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Revision to the forecasted consolidated operating results for the full fiscal year due to a change in the restructuring support for an overseas affiliated company

We have decided to change our assistance policy for our consolidated subsidiary, Ricoh India Limited (Registered head office: Mumbai, Bombay Stock Exchange – referred to as Ricoh India from here). We anticipate additional associated losses and have revised the forecasted consolidated operating results for the full year ending March 31, 2018 that were announced on April 28, 2017.

Until now, we have offered various forms of support to rebuild Ricoh India. However, in addition to the continued deficit, Ricoh India's relationship with its major vendor deteriorated, so we have reevaluated the restructuring plan and our support for Ricoh India. As a result, under the current circumstances, we have made the decision not to provide any additional financial support going forward, in order to minimize the consolidated losses of the Ricoh Group.

As Ricoh Company, Ltd. (referred to as Ricoh from here), we will make every effort to continue to provide services to our customers in India and maintain the quality of that service going forward.

Together with this change in policy, we have assessed the amount of losses going forward, and have revised our forecasted consolidated operating results as written below.

1. Revision to the forecast of Ricoh's consolidated operating results

- (1) Revision to the forecast of Ricoh's consolidated operating results for the full year ending March 31, 2018. (From April 1, 2017 to March 31, 2018)

	Net sales (Millions of yen)	Operating profit (Millions of yen)	Profit before income taxes (Millions of yen)	Profit attributable to owners of the parent (Millions of yen)	Earnings per share attributable to owners of the parent- basic (Yen)
Forecast announced in April 2017 (A)	2,000,000	18,000	13,000	3,000	4.14
New forecast (B)	2,040,000	10,000	4,000	-7,000	-9.66
Increase/decrease(B-A)	40,000	-8,000	-9,000	-10,000	—
Increase/decrease (%)	2.0	-44.4	-69.2	—	—
(Reference) Results for the full year ended March 31, 2017)	2,028,899	33,880	29,955	3,489	4.81

- (2) Background of revision

The forecast of the consolidated operating results for the full year ending March, 2018 was revised upwards given the progress of our structural reforms, the exchange rate, and the improvement in business conditions, however due to the anticipated losses arising from our consolidated subsidiary Ricoh India Limited of 30 billion yen, we revised downwards the forecast of our operating income, profit before income taxes and profit attributable to owners of the parent.

We will not change the forecast of the term-end dividend.

(Note) The above forward-looking statements are based on information available to and certain assumptions made by Ricoh as of the date of this notice, 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.

2. Regarding the support for the restructuring of Ricoh India and their performance up to the present time

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 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 announced on May 19, 2016.

Following this, the financial irregularities continued to be investigated, and on July 19, 2016, Ricoh India disclosed the expected loss for the year and revised their results. Ricoh filed a petition with the National Company Law Tribunal 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 Chairman 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.

However, Ricoh India's losses before income tax for the Fiscal Year 2016 were 3.3 billion rupee (5.8 billion yen), and in the first quarter of the Fiscal Year 2017, losses before income tax were 0.7 billion rupee (1.2 billion yen), and therefore the company is continuing in a state of deficit.

Furthermore, the business relationship with its major IT vendor, Fourth Dimension Solutions (Headquarters: New Delhi, National Stock Exchange of India – referred to as FDS from here) has deteriorated. Ricoh India continued negotiations to review its business relationship in order to improve the profitability of several joint projects with FDS, however due to the frequent default of contracts, part of the contract with FDS was cancelled in May, 2017, and negotiations for the return of advanced payments continue.

However, in September, 2017, FDS filed a petition with the National Company Law Tribunal to initiate Ricoh India's insolvency, under the Insolvency and Bankruptcy Code of India. Although the petition was rejected, the dispute with FDS had surfaced. FDS filed another petition yesterday.

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.

3. Efforts to prevent a recurrence

We acknowledge the gravity of this outcome, and, with the aim of strengthening group governance, we will undertake the following six measures to prevent a recurrence through strengthening cooperation between Japan headquarters and regional headquarters/overseas subsidiaries.

- (1) Although our regional headquarters have been the main managing bodies of overseas sales subsidiaries until now, cooperation with the Japan headquarters will be further strengthened. Specifically, regional headquarters and the supervisory department and the accounting department of Japan headquarters will work together to periodically review the financial statements of overseas subsidiaries.

- (2) We will strengthen business management of overseas subsidiaries, globally standardize purchasing processes, and manage purchasing regardless of business customs in each region.
- (3) We will strengthen cooperation between the accounting auditors of overseas subsidiaries and the Japan headquarters' auditing firm, or overseas subsidiaries of the auditing firm. We will also evaluate the effectiveness of audits by the auditing firms from an objective viewpoint.
- (4) As part of improving the effectiveness of internal audits, we will strengthen research processes such as checking transaction details. We will also revise auditing activities that have been closed for each region up until now, and the global audit team will conduct internal audits in the Americas, Europe, and Asia Pacific regions.
- (5) We will manage subsidiaries that are subject to emerging country business risks, differing business structures based on business customs, and risks of new and growing businesses. In emerging countries, for any projects that fall outside of our current business practices, we will confirm and evaluate contract contents, profitability and suppliers for orders placed over a certain amount.
- (6) We will educate senior officers in our overseas subsidiaries with particular emphasis on compliance and internal controls, and clarify their roles and responsibilities with regards to fraud prevention. Furthermore, a nomination and remuneration committee that has already been introduced in Europe and the Americas, will be set up at the Asia Pacific region, to strengthen the evaluation and supervision of senior management.

4. Personnel measures

Ricoh Company, Ltd. deeply regrets this result, and therefore the following will voluntarily reduce their compensation.

Yoshinori Yamashita, president and CEO...15% (for 3 months)

Yohzoh Matsuura, director, corporate executive vice president...15% (for 3 months)

Kunihiko Satoh, director, corporate executive vice president...15% (for 3 months)

Akira Oyama, director, corporate executive vice president...15% (for 3 months)

Yukihiko Yamanaka, corporate vice president...15% (for 3 months)

*Zenji Miura, former president and CEO (currently executive advisor) will voluntarily reduce compensation of 30% for 3 months, and resign.

Mr. Shiro Kondo will retire at the end of his current term of office, as all outstanding issues which arose under his leadership have been, or are in the process of being satisfactorily resolved.