approved to owners (Note 8)						
Transfer from other components of equity to retained earnings						
Equity transactions with non-controlling shareholders		44				
Total transactions with owners	-	44	(1)	-	-	-
Balance as of June 30, 2019	135,364	186,130	(37,395)	-	7,982	386



(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, 2019	65,771	73,645	574,876	932,577	86,411	1,018,988
Profit (loss) for the period			15,624	15,624	1,619	17,243
Other comprehensive income (loss)	(18,094)	(17,600)		(17,600)	(185)	(17,785)
Comprehensive income (loss)	(18,094)	(17,600)	15,624	(1,976)	1,434	(542)
Net change in treasury stock				(1)		(1)
Dividends declared and approved to owners (Note 8)			(9,423)	(9,423)	(588)	(10,011)
Transfer from other components of equity to retained earnings				-		-
Equity transactions with non-controlling shareholders				44	(1,726)	(1,682)
Total transactions with owners	-	-	(9,423)	(9,380)	(2,314)	(11,694)
Balance as of June 30, 2019	47,677	56,045	581,077	921,221	85,531	1,006,752

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

# Condensed Consolidated Statement of Cash Flows

Ricoh Company, Ltd. and its Consolidated Subsidiaries

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit (loss) for the period	10,937	17,243
Adjustments to reconcile profit for the period to net cash provided by (used in) operating activities -		
Depreciation and amortization	25,690	30,179
Other income	(1,067)	(4,186)
Share of profit (loss) of investments accounted for using the equity method	(170)	62
Finance income and costs	1,956	1,428
Income tax expenses	6,989	8,833
(Increase) decrease in trade and other receivables	7,599	28,846
(Increase) decrease in inventories	(16,989)	(15,117)
(Increase) decrease in lease receivables	827	(2,705)
Increase (decrease) in trade and other payables	(6,615)	(28,139)
Increase (decrease) in accrued pension and retirement benefits	(1,058)	(732)
Other, net	3,100	(144)
Interest and dividends received	1,039	1,622
Interest paid	(1,183)	(1,406)
Income taxes paid	(9,489)	(12,422)
Net cash provided by (used in) operating activities	21,566	23,362
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of property, plant and equipment	1,464	6,460
Expenditures for property, plant and equipment	(14,404)	(14,777)
Proceeds from sales of intangible assets	265	91
Expenditures for intangible assets	(6,386)	(5,608)
Payments for purchases of investment securities	(7)	(11,086)
Proceeds from sales of investment securities	56,130	598
(Increase) decrease in time deposits	278	(17)
Purchase of business, net of cash acquired	-	(1,011)
Decrease due to loss of control of subsidiaries	(3,056)	-
Other, net	(7,173)	(4,053)
Net cash provided by (used in) investing activities	27,111	(29,403)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds (repayments) of short-term debt	9,822	(8,900)
Proceeds from long-term debt	11,076	79,111
Repayments of long-term debt	(1,132)	(46,105)
Repayments of lease liabilities	-	(7,785)
Dividends paid (Note 8)	(5,437)	(9,423)
Payments for purchase of treasury stock	(2)	(1)
Other, net	(514)	(2,281)
Net cash provided by (used in) financing activities	13,813	4,616
<b>IV. EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS</b>	1,187	(4,635)
<b>V. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	63,677	(6,060)
<b>VI. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	160,568	240,099
<b>VII. CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	224,245	234,039

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

# Notes to Condensed Consolidated Financial Statements

*Ricoh Company, Ltd. and its 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 June 30, 2019 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 Services, 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 5“Operating Segments”).

## 2. BASIS OF PREPARATION

### (1) Statements of Compliance

The condensed consolidated financial statements meet 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, 2019, 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 three months ended June 30, 2019 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

Significant accounting policies which apply in the condensed consolidated financial statements are same as previous fiscal year excepting the table below.

