

To Our Shareholders

We would like to take this opportunity to express our sincere appreciation for our shareholders' continuous support to us in presenting our business report for the 118th Ordinary General Meeting of Shareholders.

In the fiscal year ended March 31, 2018, under the newly commenced 19th Mid-Term Management Plan following our strategy "RICOH Resurgent," we strived for structural reform with the goal of future growth, and steadily improved the profitability of our core business and alteration of our businesses and assets.

Consolidated sales of the Ricoh Group for the fiscal year ended March 31, 2018 amounted to ¥2,063.3 billion, which represents an increase of 1.7% from the previous fiscal year, while profit attributable to owners of the parent regrettably amounted to a substantial loss of ¥135.3 billion. We deeply regret causing great concern to our esteemed shareholders. We will strive to achieve performance recovery with a strong sense of responsibility and a firm resolve from the fiscal year ending March 31, 2019.

The primary reasons for decreased profits in the financial results for the fiscal year ended March 31, 2018 include the recording of an impairment loss on assets related to past acquisitions including in the United States, in addition to expenses related to Ricoh India, our overseas affiliated company. However, with regard to impairment loss, under "RICOH Resurgent," we followed a policy of promoting strategic development finely tuned to each business and region with the aim of future growth, divided our business management system from conventional system, established new testing units for impairment tests, conducted impairment tests under a revised testing unit, resulting in an accounting loss. Excluding India-related expenses and impairment losses, our performance is steadily recovering compared to the previous fiscal year, and we have made steady progress in our initiatives for future growth.

With regard to the year-end dividend for the fiscal year ended March 31, 2018, because there was no impact on cash flow from the impairment loss that caused a financial deficit, we will propose the originally planned amount of ¥7.5 per share at the 118th Ordinary General Meeting of Shareholders. Combined with the interim dividend already disbursed, the annual dividend for the fiscal year under review would amount to ¥15 per share.

In the fiscal year ending March 31, 2019, the Ricoh Group expects to achieve a significant performance recovery by improving business earnings, creating structural reform benefits, and reducing special expenses from the previous year, thereby achieving sales of ¥2,040.0 billion and profit attributable to owners of the parent of ¥47.0 billion.

Furthermore, in the fiscal year ending March 31, 2019, the second year of our 19th Mid-Term Management Plan, in order to realize our growth strategy "RICOH Ignite," we will work concertedly as a company to implement policies that enhance the profitability of our core business of office printing and develop growth areas that will be the pillars of new businesses.

We look forward to your continued support and encouragement to the Ricoh Group.

Sincerely,

May 29, 2018

Yoshinori Yamashita,
*Representative Director,
President and CEO*

(Translation)

**NOTICE OF
118TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

1. Date and Time: Friday, June 22, 2018, from 10:00 a.m.
(Reception will start at 9:00 a.m.)

2. Venue: Prince Hall, 5th floor of Annex Tower, Shinagawa Prince Hotel
10-30 Takanawa 4-chome, Minato-ku, Tokyo

3. Purpose:

- Items to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of the audit of the Consolidated Financial Statements by Independent Auditor and the Audit & Supervisory Board for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)
 2. The Non-Consolidated Financial Statements for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

Items to be resolved:

- Agenda 1: Appropriation of surplus
Agenda 2: Partial amendments to the Articles of Incorporation
Agenda 3: Election of eight (8) Directors

4. Treatment of voting rights

- (1) Those who will not be able to attend the meeting on the day are kindly requested to consider the appended “Reference Material for Ordinary General Meeting of Shareholders” and exercise their voting rights in writing or via the Internet by no later than 5:30 p.m., Thursday, June 21, 2018.
- (2) When voting rights are exercised both in writing and via the Internet, the vote received later shall be deemed effective. However, if votes are received on the same day, the vote registered via the Internet shall be deemed effective.
- (3) When voting rights are exercised via the Internet more than once, the last vote shall be deemed effective.

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- If there is any revision to the Reference Material for Ordinary General Meeting of Shareholders, Business Report, Consolidated and Non-consolidated Financial Statements, notification of the content of such revision will be given on the Company’s website in the column “To Our Shareholders (Investor Relations / Financial Data).” (<https://jp.ricoh.com/IR/>)

This English translation is an abridged version of the original notice in Japanese. In the event of any discrepancy, the Japanese version shall prevail.

Reference Material for Ordinary General Meeting of Shareholders

Agenda 1: Appropriation of surplus

The appropriation of surplus will be as follows:

While enhancing its retained earnings in pursuit of the strengthening of our corporate structure and new development of businesses, the Company strives to deliver stable dividend payments to shareholders by taking into consideration medium-term profit forecast and investment plans, cash flows and financial strength in a comprehensive manner.

The Company intends to use internal reserve funds intensively for the strengthening its core businesses and for investment in growing business areas, with a medium- to long-term objective of achieving prosperity.

Although profit attributable to owners of the parent for the current fiscal year was a loss of ¥135.3 billion, the year-end dividends for the current fiscal year will be ¥7.5 per share in accordance with the initial plan in consideration of the status of cash generated through structural reform activities, etc.

As a result, the annual dividend for the current fiscal year including the interim dividend will be ¥15 per share.

In addition, in order to cover the deficit in retained earnings brought forward for the fiscal year ended March 31, 2018, we propose partial reversal of the general reserve as below and transfer to retained earnings brought forward based on the provisions of Article 452 of the Companies Act.

1. Year-end dividends

(1) Type of dividend assets

Cash

(2) Matters concerning allocation of dividend assets and the total amount

¥7.5 per common share of the Company

Total: ¥5,436,535,643

(3) Effective date of the surplus distribution

June 25, 2018

2. Other appropriation of surplus

(1) Item of surplus whose amount is to be increased and the amount thereof

Retained earnings brought forward: ¥100,000,000,000

(2) Item of surplus whose amount is to be decreased and the amount thereof

General reserve: ¥100,000,000,000

* Reserve for social contribution

A reserve for social contribution system funded from surplus was established in the fiscal year ended March 31, 1999 with the cooperation of our shareholders in order to conduct stable and continuous social contribution activities, and we have been conducting these activities accordingly. However, going forward, social contribution activities of the entire Group will be transformed into activities underpinning business and will be conducted using business expenses. The reserve for social contribution system has therefore been abolished.

Agenda 2: Partial amendments to the Articles of Incorporation

1. Reasons for the proposal

1) Article 3. (Objectives)

We propose partial revisions to the statements regarding the business objective in Article 3. (Objectives) of the Company's current Articles of Incorporation in order to clarify the business purpose in line with the current state of the Company's business and respond to future business developments and the diversification of business activities.

2) Article 22. (Term of Office)

We would like to shorten the term of office of Directors from two (2) years to one (1) year for the purpose of further strengthening corporate governance by clarifying the responsibilities of Directors and confirming the mandate from shareholders each fiscal year, and propose the necessary revisions to Article 22. (Term of Office) of the current Articles of Incorporation.

2. Contents of amendment

Proposed amendments are as follows:

(The parts underlined are those amended.)

Prior to Revision	Revised
<p>(Objectives) Article 3.</p> <p>The objectives of the Company are to engage in the following businesses:</p> <ul style="list-style-type: none"> i) Manufacture and sale of optical equipment, office equipment, printing equipment, audio equipment, electrical equipment, electronic equipment, communication equipment, precision equipment, measuring equipment, lighting equipment, medical <u>health</u> equipment, other general machinery, and accessories and supplies thereof; ii) to xvii) (Omitted) 	<p>(Objectives) Article 3.</p> <p>The objectives of the Company are to engage in the following businesses:</p> <ul style="list-style-type: none"> i) Manufacture and sale of optical equipment, office equipment, printing equipment, audio equipment, electrical equipment, electronic equipment, communication equipment, precision equipment, measuring equipment, lighting equipment, <u>healthcare and medical related</u> equipment, other general machinery, and accessories and supplies thereof; ii) to xvii) (Unchanged)
<Omitted>	
<p>(Term of Office) Article 22.</p> <ol style="list-style-type: none"> 1. The term of office of directors shall be until the close of the ordinary general meeting of shareholders relating to the last fiscal year ending within <u>two (2) years</u> after their election. 2. <u>The term of office of a director elected to fill a vacancy of a director who has resigned before the completion of his/her term, or elected to increase the number of directors, shall be for the remaining balance of the term of office of the other directors currently in office.</u> 	<p>(Term of Office) Article 22.</p> <ol style="list-style-type: none"> 1. The term of office of directors shall be until the close of the ordinary general meeting of shareholders relating to the last fiscal year ending within <u>one (1) year</u> after their election. (Deleted)

Agenda 3: Election of eight (8) Directors

The tenure of office of all the ten (10) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the appointment of eight (8) Directors, including four (4) Outside Directors.

In order to build a Director election process that is more objective and transparent in an aim to strengthen competitiveness, improve corporate value, and strengthen corporate governance, the Company has established an optional Nomination Committee, a majority of members of which are Non-executive Directors and half or more of members of which are Outside Directors. The Nomination Committee selected candidates based on the election criteria for Directors and reported the candidates to the Board of Directors. Subsequently, following discussions by the Board of Directors, the candidates for Directors were determined for proposal to the General Meeting of Shareholders. (Refer to page 16 for the election criteria for Directors and election process for Directors.)

In addition, if this agenda is approved as originally proposed, the structure of the Board of Directors will be changed from a total of ten (10) members consisting of six (6) Internal Directors and four (4) Outside Directors to a total of eight (8) members consisting of four (4) Internal Directors and four (4) Outside Directors (including one (1) female Director), making half of the Directors to be Outside Directors. The Company will enhance its oversight function and speed up decision-making through this structure.

The candidates for Directors are on pages 6 to 15.

No.		Name	Current positions at the Company	Years of service as Director (at the conclusion of this Meeting)
1	Reappointment	Yoshinori Yamashita	Representative Director, CEO and President	6 years
2	Reappointment	Nobuo Inaba	Chairman of the Board	8 years
3	New	Hidetaka Matsuishi	Corporate Executive Vice President and CFO	—
4	New	Seiji Sakata	Corporate Executive Vice President	—
5	Reappointment	Makoto Azuma	Outside Director Independent Director	4 years
6	Reappointment	Masami Iijima	Outside Director Independent Director	2 years
7	Reappointment	Mutsuko Hatano	Outside Director Independent Director	2 years
8	New (Outside Director)	Kazuhiro Mori	Independent Director (planned)	—

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
1	Yoshinori Yamashita (August 22, 1957)	<p>Mar. 1980 Joined the Company</p> <p>Apr. 2008 President of Ricoh Electronics, Inc.</p> <p>Apr. 2010 Group Executive Officer, Corporate Vice President</p> <p>Apr. 2011 Corporate Senior Vice President</p> <p> General Manager of Corporate Planning Division</p> <p>June 2012 Director</p> <p> Corporate Executive Vice President</p> <p>Apr. 2013 In charge of Internal Management and Control</p> <p>Apr. 2014 General Manager of Business Solutions Group</p> <p>Apr. 2015 In charge of core business</p> <p>June 2016 Deputy President</p> <p>Apr. 2017 Representative Director (Current)</p> <p> President (Current)</p> <p> CEO (Chief Executive Officer) (Current)</p>	<p>[Responsibilities as a Director of the Company]</p> <p>Nomination Committee Member / Compensation Committee Member</p>
	Reappointment	[Responsibilities as an Executive Officer of the Company]	
	Number of the Company's shares held 25,500	CEO	
	Years of service as Director 6 years (at the conclusion of this Meeting)	<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Yoshinori Yamashita has extensive experience and deep insight into the management of production and global marketing as well as into management strategy and overseeing the Company's core business, which he gained through many years of service. He also serves as an executive member of the public interest incorporated association Japan Association of Corporate Executives and as the Chairman of the Regional Revitalization Committee, and he actively participates in activities outside of the Company.</p>	
	Board of Directors meeting attendance during fiscal year ended March 31, 2018 15/15 (100%)	<p>For the fiscal year ended March 31, 2018, since assuming the post of Representative Director, President and CEO on April 1, 2017, under "RICOH Resurgent," he promoted structural reforms, growth strategies and management reforms in a top-down manner to improve corporate value with a strong will to remove all factors that hamper growth. In addition, from perspective of improving shareholder value, since Mr. Yamashita assumed the position of President & CEO in April 2017, stock prices have generally outperformed TOPIX, and the performance of RICOH's stock price in fiscal year ended March 2018 (April 2017 to March 2018) exceeded TOPIX (+13% growth) for that fiscal year, achieving +15% growth. In addition, total shareholder return (TSR)* in fiscal year ended March 2018 was +16.7%, which is a substantial improvement over TSR in the past 2 years (fiscal 2015: -8.0%, fiscal 2016: -13.1%).</p> <p>In order to ensure sustainable growth and further development of the Company in the future, it is determined to be appropriate for the Company to continue to be managed under his leadership, and thus the Company's Board of Directors renominates him as a candidate for Director.</p>	
		<p>*Total shareholder return (TSR) = ((share price at the end of fiscal year) + (annual dividends)) / (share price at the beginning of fiscal year)</p>	