IFRSs	Title	Summaries of new IFRSs/amendments
IFRS 16	Leases	Changes in accounting for leases

#### Adoption of IFRS 16 ‘Leases’

Ricoh implemented IFRS 16 ‘Leases’ as of April 1, 2019. Ricoh applied this standard retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application. In applying IFRS 16, Ricoh uses a practical expedient, in which an entity is not required to reassess whether a contract is or contains a lease at date of initial application, and Ricoh also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

For leases that Ricoh as lessee previously classified as operating leases applying IAS 17, right-of-use assets and lease liabilities were recognized at the date of initial application. Lease liabilities have been measured at the present value of outstanding lease payments discounted using the lessee’s incremental borrowing rate at the date of initial application. The weighted average of the lessee’s incremental borrowing rate is 1.6%. Right-of-use assets are initially measured at the initial measurement amount of the lease liability adjusted for the prepaid lease payments and other factors. Ricoh has elected the exemptions that allow a lessee not to apply the requirements of IFRS 16 to short-term leases (with a lease term of 12 months or less) and leases for low-value assets.

For leases that Ricoh as lessee previously classified as finance leases applying IAS 17, the carrying amounts of right-of-use assets and lease liabilities at the date of initial application were the carrying amounts of lease assets and lease liabilities, respectively, immediately before the date measured applying IAS 17.

The following is a reconciliation of non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019 and lease liabilities recognized in the Condensed Consolidated Statement of Financial Position at the date of initial application.

	(Millions of Yen)
Non-cancellable operating lease contracts as of March 31, 2019	49,522
Finance lease liabilities as of March 31, 2019	3,397
Cancellable operating lease contracts, etc.	30,359
Lease liabilities as of April 1, 2019	83,278

Right-of-use assets recognized at the beginning of the current fiscal year were ¥79,807 million. There was no material impact on profit and loss of the first quarter of the current fiscal year from the changes.

#### 4. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale as of March 31, 2019 consisted mainly of land, buildings and structures in Ricoh Industry Co., Ltd. (former Saitama plant) in the amount of 2,150 million yen. The assets were sold in the first quarter ended June 30, 2019.

#### 5. OPERATING SEGMENTS

Ricoh's operating segments are composed of Office Printing, Office Services, Commercial Printing, Industrial Printing, Thermal Media and Other.

The following table presents the content of each operating segment.

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 paper, thermal media
Other	Optical equipment, electronic components, semiconductor devices, digital cameras, industrial cameras, 3D printing, environment, healthcare solutions and financial services

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 three months ended June 30, 2018 and 2019. 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 June 30, 2018 and 2019.

## (1) Operating Segment Information

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Segment sales:		
Office Printing	273,725	256,229
Office Service	108,007	115,783
Commercial Printing	42,424	43,056
Industrial Printing	5,837	5,969
Thermal Media	16,259	16,134
Other	60,309	46,011
Intersegment sales	(15,621)	(5,577)
Total segment sales	490,940	477,605
Segment profit (loss):		
Office Printing	30,166	31,532
Office Service	2,211	4,002
Commercial Printing	4,936	6,129
Industrial Printing	(145)	(446)
Thermal Media	658	959
Other	461	1,922
Total segment profit	38,287	44,098
Reconciling items:		
Corporate expenses and elimination	(18,575)	(16,532)
Finance income	1,266	1,635
Finance costs	(3,222)	(3,063)
Share of profit of investments accounted for using equity method	170	(62)
Profit before income tax expenses	17,926	26,076

## (2) Geographic Information

Sales based on the location of customers are as follows:

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Sales:		
Japan	193,627	193,902
The Americas	136,247	133,048
Europe, Middle East and Africa	114,639	106,047
Other	46,427	44,608
Consolidated	490,940	477,605
The United States (included in The Americas)	111,763	110,807

## 6. 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,” “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.

Three months ended June 30, 2018	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	87,980	80,576	76,319	28,850	273,725
Office Service	57,623	27,410	18,847	4,127	108,007
Commercial Printing	6,466	21,337	12,007	2,614	42,424
Industrial Printing	756	1,423	1,393	2,265	5,837
Thermal Media	3,360	4,672	4,545	3,682	16,259
Other	37,442	829	1,528	4,889	44,688
Total segment sales	193,627	136,247	114,639	46,427	490,940

Note:

1. Intersegment transactions were excluded in the table above.
2. Revenues recognized in accordance with IFRS15 ‘Revenue from contracts with customers’ as well as revenues from leases recognized in accordance with IAS17 ‘Leases’ were included in Sales.