Notes:

1. There are no special interests between candidate Mr. Yoshinori Yamashita and the Company.
2. If Agenda 2 is approved in its original form, the term of office of candidate Mr. Yoshinori Yamashita shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Yoshinori Yamashita are as of March 31, 2018.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
2	<p>Nobuo Inaba (November 11, 1950)</p> <p>Reappointment</p> <p>Number of the Company's shares held 20,700</p>	<p>Apr. 1974 Joined the Bank of Japan</p> <p>May 1992 Director, Head of Securities Division, Credit and Market Management Department of the Bank of Japan</p> <p>May 1994 Director, Head of Planning Division Policy Planning Office of the Bank of Japan</p> <p>May 1996 Deputy Director-General, Policy Planning Office of the Bank of Japan</p> <p>Apr. 1998 Deputy Director-General (Adviser), Policy Planning Office of the Bank of Japan</p> <p>Apr. 2000 Adviser to the Governor Monetary Policy Studies Department, Policy Planning Office of the Bank of Japan</p> <p>June 2001 Director-General, Information System Services Department of the Bank of Japan</p> <p>June 2002 Director-General, Bank Examination and Surveillance Department of the Bank of Japan</p> <p>May 2004 Executive Director of the Bank of Japan</p> <p>May 2008 Joined the Company Executive Adviser</p> <p>Apr. 2010 President of Ricoh Institute of Sustainability and Business</p> <p>June 2010 Director (Current) Corporate Executive Vice President</p> <p>June 2012 CIO (Chief Information Officer)</p> <p>Sep. 2015 In charge of corporate governance promotion</p> <p>Apr. 2017 Chairman of the Board (Current)</p>	
	<p>Years of service as Director 8 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2018 15/15 (100%)</p>	<p>[Responsibilities as a Director of the Company] Chairman of the Board / Nomination Committee Member / Compensation Committee Member</p> <p>[Reasons for nomination as a candidate for Director] Mr. Nobuo Inaba has deep insight concerning socioeconomic matters through his extensive experience over many years as a head of Ricoh Institute of Sustainability and Business (the Company's think tank function) , in addition to his broad experience and advanced insight into financial and economic matters garnered over a long period of time. He actively participates in activities outside the Company, including serving as an executive member of the public interest incorporated association Japan Association of Corporate Executives and as the Chairman of the Business Conditions Research Committee.</p> <p>For the fiscal year ended March 31, 2018, as a non-executive Chairman of the Board who is dedicated to the oversight function, he played a leading role in areas such as (1) review of the terms of office of Directors, (2) enhancement of the evaluation of the President and Directors, (3) review of the advisory system, and (4) establishment of a Governance Review Meeting to discuss important corporate governance topics through cooperation between Audit & Supervisory Board Members and Directors, in order to further strengthen corporate governance which is the foundation of the Company's sustainable growth.</p> <p>It is determined that he can be expected to contribute to supervision of the Company's management and continuous strengthening of corporate governance as a Non-executive Director, and thus the Company's Board of Directors renominates him as a candidate for Director.</p>	

Notes:

1. There are no special interests between candidate Mr. Nobuo Inaba and the Company.
2. If Agenda 2 is approved in its original form, the term of office of candidate Mr. Nobuo Inaba shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Nobuo Inaba are as of March 31, 2018.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
3	Hidetaka Matsuishi (February 22, 1957) New Number of the Company's shares held 2,366	<p>Apr. 1981 Joined the Company</p> <p>Oct. 2000 General Manager of SCM Innovation Center, Marketing Group</p> <p>Jan. 2003 President of Nishi Tokyo Ricoh Co., Ltd.</p> <p>Apr. 2005 President of Ricoh Tohoku Co., Ltd.</p> <p>Apr. 2008 General Manager of Business Strategy Center, Marketing Group</p> <p>Apr. 2009 General Manager of Major Accounts Marketing Division, Marketing Group</p> <p>July 2009 Representative Director and President of Ricoh IT Solutions Co., Ltd.</p> <p>Apr. 2014 Group Executive Officer (Corporate Senior Vice President) Representative Director, President and CEO of RICOH LEASING COMPANY, Ltd.</p> <p>June 2016 Corporate Senior Vice President General Manager of Japan Marketing Group Representative Director, President and CEO of Ricoh Japan Corporation</p> <p>Apr. 2018 Corporate Executive Vice President and CFO (Chief Financial Officer) General Manager of Business Planning Division (Current)</p> <p>[Responsibilities as an Executive Officer of the Company] CFO / General Manager of Business Planning Division</p> <p>[Reasons for nomination as a candidate for Director] Mr. Hidetaka Matsuishi has extensive experience and deep insight concerning corporate management as President of five subsidiaries of the Company. As President of the above companies, he effectively and swiftly promoted various reforms and produced achievements such as improving corporate performance. The companies that he has served as President of include Ricoh Leasing Company, Ltd., which is listed on the first section of TSE, where he cultivated abundant knowledge regarding the financial industry. It is determined that he will be able to contribute to the Company's management by utilizing his experience in corporate management as President of the five subsidiaries of the Company in addition to the knowledge and experience he has cultivated so far, and thus the Company's Board of Directors newly nominates him as a candidate for Director.</p>	

Notes:

1. There are no special interests between candidate Mr. Hidetaka Matsuishi and the Company.
2. If Agenda 2 is approved in its original form, the term of office of candidate Mr. Hidetaka Matsuishi shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Hidetaka Matsuishi are as of March 31, 2018.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
4	Seiji Sakata (September 12, 1958) New Number of the Company's shares held 10,400	<p>Apr. 1981 Joined the Company</p> <p>Apr. 2006 General Manager of 1st Design Center, MFP Business Group</p> <p>Apr. 2008 Deputy General Manager of MFP Business Group</p> <p>Apr. 2009 General Manager of Controller Development Division and Deputy General Manager of MFP Business Group</p> <p>Apr. 2010 Corporate Vice President</p> <p>Apr. 2011 General Manager of Human Resources Division</p> <p>Apr. 2012 Corporate Senior Vice President</p> <p>Apr. 2014 General Manager of Japan Management Division</p> <p>Feb. 2015 General Manager of Japan Management Division General Manager of Imaging Systems Development Division</p> <p>Apr. 2017 General Manager of Office Printing Development Division, Deputy General Manager of Office Printing Business Group</p> <p>Apr. 2018 Corporate Executive Vice President General Manager of Office Printing Business Group (Current)</p> <p>[Responsibilities as an Executive Officer of the Company] In charge of Technology Development / General Manager of Office Printing Business Group</p> <p>[Reasons for nomination as a candidate for Director] Mr. Seiji Sakata has extensive experience and deep insight as a leader of the design and development division of printers and multifunctional printers, and is well versed in the office business, which is the Company's core business. Furthermore, he has experience serving as a responsible person in charge of the Company's human resources division. As a responsible person in charge of the design and development division of the Company's core business, he has led reforms including the establishment of design subsidiaries and the integration of production subsidiaries. In addition, he has produced achievements as a responsible person in charge of the Company's human resources division, such as establishing a global human resources system. It is determined that he will be able to contribute to the Company's management by utilizing the extensive experience and deep insight he has cultivated so far regarding the Company's core business centered on the design and development division, and thus the Company's Board of Directors newly nominates him as a candidate for Director.</p>	

Notes:

1. There are no special interests between candidate Mr. Seiji Sakata and the Company.
2. If Agenda 2 is approved in its original form, the term of office of candidate Mr. Seiji Sakata shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. The numbers of the Company's shares held by the candidate Mr. Seiji Sakata are as of March 31, 2018.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
5	<p>Makoto Azuma (May 25, 1945)</p> <p>Reappointment</p> <p>Outside Director</p> <p>Independent Director</p> <p>Number of the Company's shares held 7,900</p> <p>Years of service as Director 4 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2018 14/15 (93%)</p>	<p>Apr. 1972 Joined TOSHIBA CORPORATION</p> <p>Apr. 1989 Director of Basic Research Laboratory, Research and Development Center of TOSHIBA CORPORATION</p> <p>Apr. 1994 Director of Materials and Devices Laboratory, Corporate Research & Development Center of TOSHIBA CORPORATION</p> <p>July 1998 Chief Technology Executive of Storage Media Business Group of TOSHIBA CORPORATION</p> <p>Apr. 1999 Director of Corporate Research & Development Center of TOSHIBA CORPORATION</p> <p>June 2000 Corporate Vice President (Director of Corporate Research & Development Center) of TOSHIBA CORPORATION</p> <p>June 2003 Executive Officer, Corporate Senior Vice President (General Executive of Technology) of TOSHIBA CORPORATION</p> <p>June 2005 Executive Officer, Corporate Executive Vice President (Chief Technology Officer) of TOSHIBA CORPORATION</p> <p>Dec. 2005 Advisory Professor of Tsing Hua University (China) (Current)</p> <p>June 2008 Adviser to TOSHIBA CORPORATION</p> <p>Aug. 2008 Councilor of TOSHIBA INTERNATIONAL FOUNDATION (Current)</p> <p>Apr. 2010 Advisor of TDK Corporation (Current)</p> <p>June 2011 Professor of Graduate School of Innovation Studies, Tokyo University of Science</p> <p>Oct. 2011 Member of Science Council of Japan (Current)</p> <p>June 2014 Outside Director (Current)</p> <p>[Responsibilities as a Director of the Company] Nomination Committee Member / Compensation Committee Member</p> <p>[Significant concurrent positions] Member of Science Council of Japan / Advisory Professor of Tsing Hua University (China) / Advisor of TDK Corporation / Councilor of TOSHIBA INTERNATIONAL FOUNDATION</p> <p>[Reasons for nomination as a candidate for Director] Mr. Makoto Azuma has high managerial competence and extensive knowledge and experience in technologies based on his experience as Executive Officer, Corporate Executive Vice President and Chief Technology Officer of TOSHIBA CORPORATION and a professor at the Graduate School of Innovation Studies of Tokyo University of Science. He is currently serving as Outside Director of the Company and plays an important role in decision making and supervising of execution at the Company's Board of Directors. In addition, he has made proposals and engaged in discussions from an objective position on the selection and dismissal of senior management as a Nomination Committee Member as well as on the details of compensation and the compensation system as a Compensation Committee Member. Furthermore, taking advantage of advanced knowledge and extensive experience unique to senior management in a technical field, he has also actively pointed out and given advice on the Company's long-term business strategy. Based on the above, it is determined that he is an appropriate person to continue management oversight at the Company, and thus the Company's Board of Directors renominates him as a candidate for Outside Director.</p>	

Notes:

1. There are no special interests between candidate Mr. Makoto Azuma and the Company.
2. If Agenda 2 is approved in its original form, the term of office of candidate Mr. Makoto Azuma shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his

election in accordance with the Company's Articles of Incorporation.

3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, 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. If approval is given for Mr. Makoto Azuma to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with him.
4. Candidate Mr. Makoto Azuma has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for him to be reelected as Outside Director, he will remain registered as Independent Director.
5. The numbers of the Company's shares held by the candidate Mr. Makoto Azuma are as of March 31, 2018.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
6	<p>Masami Iijima (September 23, 1950)</p> <p>Reappointment</p> <p>Outside Director</p> <p>Independent Director</p> <p>Number of the Company's shares held 3,900</p> <p>Years of service as Director 2 years (at the conclusion of this Meeting)</p> <p>Board of Directors meeting attendance during fiscal year ended March 31, 2018 13/15 (87%)</p>	<p>Apr. 1974 Joined MITSUI & CO., LTD.</p> <p>June 2000 General Manager of Ferrous Raw Materials Division, Iron & Steel Raw Materials Business Unit of MITSUI & CO., LTD.</p> <p>Apr. 2004 General Manager of Metals Administrative Division of MITSUI & CO., LTD.</p> <p>Apr. 2005 General Manager of Metals & Energy Administrative Division of MITSUI & CO., LTD.</p> <p>Apr. 2006 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit of MITSUI & CO., LTD.</p> <p>Apr. 2007 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit of MITSUI & CO., LTD.</p> <p>Apr. 2008 Executive Managing Officer of MITSUI & CO., LTD.</p> <p>June 2008 Representative Director, Executive Managing Officer of MITSUI & CO., LTD.</p> <p>Oct. 2008 Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.</p> <p>Apr. 2009 Representative Director, President and Chief Executive Officer of MITSUI & CO., LTD.</p> <p>Apr. 2015 Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. (Current)</p> <p>June 2016 Outside Director (Current)</p> <p>[Responsibilities as a Director of the Company] Nomination Committee Member / Chairperson of the Compensation Committee</p> <p>[Significant concurrent positions] Representative Director, Chairman of the Board of Directors of MITSUI & CO., LTD. / Vice President of the general incorporated association KEIDANREN (Japan Business Federation)</p> <p>[Reasons for nomination as a candidate for Director] Mr. Masami Iijima has accumulated outstanding achievements and extensive experience as a management executive of MITSUI & CO., LTD., which operates on a global scale. He also bears the prominent role of Vice President of the general incorporated association KEIDANREN (Japan Business Federation). He is currently serving as Outside Director of the Company and plays an important role in decision making and supervising of execution at the Company's Board of Directors. In addition, as Chairperson of the Compensation Committee, he has led the operation of the committee, encouraged lively discussions among members, and concluded discussions from an objective position. Moreover, as a Nomination Committee Member, he has actively made proposals and engaged in discussions from his point of view based on his responsibility as top management of a company. Furthermore, taking advantage of his deep expertise, he has provided advice mainly from the perspectives of global governance and risk management, etc. on the development of the Company's global business, and he has also contributed substantially to business activities for improving the corporate value of the Company. Based on the above, it is determined that he is an appropriate person to continue management oversight at the Company, and the Company's Board of Directors renominates him as a candidate for Outside Director.</p>	

Notes:

- There are no special interests between candidate Mr. Masami Iijima and the Company.
Candidate Mr. Masami Iijima is Representative Director, Chairman 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. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.

2. If Agenda 2 is approved in its original form, the term of office of candidate Mr. Masami Iijima shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
3. With the expectation that Outside Directors can fully fulfill the roles associated with their positions, 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. If approval is given for Mr. Masami Iijima to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with him.
4. Candidate Mr. Masami Iijima has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for him to be reelected as Outside Director, he will remain registered as Independent Director.
5. The numbers of the Company's shares held by the candidate Mr. Masami Iijima are as of March 31, 2018.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
7		Apr. 1983	Joined Hitachi, Ltd.
		Sep. 1997	Visiting Researcher at the University of California, Berkeley (until August 2000)
		Apr. 2005	Chief Researcher of Central Research Laboratory, Hitachi, Ltd.
	Mutsuko Hatano (October 1, 1960)	July 2010	Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Current)
	Reappointment	Oct. 2014	Council Member of Science Council of Japan (Current)
	Outside Director	June 2016	Outside Director (Current)
	Independent Director	[Responsibilities as a Director of the Company] Compensation Committee Member	
	Number of the Company's shares held 1,900	[Significant concurrent positions] Professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology / Council Member of Science Council of Japan	
	Years of service as Director 2 years (at the conclusion of this Meeting)	[Reasons for nomination as a candidate for Director] Ms. Mutsuko Hatano has experience of working as a professor at the Department of Electrical and Electronic Engineering, Graduate School of Science and Engineering of Tokyo Institute of Technology and serving as a committee member of many administrative bodies. She is currently serving as Outside Director of the Company and plays an important role in decision making and supervising of execution at the Company's Board of Directors. At the Board of Directors, she has actively made queries and proposals from many perspectives taking advantage of her experience and has also pointed out and provided advice on the Ricoh Group's strategy by utilizing her expertise. Furthermore, she has made proposals and engaged in discussions from a position different from corporate executives regarding the details of compensation and the compensation system as a Compensation Committee Member. Based on the above, it is determined that she is an appropriate person to continue management oversight at the Company, and thus the Company's Board of Directors renominates her as a candidate for Outside Director.	
	Board of Directors meeting attendance during fiscal year ended March 31, 2018 14/15 (93%)		

Notes:

- There are no special interests between candidate Ms. Mutsuko Hatano and the Company.
The Company had entered into a consignment contract with candidate Ms. Mutsuko Hatano from April 1, 2016 to June 16, 2016, and had paid ¥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. However, because this agreement was terminated before her appointment as the Company's Outside Director and the Company's Standards for Independence of Outside Directors and Audit & Supervisory Board Members (refer to page 20) do not apply, it has been deemed that this agreement will have no impact on the independence of the Outside Director.
- If Agenda 2 is approved in its original form, the term of office of candidate Ms. Mutsuko Hatano shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of her election in accordance with the Company's Articles of Incorporation.
- With the expectation that Outside Directors can fully fulfill the roles associated with their positions, 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. If approval is given for Ms. Mutsuko Hatano to be reelected as Outside Director, the Company plans to continue the said liability limitation contract with her.
- Candidate Ms. Mutsuko Hatano has been registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange, and if approval is given for her to be reelected as Outside Director, she will remain registered as Independent Director.
- The numbers of the Company's shares held by the candidate Ms. Mutsuko Hatano are as of March 31, 2018.

No.	Name (Date of birth)	Brief personal profile, positions and responsibilities at the Company and significant concurrent positions	
8	Kazuhiro Mori (October 7, 1946) New Outside Director Independent Director (planned) Number of the Company's shares held 0	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.
		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 (Current)
		[Significant concurrent positions] Outside Director of Isuzu Motors Limited	
		[Reasons for nomination as a candidate for Director] As a manager of the Hitachi Group who has served in various posts including Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd., Mr. Kazuhiro Mori has extensive experience as one of the persons in charge of carrying out the said company's reforms as well as broad knowledge regarding technologies and marketing. In addition, he is currently an Outside Director of Isuzu Motors Limited, and is expected to provide constructive advice and suggestions from a broad perspective toward improving the Company's corporate value. Based on the above, it is determined that the Company will be able to further enhance the function of its Board of Directors through his objective supervision of the execution of business based on exercising his high level of management judgment and management leadership backed by his extensive experience, and thus the Company's Board of Directors newly nominates him as a candidate for Outside Director.	

Notes:

- There are no special interests between candidate Mr. Kazuhiro Mori and the Company.
Candidate Mr. Kazuhiro Mori is an Outside Director of Isuzu Motors Limited. The Company has business relations with Isuzu Motors Limited, such as 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. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
In addition, the Company has business relations with Hitachi, Ltd. where Mr. Kazuhiro Mori had belonged to until March 2013, such as 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. Thus, there are no special business relations that could affect him in executing his duties as Outside Director.
- If Agenda 2 is approved in its original form, the term of office of candidate Mr. Kazuhiro Mori shall be up to the conclusion of the Ordinary General Meeting of Shareholders with respect to the final fiscal year that ends within one (1) year of his election in accordance with the Company's Articles of Incorporation.
- With the expectation that Outside Directors can fully fulfill the roles associated with their positions, the Company executes contracts with Outside Directors 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. If approval is given for Mr. Kazuhiro Mori to be reelected as Outside Director, the Company plans to execute the said liability limitation contract with him.
- If approval is given for candidate Mr. Kazuhiro Mori to be elected as Outside Director, he will be registered as an Independent Director as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
- The numbers of the Company's shares held by the candidate Mr. Kazuhiro Mori are as of March 31, 2018.

Approach to Election of Directors

Election Criteria for Directors

a. Election criteria for Internal 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.

b. Election criteria for Outside Directors

In addition to the same election criteria as for Internal Directors, 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.

Election Process and Evaluation Process for Directors

The Company has established an Nomination Committee in order to build an appointment and evaluation process that is more objective and transparent with the aim of strengthening competitiveness, improving corporate value, and strengthening corporate governance.

<Election process>

The Nomination Committee selects candidates after discussions based on the election criteria for Directors and reports the candidates to the Board of Directors. Subsequently, following discussions by the Board of Directors, the candidates for Directors are determined for nomination to the General Meeting of Shareholders.

With regard to the submission of Agenda Item 3, candidates have been selected upon deliberation at two meetings of the Nomination Committee held in December 2017 and February 2018.

<Evaluation process>

The Nomination Committee evaluates each Director through a quantitative assessment and a qualitative assessment for Internal Directors and a qualitative assessment for Outside Directors based on the evaluation criteria for Directors. In addition, accompanying the change in the term of office of Directors from two years to one year, the evaluation of Directors will also be changed so that it is conducted every year.

Evaluation of CEO and CEO Succession Plan

The CEO succession plan (for CEO replacement and the selection and development of CEO candidates) is positioned as an important strategy 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.

Accompanying the change in the term of office of Directors to one year, the evaluation of Internal Directors including the CEO will also be changed so that it is conducted every year.

i) Replacement of the CEO

The Nomination Committee annually evaluates the CEO and considers whether replacement of the CEO is necessary from the perspective of shareholders.

ii) Selection and development of CEO candidates

The Nomination Committee holds discussions annually regarding matters including successor candidates for CEO to succeed the [independently selected by the CEO], confirmation of the current status of the potential CEO candidates, and the future development of these candidates.

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: 1) basic compensation that reflects roles and performance of Directors, 2) bonuses that reflect business results (performance-linked compensation), and 3) 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 price-linked compensation *3 *2 Excludes Outside Directors *3 Excludes Outside Directors	= 9:0:1 *4

*4 The above ratios are rough estimates based on the business results for fiscal 2017.

- 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, Chairman of the Board, Chairperson of the Nomination Committee and the Compensation Committee, etc. A total of ¥366,000,000 was paid in the fiscal year ended March 31, 2018.

- ii) The amount of bonuses paid to Directors is determined based on the achievement of key performance indicators, which reflect the improvement in shareholder value and enhancement of the Company's competitiveness. Operating income was decided as the key performance indicator serving as the standard for bonuses at the Compensation Committee held on December 12, 2017. 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 and decided by the Compensation Committee.

(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

- 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. In addition, stock price-linked compensation is paid as an allowance that changes depending on Ricoh's stock price compared to the average stock price in the stock market as an incentive for increasing shareholder value each fiscal year. Compensation for acquiring stocks and stock price-linked compensation are paid to Directors by the Company in cash as funds. As for the fiscal year ended March 31, 2018, a total of ¥33,000,000 was paid.

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.