Three months ended June 30, 2019	Millions of Yen				
	Japan	The Americas	Europe, Middle East and Africa	Other	Total
Office Printing	85,641	76,887	66,915	26,786	256,229
Office Service	64,404	27,385	20,457	3,537	115,783
Commercial Printing	6,433	21,645	11,865	3,113	43,056
Industrial Printing	765	1,527	1,122	2,555	5,969
Thermal Media	3,299	4,851	4,384	3,600	16,134
Other	33,360	753	1,304	5,017	40,434
Total segment sales	193,902	133,048	106,047	44,608	477,605

Note:

1. Intersegment transactions were excluded in the table above.
2. Revenues recognized in accordance with IFRS15 ‘Revenue from contracts with customers’ as well as revenues from leases recognized in accordance with IFRS16 ‘Leases’ were included in Sales.

## 7. BONDS

No issuance or repayment of bonds was noted for the first quarter ended June 30, 2018 and 2019.

## 8. DIVIDENDS

(1) Dividends paid during the three months ended June 30, 2018 and 2019 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 22, 2018	Ordinary shares	5,437	7.5	March 31, 2018	June 25, 2018	Retained earnings
Ordinary general meeting of shareholders held on June 21, 2019	Ordinary shares	9,423	13.0	March 31, 2019	June 24, 2019	Retained earnings

(2) Dividends whose record date is in the current quarter but whose effective date is in the following quarter

No such dividend was noted for the first quarter ended June 30, 2018 and 2019.



## 9. FINANCIAL INSTRUMENTS

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

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

	Millions of Yen			
	As of March 31, 2018		As of June 30, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets:</b>				
Trade receivables	132,365	138,060	136,733	142,616
Lease receivables	848,234	863,268	845,668	860,675
Installment loans	153,126	153,325	155,402	155,604
Derivative assets	1,286	1,286	1,570	1,570
Securities	22,092	22,092	31,142	31,142
Bonds	1,032	1,032	948	948
<b>Total</b>	<b>1,158,135</b>	<b>1,179,063</b>	<b>1,171,463</b>	<b>1,192,555</b>
<b>Liabilities:</b>				
Derivative liabilities	544	544	601	601
Loans and borrowings	666,462	666,283	720,922	717,692
<b>Total</b>	<b>667,006</b>	<b>668,827</b>	<b>721,523</b>	<b>718,293</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 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 receivables discounted by the interest rate which takes into account the period to maturity and the credit risk.

Trade and other receivables are classified as Level 3 under the fair value measurement and disclosure framework, since they are valued using inputs not based on observable market data.

#### (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 receivables discounted by the interest rate which takes into account the period to maturity and the credit risk. Lease receivables and installment loans are classified as Level 3 under the fair value measurement and disclosure framework, since they are valued using inputs not based on observable market data.

#### (iv) Derivatives

Derivative instruments consist of interest rate swap agreements and foreign currency 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.

#### (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 and borrowings

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 and borrowings is 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 and borrowings using inputs described above are classified as Level 2 under the fair value measurement and disclosure framework, since they are valued using observable market data.

(vii) Measurement of financial instruments

Measurement methods for the financial instruments in accordance with IFRS9 'Financial Instruments' were as follows.

At amortized cost: Trade receivables, Installment loans, Loans (as a liability) and borrowings.

At fair value through profit or loss: Derivative assets and Derivative liabilities.

At fair value through other comprehensive income: Securities and Bonds (as an asset).

**(2) Fair value measurement applied in condensed 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

	Millions of Yen			Total
	Level 1	Level 2	Level 3	
As of March 31, 2019				
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
<b>Total assets</b>	<b>18,239</b>	<b>1,286</b>	<b>4,885</b>	<b>24,410</b>
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	544	-	544
<b>Total liabilities</b>	<b>-</b>	<b>544</b>	<b>-</b>	<b>544</b>

	Millions of Yen			
	As of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative assets	-	1,570	-	1,570
Financial assets at fair value through other comprehensive income:				
Securities	17,729	-	13,413	31,142
Bonds	948	-	-	948
<b>Total assets</b>	<b>18,677</b>	<b>1,570</b>	<b>13,413</b>	<b>33,660</b>
Financial liabilities at fair value through profit or loss:				
Derivative liabilities	-	601	-	601
<b>Total liabilities</b>	<b>-</b>	<b>601</b>	<b>-</b>	<b>601</b>

Note:

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.