Compensation for Directors paid in the fiscal year ended March 31, 2018 is described on page 53.

Compensation Evaluation Process

The Company has established a Compensation Committee in order to build an objective and transparent compensation valuation process in order to improve competitiveness, and 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 and individual evaluations after holding discussions based on the compensation criteria for Directors and report to the Board of Directors. 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.

<Bonuses for the fiscal year ended March 31, 2018>

For the bonuses for Directors for the fiscal year ended March 31, 2018, the Compensation Committee determined that it would not submit a proposal on the payment of bonuses to Directors in response to operating loss of ¥115.6 billion recorded as the results for the fiscal year ended March 31, 2018. This was reported to the Board of Directors on April 27, 2018.

Results Summary of the Evaluation of Effectiveness of the Board of Directors Meetings for the Fiscal Year Ended March 31, 2018

On April 27, 2018, the Company held a meeting to evaluate the effectiveness of the Board of Directors meetings held during the fiscal year ended March 31, 2018 (from April 2017 to March 2018).

I. Evaluation method

For this evaluation, as we enter the fiscal year ending March 31, 2019 and change the course toward our growth strategy, in recognition of the necessity to create a positive cycle in which the Board of Directors and executive officers are able to cooperate properly with a sense of urgency, we evaluated the improvement of the effectiveness of the Board of Directors, which is a supervisory body, as well as business execution which is subject to supervision.

Specifically, all Directors and Audit & Supervisory Board Members wrote free-format evaluations in advance, which were then shared to conduct an evaluation. Their evaluation covered the degree to which the two improvement items proposed last year (see below) have been achieved, the effectiveness of deliberations, decision making, and supervision by the Board of Directors, as well as the response of executives confirmed by the Board of Directors.

The following summarizes the content and results of these evaluations.

II. Results summary of the “Evaluation of Effectiveness of the Board of Directors Meetings” for the fiscal year ended March 31, 2018

Following the evaluation of effectiveness in the fiscal year ended March 31, 2017, the Board of Directors of the Company has worked to improve its effectiveness by establishing a basic policy for conducting Board of Directors meetings and setting two specific improvement items in order to make steady improvements.

<Basic policies for the fiscal year ended March 31, 2018>

- 1) Develop an framework to promote structural reform through appropriate monitoring
- 2) Clarify the future direction of the Company through debates on growth strategy
- 3) Develop oversight structures to encourage solid management that contributes to sustainable growth and improvements in corporate value

<Improvement items for the fiscal year ended March 31, 2018>

- i) Check and improve the governance structure covering the Board of Directors, Audit & Supervisory Board, and internal controls from the perspective of improving the effectiveness of audits and oversight
- ii) Motivate and conduct monitoring of business execution in an aim to convert to our company's essential character that contributes to sustainable growth

The following evaluation was made in the evaluation of effectiveness for the fiscal year ended March 31, 2018 regarding the efforts described above.

1. Evaluation of inspections and improvements to the governance structure in order to raise the effectiveness of audits and oversight (Improvement Item i))

- ◎ The evaluation found that effective improvements unconstrained by outline standards were made in order to further strengthen corporate governance, including changing the term of office of Directors to one year, strengthening evaluation of President and Directors, revising the advisory system, revising the information disclosure process, and implementing Governance Review Meeting as part of a comprehensive governance review.
- ◎ On the other hand, the evaluation also pointed out that in developing growth strategies, it is necessary to further strengthen global governance of our affiliated companies, and in order to do so it is necessary to strengthen our risk management system, crisis management system, and headquarters functions.

2. Evaluation of encouragement and monitoring of business execution for changing our company's essential character (Improvement Item ii))

- ◎ The following evaluations were made for the encouragement and monitoring of business execution by the Board of Directors.
 - Under the new management team that launched "RICOH Resurgent," meaningful decisions were made for several important management issues, with open, engaged and fulfilling discussions held in the process, and encouragement and monitoring were made for proper business execution by the Board of Directors.
 - Encouragement of business execution by the Board of Directors was made for reliable implementation of efforts towards management issues, and reports on this were made properly to the Board of Directors, promoting prompt and accurate consensus building and decision making.
 - Agendas were scheduled appropriately, with a focus on priority issues for enhancing discussion on important matters and decision making, as well as regular proposals to strengthen monitoring.
- ◎ Meanwhile, in order to ensure the execution of "RICOH Ignite," which was announced in February 2018, as well as to encourage execution by the Board of Directors, it was pointed out that it is necessary for the Board of Directors to properly monitor the progress of the growth strategy, and conduct adequate discussions that are more focused on medium- to long-term themes (human resources strategy, research and development policy, etc.),

3. Evaluation from the perspective of execution

- ◎ The following evaluation was made on execution requested to deal with many important management issues.
 - With the new management team, improvements could be seen in the quality of discussion and providing information in Board of Directors meetings, as a result, transparency of the management was improved.
 - The President's strong leadership drove the Company to take deliberation and decision making by the Board of Directors seriously, deal with important issues proactively, and the Company was able to steadily achieve results with a focus on structural reforms.
- ◎ On the other hand, it was pointed out that in order to execute our future growth strategy, it will be necessary to improve group business management skills of the headquarters, and make inspections and adjustments to the structure, including organizations and authority planning with the goal of transforming the business structure.

III. Efforts to improve the effectiveness of the Board of Directors meetings in the fiscal year ending March 31, 2019

In response to the above evaluation, the Board of Directors of the Company is conducting business based on the following basic policies, and is working to improve the effectiveness of the Board of Directors meetings based on three improvement items, with the goal of executing our "RICOH Ignite" growth strategy.

<Basic policies for the fiscal year ended March 31, 2019>

- 1) Conduct oversight and support to improve earning capacity and secure the execution of our growth strategy.
- 2) Promote improvement of an environment to manage risk appropriately in global business development.

<Improvement items for the fiscal year ended March 31, 2019>

- a. Monitor the progress of our Growth Strategies #0, #1 and #2, and conduct appropriate discussions and support according to circumstances.
- b. Inspect and improve governance and risk management to underpin global business activities.
- c. 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 the encouragement of execution.

Standards for Independence of 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. The Ricoh Group refers to the corporate group that comprises the Company and its subsidiaries.
 - (1) 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.
 - (2) 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.
 - (3) 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.
 - (4) 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).
 - (5) 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).
 - (6) 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.
 - (7) 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.
 - (8) 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 (1) through (7).
 - (9) 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.
 - (10) 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 (1) and (4) through (9) in the preceding paragraph, provided that the Company explains to external parties the reason for its determination that the person qualifies for the post.

Business Report

(April 1, 2017 - March 31, 2018)

(The following is an unofficial English translation of the Reports for the fiscal year ended March 31, 2018 of the Company. The Company provides this translation for reference and convenience only and without any guarantee as to its accuracy or otherwise.)

1. Business condition of the Ricoh Group

(1) Operating conditions for the fiscal year

Operating progress and results

■ Overview

Business Environment

The global economy during the fiscal year ended March 31, 2018 maintained its recovery trend from last year, and overall economic growth was steady. The economies of Japan and the U.S. continued to gradually grow, and although in Europe the outlook remained uncertain due to issues including Brexit (UK's decision to leave the EU), the economy remained steady. In China, on the other hand, the gradual economic slowdown continued.

As to Japanese yen exchange rates versus major currencies, the rate against the U.S. dollar stayed roughly the same as that from the previous fiscal year, while the yen weakened against the Euro.

In these economic conditions, demand for office equipment, our core business, continued to decline gradually in developed countries, but expanded in emerging markets, resulting in overall demand remaining roughly flat to that of the previous fiscal year. However, revenue continued to slowly fall due to drops in average prices resulting from the growth in demand for low cost products, especially in emerging markets, and ongoing drops in the prices of consumables. On the other hand, in commercial printing and industrial printing, positioned as growth areas, advances in digitalization have steadily increased demand.

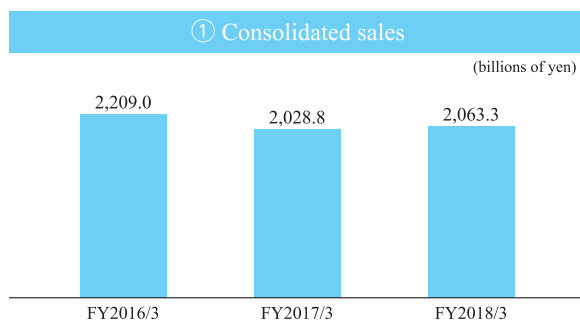
Performance in the fiscal year

In the fiscal year ended March 31, 2018, the first year of the 19th Mid-Term Management Plan, with its theme of "RICOH Resurgent", we strove to cast aside any elements that stand in the way of growth. In line with this, we engaged in activities such as cost structure reforms, business process reforms, developing and expanding growth businesses, and reforming our management systems without being constrained by precedents.

During the fiscal year under review, we merged and closed production sites, narrowed down our range of developed models, and improved the efficiency of our headquarters and our back office operations, making some progress on cost structure reforms. In order to focus our management resources on growth businesses, we reformed our businesses and assets, such as transferring some equity ownership to partners in the electronic device business and the hotel business and selling held shares. Furthermore, we reformed our Board of Directors

system and structure, reformed our internal systems and management systems for strengthening global governance, and strove to further strengthen corporate governance and improve transparency.

Consolidated sales in the fiscal year ended March 31, 2018 rose by 1.7% from the previous fiscal year to ¥2,063.3 billion (①). Although sales in the Office Printing domain fell due to a one-time sales reduction in activity arising from the restructuring of the U.S. sales structure, the growth areas of the Office Service, , Industrial Printing, and Other Industrial Products domains increased revenue, and together with the impact of the weak yen, revenue grew from the previous fiscal year. (→ [Reference] Consolidated sales by category on page 32)



On region basis, in Japan, Office Service segment and Other segments grew, resulting in revenue growth from the previous fiscal year. In the Americas, revenue declined due to Office Printing segment declined. In Europe, the Middle East, and Africa, growth in segments such as the Office Service segment and the Commercial Printing segment, together with exchange rates, produced an increase in revenue. In other regions, revenue increased due to the growth in Office Printing segment and Industrial Printing segment (②).

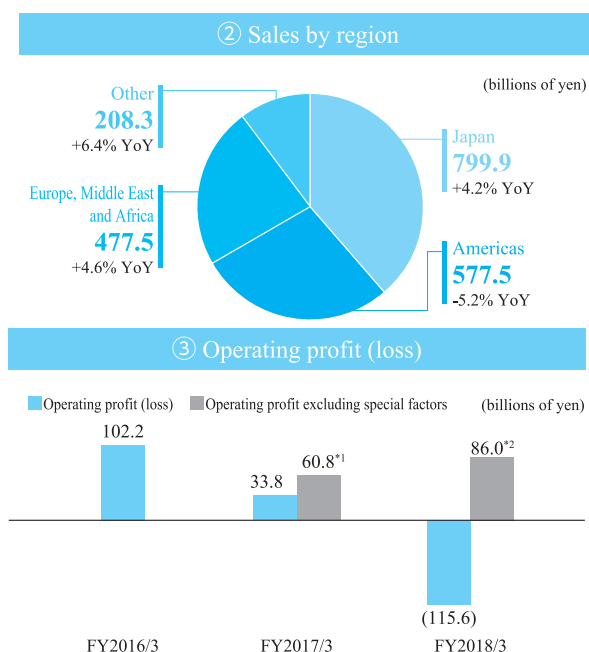
With regard to gross profit, while sales in the Office Printing segment fell, profit was generated by implementing price maintenance measures and reducing production costs, and this, together with the effect of exchange rates, caused gross profit to rise 0.3% from the previous fiscal year to ¥791.0 billion.

Selling, general and administrative expenses rose by 3.0% from the previous fiscal year to ¥777.9 billion, due to the structural reform costs and expenses related to Ricoh India (→ [Reference] Circumstances and Response at Overseas Consolidated Subsidiary on page 28), despite limiting other expenses by means such as the success of structural reforms and business process reforms.

During the fiscal year under review, we posted ¥31.5 billion in structural reform expenses. Due to initiatives such as structural reform measures implemented ahead of schedule, one time income of ¥11.1 billion and reduction in fixed costs of ¥41.6 billion were realized during the fiscal year under review. The Company is progressing ahead of schedule compared to the planned target of generating a total of over ¥100.0 billion in structural reform results over the three year period from fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020.

Furthermore, during the fiscal year under review, we posted ¥175.9 billion in fixed asset impairment losses (→ [Reference] Impairment Losses on page 26) such as goodwill related to past corporate acquisitions. In conjunction with the strategy shift towards growth in the 19th Mid-Term Management Plan, and the redefinition of business segments, more detailed decision-making, and business management structure changes, we have reviewed the units of impairment testing. As the result of this testing, which was performed using new units, we posted an impairment loss.

Consequently, operating profit (loss) resulted in an operating loss of ¥115.6 billion due to the effect of impairment loss. However, after excluding irregular factors such as Ricoh India-related expenses, impairment losses, structural reform costs and one time income, operating profit was equivalent to ¥86.0 billion, and the Company was successful in steadily improving its effective income earning capabilities in comparison to the previous fiscal year (③).



*1 Operating profit excluding structural reform costs of ¥10.6 billion, Ricoh India-related expenses of ¥6.9 billion and impairment loss of ¥9.5 billion

*2 Operating profit excluding one time income of ¥11.1 billion after deducting structural reform costs of ¥31.5 billion, Ricoh India-related expenses of ¥5.2 billion and impairment loss of ¥175.9 billion

In finance income and finance costs, foreign exchange losses increased from the previous fiscal year. Income (loss) before income taxes recorded a loss of ¥124.1 billion.

Consequently, profit (loss) attributable to owners of the parent was a loss of ¥135.3 billion (④).

During the fiscal year ended March 31, 2018, the Company strengthened its cash generating ability through the implementation of structural reforms.

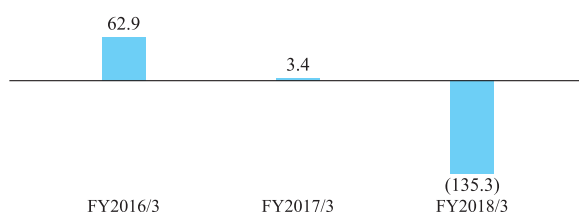
Total assets fell ¥118.2 billion year-on-year to ¥2,641.0 billion due to asset reforms and impairment loss.

Total Ricoh shareholders' equity fell ¥132.5 billion year-on-year to ¥909.5 billion. The shareholder equity ratio remained stable, at 34.4% (⑤).

Free cash flow rose ¥47.6 billion year-on-year to ¥29.2 billion due to asset reforms, decrease in inventories and business revenue earning improvements resulting from structural reform activities (⑥). After excluding the impact of Finance Business, free cash flow increased ¥65.9 billion, and the Company is making steady progress towards its goal of a combined total of ¥100.0 billion over the three year period ending in fiscal year ending March 31, 2020.

④ Profit (loss) attributable to owners of the parent

(billions of yen)



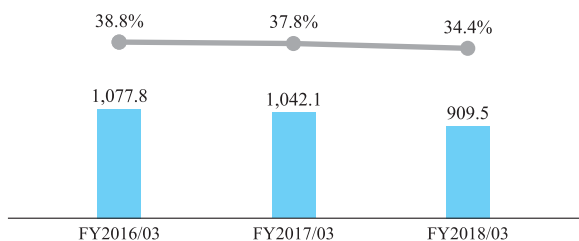
FY2016/3

FY2017/3

FY2018/3

⑤ Equity attributable to owners of the parent

■ Shareholders' equity ● Shareholders' equity ratio (billions of yen)



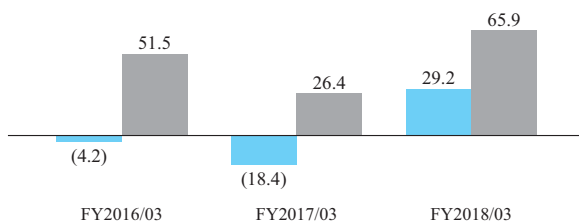
FY2016/03

FY2017/03

FY2018/03

⑥ Free cash flow

■ FCF: Free cash flow ■ FCEF: Free cash flow excluding finance business (billions of yen)



FY2016/03

FY2017/03

FY2018/03

Impairment Losses

1. Summary of impairment losses

During the fourth quarter of the fiscal year ended March 31, 2018, the Company posted ¥175.9 billion in asset impairment losses. Broken down by business segment, this consisted mainly of ¥148.7 billion for the Office Printing segment and ¥26.9 billion for the Office Service segment.

The assets that suffered impairment losses were goodwill, tangible fixed assets, and intangible assets primarily located in the United States. In the Office Printing segment, this included goodwill for IKON Office Solutions, Inc (“IKON”), acquired in 2008. In the Office Service segment, this included goodwill for mindSHIFT Technologies, Inc (“mindSHIFT”), acquired in 2014.

2. Background of the impairment losses

In the past, the Company 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 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, the Company 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.

3. Main companies with impairment losses

Below is a supplementary explanation of the background behind IKON and mindSHIFT, the main companies for which the impairment losses were posted.

[IKON]

IKON, which accounted for a significant portion of the impairment losses, was acquired in 2008. The acquisition of IKON made it possible for the Company to expand Office Printing, Office Service, and Commercial Printing businesses in the U.S. and secure management resources such as a customer base, personnel, and know-how that could be leveraged for future growth. As a result, the acquisition of IKON is recognized as having achieved positive results to a certain extent.

On the other hand, paperless work environments have increased, primarily due to the increase in the use of cloud and mobile technologies and digitization progressing even faster than expected. In North America, competition intensified for Office Printing business, and unit prices continued to decline, with fundamental issues in the revenue structure.

From the 19th Mid-Term Management Plan, Office Printing business in developed countries has switched from a strategy of scale expansion to one comprehensively focused on profit. After reviewing future cash flows, which were based on the assumption of ongoing investment, it became apparent that we needed to recognize impairment losses for goodwill, tangible fixed assets, and intangible assets, primarily related to the acquisition of IKON.

[mindSHIFT]

mindSHIFT was acquired in 2014. The acquisition of mindSHIFT made it possible for the Company to expand Service business in the U.S., develop service offerings (service menu for resolving customers' challenges), resolve customers' issues and secure the personnel and know-how needed to earn customer trust.

However, the rapid growth of cloud services and market environment changes such as the intensified competition increased the likelihood that it would not be possible to achieve the profitability initially forecast.

"RICOH Resurgent" responds to these environment changes by concentrating the existing Office Service segment in businesses with profit contribution potential. In addition, the growth strategy announced in February 2018 (RICOH Ignite) shifts resources to development capable of adding Ricoh-oriented value to the customer base, which is one of the strengths of the Ricoh Group.

After review of future plans that reflect this change in strategy, impairment losses were recognized primarily for goodwill in conventional IT service business acquired under the previous strategy with the purpose of Service business expansion.

4. Future measures

The Company will consider acquisitions as means to acquire management resources for business growth as necessary. However, in response to the posting of impairment losses, we will improve the acquisition process, namely, acquisition targets will be selected more in line with the growth strategy, and acquisition costs will be more rigorously assessed at the time of acquisition. We will also improve headquarters functions for their implementation. In addition, thorough monitoring will be conducted during the integration process after the acquisition as well, with the adequate involvement of the headquarters upon setting KPIs appropriate for each project, instead of leaving it to the discretion of the local offices.

Regarding the Circumstances and Response to The financial irregularities at an Overseas Consolidated Subsidiary and the Subsequent Decision to Terminate Financial Support

1. The impact on financial results for the fiscal year ended March 31, 2018

In the financial results for the fiscal year ended March 31, 2018, the Company posted a loss of ¥11.7 billion in relation to our overseas consolidated subsidiary Ricoh India Limited (“Rico India”).

After signs of the financial irregularities were recognized in 2015, Rico 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. In these circumstances, in the fiscal year ended March 31, 2018, after reviewing the situation in Rico India again, we decided to terminate financial support, and announced this on October 27, 2017. At that point, we posted expenses of ¥6.5 billion in the second quarter ended September 30, 2017 as an allowance for assets not expected to be collected, including debts. Following this, we further examined assets and determined that we cannot expect to make collections in the future for assets such as inventory and accounts receivable, and so recorded an allowance of ¥5.2 billion in the fourth quarter ended March 31, 2018.

2. Background

Following the filing of its first quarter financial results ended June 30, 2015 to the Bombay Stock Exchange, Rico 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 Rico India’s management and Rico India’s audit committee regarding financial irregularities. While the Rico 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, Rico India continued to investigate the financial irregularities. On July 19, 2016, Rico India disclosed the expected loss for the year and revised their results. Rico filed a petition with the National Company Law Tribunal (“NCLT”) in India regarding a capital increase with the aim of restructuring Rico India’s business (the capital increase was executed on October 15 of the same year).

In addition, by dispatching a new executive officer from Rico as Chairman of Rico 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, the business relationship with Rico India’s major IT vendor, Fourth Dimension Solutions (Headquarters: New Delhi, National Stock Exchange of India, “FDS”) has deteriorated. Rico 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 by FDS, part of the contract with FDS was cancelled in March 2017, and negotiations for the return of advanced payments continued.

However, in September 2017, FDS filed a petition with the NCLT to initiate insolvency proceedings for 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 the same petition again on October 26, 2017, but the petition was rejected, the same as the first time.

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.

On January 29, 2018, Ricoh India made a resolution and filed an application to initiate 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. 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.

As the largest supplier, creditor and shareholder of we will closely monitor the decision of the NCLT of India. We recognize the importance of providing services to our customers, and we will make every effort to continue to provide services to our customers in India and maintain the quality of that service going forward. Any information that needs to be reported regarding future situations will be promptly reported.

*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.

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 pursuant to Section 10 of the Insolvency and Bankruptcy Code of India, 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.

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.

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.

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.

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.

5. Personnel measures

Ricoh deeply regrets this result concerning Ricoh India. On October 27, 2017, we announced that the Representative Director, President and CEO as well as three directors and one executive officer will voluntarily reduce their base monthly compensation by 15% for three months. The former President and CEO (executive adviser as of October 2017) also voluntarily reduced compensation by 30% for three months and resigned as of March 31, 2018. Mr. Shiro Kondo will retire due to expiry of his tenure of office, as all outstanding issues which arose under his leadership have been, or are in the process of being satisfactorily resolved.

■ **Consolidated sales by category**

Segment	Product/Services
Office Printing	Multifunctional printers, copiers, printers, digital duplicators, wide format printers, facsimile machines, scanners, related supplies, customer service, support and software, etc.
Office Services	Personal computers, PC servers, network equipment, related customer service, support and software, document related services and solutions, etc.
Commercial Printing	Cut sheet printer, production printer, continuous feed printer, related supplies, customer service, support and software, etc.
Industrial Printing	Inkjet heads, inkjet modules, industrial printers, etc.
Thermal Media	Thermal paper and thermal media, etc.
Other	Optical equipment, electronic components, digital cameras, industrial cameras, 3D printing, environment and healthcare, etc.

Office Printing (Sales down 1.9% year on year to ¥1,144.0 billion)

Businesses Outline

In 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.

Products and Services

Multifunctional printers, copiers, printers, digital duplicators, wide format, facsimile machines, scanners, related supplies, customer service, support and software, etc.



Under the 19th Mid-Term Management Plan, which began in fiscal year ended March 31, 2018, the Office Printing segment will switch from a strategy that emphasized scale expansion to one thoroughly focused on profit. We will also focus on enhancing earnings power as well as creating and providing new value while striving to optimize the systems involved in this strategy transition.