A reconciliation of financial assets categorized at Level 3 from beginning balances to the ending balances is as follows:

	Millions of Yen	
	Three months ended	Three months ended
	June 30, 2018	June 30, 2019
<b>Beginning balance</b>	<b>3,624</b>	<b>4,885</b>
Purchases	1	8,558
Sales	-	(29)
Others	49	(1)
<b>Ending balance</b>	<b>3,674</b>	<b>13,413</b>

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

The following amounts were charged to selling, general and administrative expenses for the three months ended June 30, 2018 and 2019:

	Millions of Yen	
	Three months ended June 30, 2018	Three months ended June 30, 2019
Research and development expenses	21,450	19,820
Shipping and handling costs	6,835	6,673
Advertising costs	1,406	1,299

## 11. EARNINGS PER SHARE

Earnings per share attributable to owners of the parent-basic are as follows.

Diluted net income per share for the three months ended June 30, 2018 and 2019 is omitted because the Company did not have potentially dilutive common shares that were outstanding for the period.

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit attributable to owners of the parent (millions of yen)	9,282	15,624
Weighted average number of issued and outstanding shares (thousands of shares)	724,870	724,862
Earnings per share attributable to owners of the parent-basic (yen)	12.81	21.55

## 12. CAPITAL COMMITMENTS AND CONTINGENCIES

As of March 31, 2019 and June 30, 2019, Ricoh had outstanding contractual commitments for acquisition of property, plant and equipment and other assets aggregating ¥ 9,884 million and ¥8,581 million.

As of March 31, 2019 and June 30, 2019, there were no significant contingent liabilities.

As of June 30, 2019, 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.

## 13. SUBSEQUENT EVENTS

### (1) Business combinations

On August 5, 2019, Ricoh Europe Holdings PLC, a wholly owned subsidiary of the Company, acquired all of the stocks of DocuWare GmbH, which provides cloud and on-premise CSP (Contents Service Platform) to support document management and workflow automation, in order to expand Digital business.

Acquisition price is 156 million EURO \*1 (18,532 million JPY \*2) paid by cash.

The fair value of assets acquired, liabilities assumed, and goodwill are in the process of being calculated.

(\*1) Final acquisition price might be changed based on conditions of the Share Purchase Agreement.

(\*2) 1 EURO = 118.31 yen (as of August 5, 2019)

## **(2) Issuance of Bonds**

The Company has issued the 3rd series of unsecured straight bonds of EURO (with inter-bond pari passu clause and limited to qualified institutional investors) on July 29, 2019, based on the comprehensive resolution at the Board of Directors Meeting held on March 29, 2019.

3rd series of unsecured straight bonds of EURO (with inter-bond pari passu clause and limited to qualified institutional investors)

1. Total amount issued 100 million EURO
2. Issue price 100 EURO per face value of 100 EURO
3. Due date of payment July 29, 2019
4. Maturity date The principal of the bond will be redeemed in full on July 29, 2022.
5. Interest Rate 0.220% per year
6. Use of net proceeds Loan to subsidiaries (consolidated subsidiaries use for their business)

Ricoh Leasing Co., Ltd., a consolidated subsidiary of the Company, has issued the 35<sup>th</sup> and 36<sup>th</sup> series of unsecured straight bonds (with inter-bond pari passu clause) on July 12, 2019, based on the comprehensive resolution at its Board of Directors Meeting held on March 27, 2019.

35<sup>th</sup> series of unsecured straight bonds (with inter-bond pari passu clause)

1. Total amount issued 25,000 million yen
2. Issue price 100 yen per face value of 100 yen
3. Due date of payment July 12, 2019
4. Maturity date The principal of the bond will be redeemed in full on July 12, 2022.
5. Interest Rate 0.040% per year
6. Use of net proceeds Redemption of commercial paper

36<sup>th</sup> series of unsecured straight bonds (with inter-bond pari passu clause)

1. Total amount issued 5,000 million yen
2. Issue price 100 yen per face value of 100 yen
3. Due date of payment July 12, 2019
4. Maturity date The principal of the bond will be redeemed in full on July 12, 2029.
5. Interest Rate 0.290% per year
6. Use of net proceeds Redemption of commercial paper

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

The condensed consolidated financial statements were authorized for issue by Yoshinori Yamashita, Representative Director and President, and Hidetaka Matsuishi Director and Corporate Executive Vice President, on August 9, 2019.