During the fiscal year under review, we released the new RICOH SP C261SF series as a new product for A4 color multifunctional laser printers, for which global demand is rising. We also launched government certificate issuing service-compatible multifunctional printers for use in Japan. These devices are installed in convenience stores and enable users to acquire and print various certificates issued by local governments. Through this, we will contribute to reducing the operational burden placed on municipal governments and improving the level of service offered to residents. Furthermore, we also launched the new RICOH MP C4503RC, a digital full-color reconditioning multifunctional printer which greatly reduces environmental impacts.

In the Office Printing segment, sales decreased by 1.9% from the previous fiscal year to ¥1,144.0 billion due to a temporary slowdown in sales activities resulting from sales structure reforms in North America. As for operating profit (loss), operating loss was recorded due to the posting of ¥148.7 in impairment loss on goodwill and other fixed assets. However, after excluding impairment loss, operating profit increased from the previous fiscal year due to sales price rectification focused on profitability and the results of Group-wide activities to reduce costs.

Office Services (Sales up 5.3% year on year to ¥447.9 billion)

Businesses Outline

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

Products and Services

Personal computers, PC servers, network equipment, related customer service, support and software, document related services and solutions, etc.



In the Office Service segment, using our worldwide customer base, we will strive to achieve business growth by enhancing offering value to office customers, such as solutions and services that support customer workstyle reforms.

During the fiscal year under review, Ricoh Japan Corporation, together with Microsoft Japan Co., Ltd., initiated activities for cloud service platforms for small and medium-sized enterprises encompassing everything from deployment and construction to utilization promotion, management, and operation support. In addition, we also worked to enhance our products and services through the launches of products such as RICOH Unified Communication System Advanced, a new virtual meeting room-type teleconference system that can connect to various devices and environments, and 11 models such as the RICOH PJ WX5770 series, as new projectors.

In the Office Service segment, sales increased by 5.3% from the previous fiscal year to ¥447.9 billion, thanks to IT infrastructure and communication service growth, primarily in Japan. As for operating profit (loss), operating loss was recorded due to the posting of ¥26.9 billion in impairment loss on goodwill and other fixed assets. However, after excluding impairment loss, operating profit was in the black as opposed to the loss recorded in the previous fiscal year due to factors such as sales expansion and profitability improvements.

Commercial Printing (Sales down 0.1% year on year to ¥185.9 billion)

Businesses Outline

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

Products and Services

Cut sheet printer, continuous feed printer, related supplies, customer service, support and software, etc.



In the Commercial Printing segment, there is a growing need for products that offer high image quality, high productivity, support a wide range of papers, and can produce printed articles with added value that can open up new business and the market for these products is growing. We are working to expand business by meeting these needs of commercial printing customers, while contributing to customer business expansion.

During the fiscal year under review, we launched the new RICOH Pro C7210S series of color production printers. These new products continue to support the well-received special color toners of previous products, such as white and clear, while automating color tone adjustment and image position adjustment, reducing the labor involved in printing operation while stabilizing print quality.

In the Commercial Printing segment, despite steady growth in related supplies and services resulting from an increase in the number of devices in use, primarily cut sheet color printers, product sales fell due to the positioning of the year in between product seasons. Consequently, sales decreased by 0.1% from the previous fiscal year to ¥185.9 billion. Operating profit increased due to increase of consumables, in addition to significant decrease in selling, general and administrative expenses.

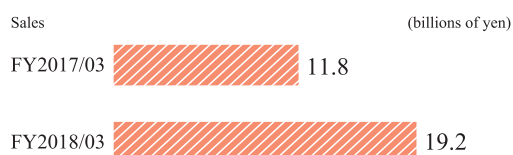
Industrial Printing (Sales up 61.6% year on year to ¥19.2 billion)

Businesses Outline

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.

Products and Services

Inkjet heads, inkjet modules and industrial printers, etc.



In the Industrial Printing segment, we are striving to capture new industrial markets and customers through Ricoh's core inkjet heads, which offer high durability and support a wide range of inks. Furthermore, we also believe that we can create new value by using printing technologies such as the additive manufacturing and bioprinting typified by 3D printers.

During the fiscal year under review, we expanded our line of print system products, launching mainly in Europe and America the RICOH Ri 100, a garment printer* that can print directly onto garments, and the RICOH ProT7210, a large format UV flatbed inkjet printer for industrial printing that can print onto materials such as acrylic, glass, wood, aluminum, and steel plate.

In the Industrial printing segment, sales increased by 61.6% from the previous fiscal year to ¥19.2 billion, due to strong sales of inkjet heads, especially overseas. Although operating profit (loss) increased in comparison to the previous fiscal year, due to product development and system improvement expenses aimed at business growth, the segment posted an operating loss.

Thermal Media (Sales up 7.3% year on year to ¥61.4 billion)

Businesses Outline

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.

Products and Services

Thermal paper and thermal media, etc.



In the Thermal Media segment, amidst strongly expanding demand, such as increased worldwide demand for shipping labels driven by the growth of e-commerce, we are using the material technologies developed by the Ricoh Group over the years to steadily expand business by providing thermal paper, ribbon, and other products with exceptional thermal resistance, abrasion resistance, fine printing capabilities, and preservation properties. We are also expanding the new value we provide through products such as our Rewritable Laser System, which use our proprietary laser rewritable technologies to perform contact-free label rewriting.

In the Thermal Media segment, sales increased by 7.3% from the previous fiscal year to ¥61.4 billion, driven by strong sales, especially in Europe and America. Operating profit decreased compared to the previous fiscal year due to material supply shortages and increased sales expenses.

Other (Sales up 12.5% year on year to ¥204.7 billion)

Businesses Outline

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° 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 magnetoencephalography business, and creating environmental technologies and environmental business. This segment also includes businesses being expanded by individual affiliate companies.

Products and Services

Optical equipment, electronic components, digital cameras, industrial cameras, 3D printing, environment and healthcare, etc.



In the Smart Vision subsegment, we rolled out the 360-degree spherical camera RICOH THETA V which enables high quality 4K resolution video recording and other features. In the Industrial Products subsegment, we launched a vehicle-mounted stereo camera for the automobile market with sharply rising needs for advanced driving support systems and expanded sales.

In the Other segment, sales increased by 12.5% from the previous fiscal year to ¥204.7 billion. In Japan, sales of industrial products business and lease finance business rose. Overseas, sales increased due in part to the impact of currency exchange rates. Operating profit improved significantly over the previous fiscal year, due to factors such as the posting of impairment loss on goodwill and other fixed assets in the camera business during the previous fiscal year.

(2) Issues that the Ricoh Group faces

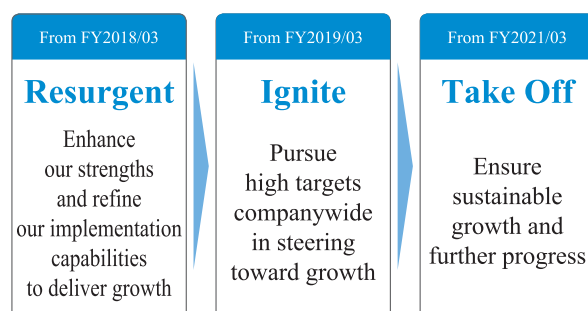
The fiscal year ended March 31, 2018 was the first year of the 19th Mid-Term Management Plan, which put forth a basic plan of RICOH Resurgent consisting of structural reforms, prioritization of growth businesses, and reinforcement of management systems.

During the fiscal year under review, structural reforms were implemented in order to eliminate all barriers to new growth. In the Office Printing segment, a core business, we switched from a strategy that emphasized scale expansion to one focused on profit, and dedicated our efforts in making changes to our systems and optimizing our fixed costs and expenses in order to achieve this. We also strove to improve asset efficiency by consolidating bases, thoroughly screen businesses, and accelerated reinforcement of profitability.

The fiscal year ending March 31, 2019, the second year of the 19th Mid-Term Management Plan, will be a year in which we make significant progress in our “RICOH Ignite” growth strategy. We will improve the earning power of our Office Printing segment and expand growth areas which can serve as the pillars of new business.

Furthermore, from the fiscal year ending March 31, 2021, we will “Take Off” to ensure sustainable growth and further progress.

Stages for sustainable growth



Initiatives towards Cost Structure Reform

The Ricoh Group has established a system for copier and multifunctional product sales and maintenance services which is said to be the finest in the industry, and has achieved tremendous growth while building deeper relationships with customers around the world. We recognize the rebuilding of these systems and business processes to better align with future business environments as an urgent challenge, and will implement structural reforms that look not to the past, but to the future instead.

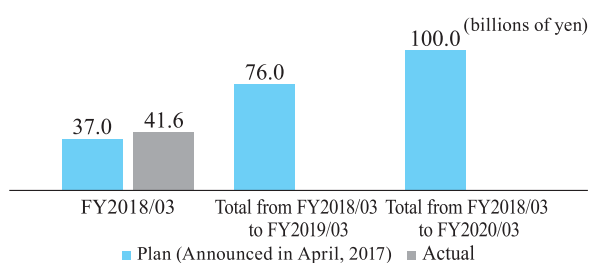
Under the 19th Mid-Term Management Plan, we have set our target for total effects of structural reforms at ¥100.0 billion for the three years of the plan (the fiscal year ended March 31, 2018 to the fiscal year ending March 31, 2020). During the fiscal year ended March 31, 2018, we produced ¥41.6 billion from the restructuring effect by taking measures such as optimizing our overseas sales structure, restructuring our production bases, slimming down our headquarters and back office functions, and narrowing the range of multifunctional products and printers in development. These efforts have made progress even faster than initially planned. We also transferred equity in Ricoh Electronic Devices Co., Ltd. and San-Ai Kanko Co.,

Ltd. and sold equity in Coca-Cola Bottlers Japan Holdings Inc., and left no stone unturned as we reviewed and revised our assets and businesses.

In the fiscal year ending March 31, 2019, all employees will work as one to further implement thorough work process reforms and business selection, continuing to carry out and enhance our measures for creating a solid company's essential character.

Operating loss during the fiscal year under review were ¥115.6 billion, and included ¥31.5 billion in structural reform expenses, ¥11.7 billion in expenses related to Ricoh India, and ¥175.9 billion in impairment loss on assets such as goodwill. After excluding these one time irregular items, profit levels improved over those of the previous fiscal year. The results of maintaining multifunctional printers sales prices, reducing manufacturing costs, and expanding business in growth areas combined to produce steady improvements in earning power.

Effects of structural reform: Plan and actual



Basic concept of growth strategy

In formulating our growth strategy, we have given special consideration to two social trends. The first was that companies that do not contribute to the achievement of SDGs*1 (sustainability development goals) are not expected to achieve sustained growth, regardless of whether they have high revenues or positive market evaluations. The second was that individual lifestyles and values will continue to become more diverse in the future.

The “RICOH Ignite” growth strategy recognizes both the solving of social problems and the achievement of business success as vital missions for companies. Under this strategy, we have defined five critical challenges for the Ricoh Group (creating knowledge, improving productivity, improving quality of life, realizing a carbon-free society, and realizing a recycling-oriented society). In the future, we expect the creation of regulations and standards based on SDGs to continue. As they become further established among investors and the consumer community, it will become necessary to explain the value of products and services in terms of SDGs. The Ricoh Group has a long history of tackling the above five critical challenges. We will carry out business activities that address these five critical challenges, and contribute to the achievement of SDGs while simultaneously increasing the corporate value of the Ricoh Group.

Meanwhile, individual lifestyles and values are continuing to diversify. This, combined with the evolution of IoT (the Internet of Things), which connects IT, networks, and objects, is eliminating work location restrictions and accelerating the personalization of work styles.

We consider these changes to present major business opportunities, and will continue to provide new products and services which enrich people's lives and work styles.

*1 SDGs: Sustainability Development Goals

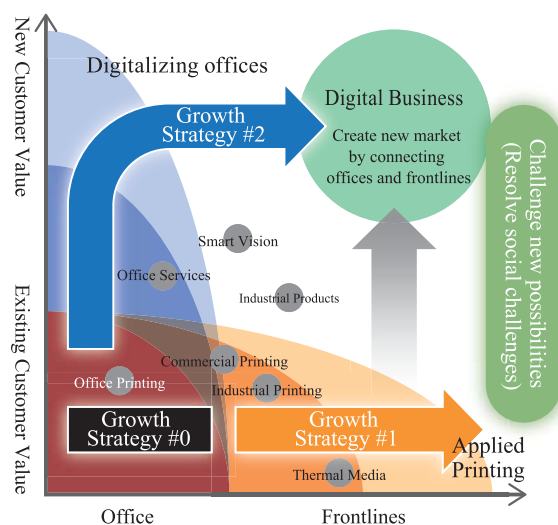
In September 2015, the United Nations Summit adopted 17 Sustainable Goals and 169 targets as part of a universal agenda to ensure that nobody is left behind in the drive to free humanity from poverty and hunger and improve the human condition in terms of such areas as health, sanitation, economic development, and the environment by 2030.

Following these two social trends, our growth strategy “RICOH Ignite” includes three sub-strategies that make use of our strengths: “Growth Strategy #0,” “Growth Strategy #1,” and “Growth Strategy #2.”

Growth Strategy #0 will reinforce earning power by increasing customer value and improving operation efficiency.

In core business segments, for many years, we have developed technologies such as optical, image processing, mechanical, electrical, chemical, and control technologies. Growth strategies #1 and #2 consist of using printing technologies composed of sophisticated combinations of these technologies, together with the Ricoh’s global customer base (1.4 million corporate clients worldwide), to cultivate growth areas to serve as new revenue sources.

Three growth strategies, exerting their advantages



Growth Strategy #0

Ignite Core Business

Our strategy is to link multifunction products and various business application software with cloud computing, expanding the range of solutions for solving customers’ business challenges. The plan is to evolve multifunctional products to serve as core devices in business transformation and provide greater added value.

The strategy also promotes production automation and improvement of maintenance process efficiency using robots and artificial intelligence (AI). Production and application software development will be subcontracted to outside companies, supply chain management digitalization and advancement initiatives will be implement, with the aim of some of the lowest cost operations in the industry.

Growth Strategy #1

Ignite a Revolution in Manufacturing with Printing Technology

This strategy will evolve printing technologies for commercial and industrial applications, enhancing our “display printing” for media such as garments and construction materials in addition to paper, and expand our customer base. Furthermore, the plan envisions taking on the challenge of “applied printing,” such as additive manufacturing (additive fabrication) and bioprinting (cell lamination). We export to broaden the future of printing, with our eyes set on expanding into various other fields such as drug discovery and regenerative medicine.

Growth Strategy #2

Create Customer Value by Linking Offices to This strategy will Frontlines

This strategy will support customer productivity improvement and knowledge creation through new solutions that combine our digital devices with cutting-edge technologies such as IoT and artificial intelligence (AI). We expect to continue to evolve our multifunctional products, interactive whiteboards, unified communication systems, and 360° spherical cameras to further contribute to work efficiency improvements and smoother communications in various workplaces, led by the concept of “working smarter.”

These devices, used by customers around the globe, digitize and collect a wide range of data, such as documents, images, and audio. We will work with influential partners in fields such as application software, data platforms, artificial intelligence (AI), and security, collecting and analyzing various types of data, and using edge devices^{*2} and applications that support the business success of our customers to create new customer value.

^{*2} Edge devices: Network devices with data processing functions, such as multifunctional products and cameras, that serve as input and output points for various data, such as text, photographs, audio, and video

In addition to the above three growth strategies, we will also strengthen our efforts in new businesses that contribute to the solution of social problems while creating further success for the Ricoh Group, such as bed sensor systems capable of high precision monitoring of biological information such as body movement and breathing, and magnetoencephalographic instruments that enable the early detection of epilepsy and dementia.

Further growth and reform of business composition

We expect to improve the profitability of our core businesses and expand new businesses with the aim of achieving further growth.

Our financial targets for the fiscal year ending March 31, 2019, the second year of the 19th Mid-Term Management Plan, are sales of ¥2,040.0 billion, operating profit of ¥80.0 billion, and ROE of 5.0% or more. In the fiscal year ending March 31, 2020, the final year of our Mid-Term Management Plan, we will aim for sales of ¥2,200.0 billion, operating profit of ¥100.0 billion, and ROE of 6.9%. In addition, we will generate free cash flow excluding finance business (FCEF) totaling ¥100.0 billion^{*3} during the three years of the Mid-Term Management Plan. Furthermore, in the fiscal year ending March 31, 2023, the final year of our next Mid-Term Management Plan, our targets will be net sales of ¥2,300.0 billion, operating profit of ¥185.0 billion, and ROE of 9.0% or more, and we will generate free cash flow excluding finance business (FCEF) totaling ¥250.0 billion^{*4}.

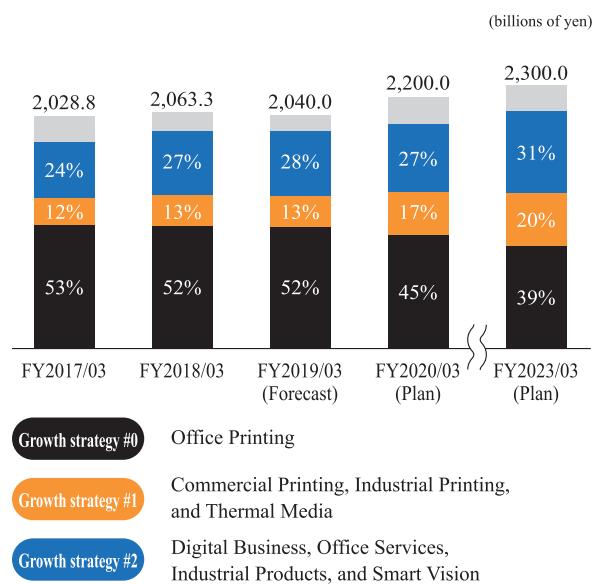
We will promote reform of our business structure while simultaneously promoting business growth. During the fiscal year ended March 31, 2017, the sales composition of these three business segments were as follows. Growth Strategy #0 (Office Printing) accounted for 53% of our business, Growth Strategy #1 (Commercial Printing/Industrial Printing/Thermal Media) accounted for 12%, and Growth Strategy #2 (digital business/office service/industrial products/Smart Vision) accounted for 24%. By implementing each Growth Strategy, by the fiscal year ending March 31, 2020, Growth Strategy #0 will account for 45%, Growth Strategy #1 for 17%, and Growth Strategy #2 for 27%, and by the fiscal year ending March 31, 2023, Growth Strategy #0 will account for 39%, Growth Strategy #1 will account for 20%, and Growth

Strategy #2 will account for 31%, significantly changing our business composition. In order to achieve this, we plan to make strategic investment of ¥100.0 billion yen in both Growth Strategy #1 and Growth Strategy #2 by the fiscal year ending March 31, 2020.

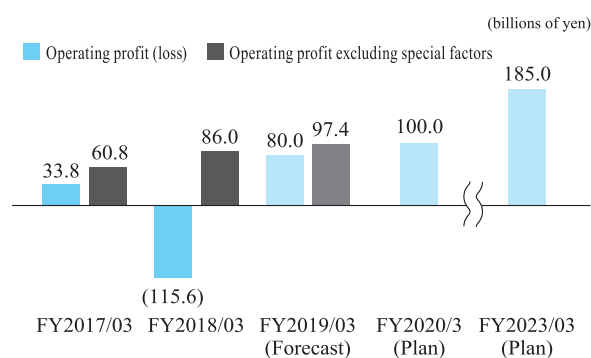
*3 Total for fiscal year ended March 31, 2018 to fiscal year ending March 31, 2020.

*4 Total for fiscal year ending March 31, 2021 to fiscal year ending March 31, 2023.

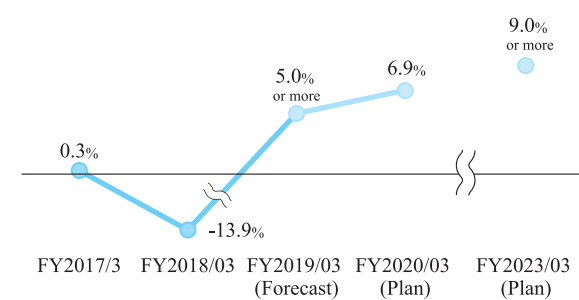
Sales (Transition of business composition)



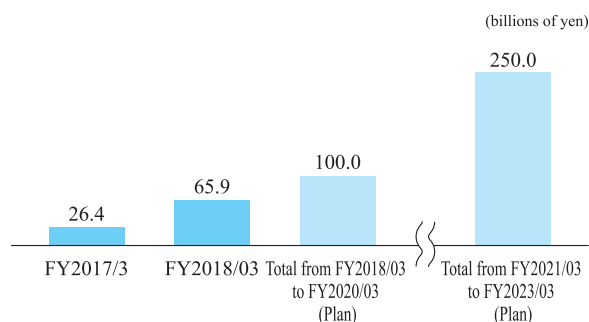
Operating profit (loss)



ROE



Free cash flow excluding finance business



Reinforce management systems

During the fiscal year ended March 31, 2018, we drastically changed our corporate governance and management systems to reinforce implementation and further delegate authority. Specifically, we decided to change the terms of office of Directors, formulated an evaluation system for Internal Directors, revised our business management system, and reinforced management of our overseas affiliate companies. We will continue our efforts in heightening and strengthening the effectiveness of these measures.

We will maintain the Ricoh Group's culture and feature created based on the Spirit of three Loves, while conducting reviews of traditions and precedents and carrying out structural reforms that leave no stone unturned. In implementing our growth strategies, we will adopt a theme of open decision-making and speedy and reliable implementation, not allowing ourselves to be hemmed in by only looking inwardly, but instead using a broad range of outside knowledge.

(3) Status of plant and equipment investment and fund procurement

(i) Plant and equipment investment

In the fiscal period under review, the Ricoh Group invested a total of ¥72.2 billion (including an investment of ¥14.9 billion by the Company) in plant and equipment, mainly comprising the following.

(a) Major equipment and facility expansions completed during the fiscal year:

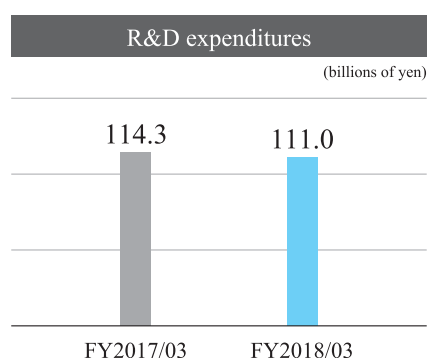
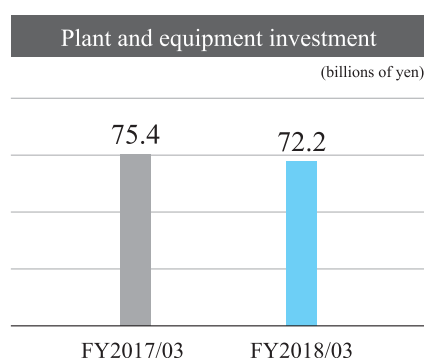
- Research and development base building (Ricoch Technology Center)

(b) Major equipment and facility expansions in progress in the fiscal year:

- None applicable

(ii) Fund procurement

None applicable.



(4) Status of assets and profit/loss

■ Transition of assets and profit of the consolidated Ricoh Group

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales (billions of yen)	2,151.4	2,209.0	2,028.8	2,063.3
Income (loss) before income taxes and equity in earnings of affiliates (billions of yen)	112.2	95.6	29.9	(124.1)
Net income (loss) attributable to Ricoh Company, Ltd. (billions of yen)	68.5	62.9	3.4	(135.3)
Net income (loss) per share attributable to Ricoh shareholders (yen)	94.58	86.87	4.81	(186.75)
Total assets (billions of yen)	2,730.2	2,776.4	2,759.2	2,641.0
Total Ricoh shareholders' equity (billions of yen)	1,084.1	1,077.8	1,042.1	909.5

Notes:

1. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2015.
2. From the fiscal year ended March 31, 2016, presentation for some of the lease transactions was changed from total amount basis to net amount basis. Due to this change, figures for the fiscal year ended March 31, 2015 are presented in those after retrospective application.

■ Transition of assets and profit/loss of the Company (non-consolidated)

Items	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales (billions of yen)	923.4	903.0	859.7	862.2
Ordinary income (loss) (billions of yen)	49.1	(1.6)	33.1	16.7
Net income (loss) (billions of yen)	40.0	7.1	2.7	(93.5)
Basic earnings (loss) per share (yen)	55.21	9.80	3.86	(129.01)
Total assets (billions of yen)	1,058.9	1,087.0	1,071.2	1,035.6
Net assets (billions of yen)	593.1	572.5	547.3	482.0

(5) Major subsidiaries

■ Major subsidiaries (as of March 31, 2018)

Name	Paid-in capital	Investment ratio (%)	Principle business
Ricoh Industry Co., Ltd.	100 million JPY	100.0	Manufacturing of office equipment
Ricoh Japan Corporation	2,517 million JPY	100.0	Sale of office equipment and provision of maintenance service
Ricoh Leasing Company, Ltd.	7,897 million JPY	52.9	General leasing
RICOH ELECTRONICS, INC. (Note)	27 million USD	100.0	Manufacturing of office equipment and related supplies
RICOH USA INC. (Note)	885 million USD	100.0	Sale of office equipment
RICOH EUROPE HOLDINGS PLC	2.4 million GBP	100.0	Holding company of sales in the European region
RICOH ASIA PACIFIC PTE LTD.	31 million SGD	100.0	Sale of office equipment
RICOH ASIA INDUSTRY LTD.	180 million HKD	100.0	Sale of office equipment
RICOH ASIA INDUSTRY (SHENZHEN) LTD. (Note)	35 million USD	100.0	Manufacturing of office equipment and related supplies

Note:

The respective percentage of total investment ratio for RICOH ELECTRONICS, INC., RICOH USA INC., and RICOH ASIA INDUSTRY (SHENZHEN) LTD. include voting rights of those shares held by subsidiaries.

(6) Principal offices and plants (as of March 31, 2018)

■ Major domestic offices and plants

The Company (location)	Subsidiaries (location)
Headquarters (Tokyo)	Ricoh Industrial Solutions Inc. (Kanagawa Pref.)
Shin-Yokohama Office (Kanagawa Pref.)	Ricoh Industry Co., Ltd. (Kanagawa Pref.)
Ricoh Technology Center (Kanagawa Pref.)	Ricoh Elemex Corporation (Aichi Pref.)
Research and Development Center (Kanagawa Pref.)	Ricoh Japan Corporation (Tokyo)
Atsugi Plant (Kanagawa Pref.)	Ricoh Leasing Company, Ltd. (Tokyo)
Numazu Plant (Shizuoka Pref.)	
Fukui Plant (Fukui Pref.)	

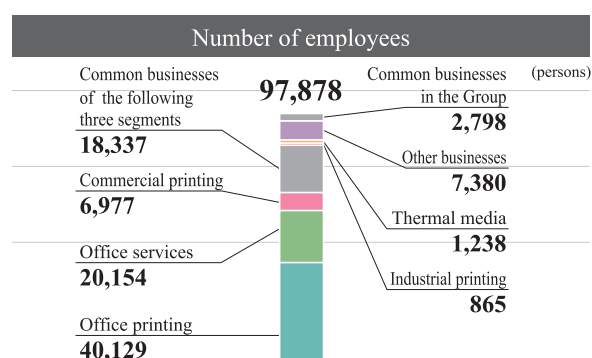
■ Major overseas offices and plants

Subsidiaries (location)	Subsidiaries (location)
RICOH USA INC. (U.S.A.)	RICOH INDUSTRIE FRANCE S.A.S. (France)
RICOH EUROPE HOLDINGS PLC (U.K.)	RICOH ASIA INDUSTRY (SHENZHEN) LTD. (China)
RICOH ASIA PACIFIC PTE LTD. (Singapore)	SHANGHAI RICOH DIGITAL EQUIPMENT CO., LTD. (China)
RICOH ELECTRONICS, INC. (U.S.A.)	RICOH MANUFACTURING (THAILAND) LTD. (Thailand)
RICOH UK PRODUCTS LTD. (U.K.)	

(7) Status of employees (as of March 31, 2018)

(i) Employees of the Ricoh Group

Categories	Number of employees
Office Printing business	40,129
Office Services business	20,154
Commercial Printing business	6,977
Shared personnel among the above three businesses	18,337
Industrial Printing business	865
Thermal Media business	1,238
Other businesses	7,380
Common businesses in the Ricoh Group	2,798
Total	97,878



(ii) Employees of the Company

Categories	
Number of employees	7,740
Change from the end of the previous fiscal year	303 (decrease)
Average age	44.0
Average length of service	19.5 years

(8) Main creditors (as of March 31, 2018)

Creditors	Amounts borrowed (millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	93,534
Mizuho Bank, Ltd.	93,181
Syndicated loans	77,025

Notes:

1. The Bank of Tokyo-Mitsubishi UFJ, Ltd. was renamed MUFG Bank, Ltd. from April 1, 2018.
2. Syndicated loans are financed by the managing banks of the Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd.

2. Shareholders' Equity (as of March 31, 2018)

(1) Total number of shares authorized to be issued: **1,500,000,000**

(2) Total number of shares issued: **744,912,078**

(3) Number of shareholders: **53,122**

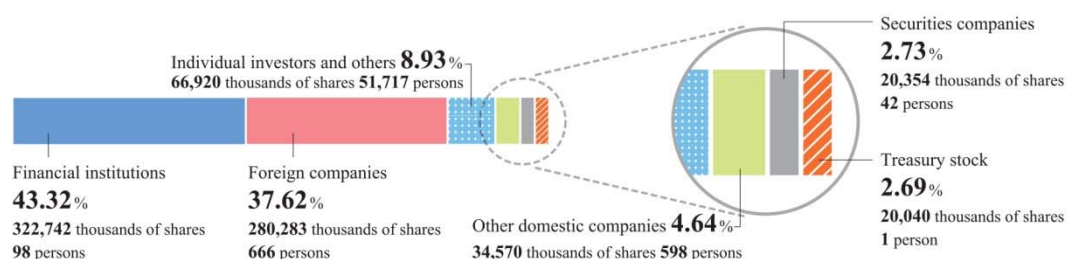
(4) Major shareholders:

Name	The shareholders' stake in the Company	
	Thousands of shares	Percentage of ownership (%)
The Masters Trust Bank of Japan, Ltd. (Trust Account)	67,225	9.27
Japan Trustee Services Bank, Ltd. (Trust Account)	50,453	6.96
Japan Trustee Services Bank, Ltd. (Trust Account 9)	39,686	5.47
Nippon Life Insurance Company	29,441	4.06
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	25,287	3.49
GOLDMAN SACHS INTERNATIONAL	22,827	3.15
ECM MF	22,499	3.10
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,573	2.98
BNY GCM CLIENT ACCOUNT J PRD AC ISG (FE-AC)	20,301	2.80
THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION	15,839	2.19

Notes:

1. The number of treasury stocks (20,040 thousands of shares) is not included in the chart above.
2. The percentage of ownership is calculated after deducting treasury stock.
3. The Bank of Tokyo-Mitsubishi UFJ, Ltd. was renamed MUFG Bank, Ltd. from April 1, 2018.

■ Breakdown of shareholders



Policy Regarding Cross-Shareholdings of Listed Shares

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 are deemed necessary and effective for the future development of Ricoh Group, while taking into consideration of the returns such as dividends.

For the number of major shares held, medium- to long-term economic rationality and other factors shall be verified by the Board of Directors and the holdings shall be kept at minimum amount necessary.

3. Status of Corporate Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2018)

Position	Name	Principal duty and significant concurrent positions	
		(as of March 31, 2018)	(Reference: as of April 1, 2018)
Representative Director:	Yoshinori Yamashita	CEO (Chief Executive Officer)	(Same as on the left)
Director:	Shiro Kondo	Chairman Chairman of Management Technique Advisory Committee Tohoku Electric Power Co., Inc. (Outside Director)	(Same as on the left)
Director:	Nobuo Inaba	Chairman of the Board	(Same as on the left)
Director:	Yohzoh Matsuura	General Manager of Research and Development Division General Manager of Intellectual Property Division	Advisor*
Director:	Kunihiko Satoh	General Manager of Office Printing Business Group	Advisor*
Director:	Akira Oyama	CFO (Chief Financial Officer) General Manager of Corporate Division General Manager of CEO Office President of Ricoh Americas Holdings, Inc.	General Manager of Sales and Marketing Group
Director:	Kunio Noji	Chairman of Nomination Committee Komatsu Ltd. (Chairman of the Board) NEC Corporation (Outside Director)	(Same as on the left)
Director	Makoto Azuma	Science Council of Japan (Member) Tsing Hua University (Advisory Professor) TDK Corporation (Advisor) TOSHIBA INTERNATIONAL FOUNDATION (Councilor)	(Same as on the left)
Director	Masami Iijima	Chairman of Compensation Committee MITSUI & CO., LTD. (Representative Director, Chairman of the Board of Directors) KEIDANREN (Japan Business Federation) (Vice Chair)	(Same as on the left)
Director	Mutsuko Hatano	Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Professor) Science Council of Japan (Council Member)	(Same as on the left)

Position	Name	Principal duty and significant concurrent positions	
		(as of March 31, 2018)	(Reference: as of April 28, 2018)
Audit & Supervisory Board Member:	Katsumi Kurihara	(Full-time)	(Same as on the left)
Audit & Supervisory Board Member:	Hiroshi Osawa	(Full-time)	(Same as on the left)
Audit & Supervisory Board Member:	Takashi Narusawa	The Nisshin OilliO Group, Ltd. (Outside Director) Hirata Corporation (Outside Director)	(Same as on the left)
Audit & Supervisory Board Member:	Shigeru Nishiyama	Waseda Business School (Graduate School of Business and Finance) (Professor) UNIPRES CORPORATION (Outside Director) Pigeon Corporation (Outside Audit & Supervisory Board Member)	(Same as on the left)
Audit & Supervisory Board Member:	Yo Ota	Nishimura & Asahi (Partner) Denki Kogyo Company, Limited (Director (Outside)) Nippon Kayaku Co., Ltd. (Outside Director) Japan Association of Corporate Directors (Director) LOTTE Foundation (Councilor) Japan Association of Corporate Directors (Corporate Governance Committee) (Vice Chairman)	(Same as on the left)

* At the Board of Directors meeting in November 2017, the conventional Corporate Executive Advisor system was abolished, and the system was changed so as to appoint former executives as advisors, etc. upon approval by the Nomination Committee only when they are required to respond to external entities without involvement in the Company's management as well as provide special knowledge that utilize experience and expertise.

Notes:

1. Directors Kunio Noji, Makoto Azuma, Masami Iijima and Mutsuko Hatano are Outside Directors stipulated in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Takashi Narusawa, Shigeru Nishiyama and Yo Ota are Outside Audit & Supervisory Board Members stipulated in Article 2, Item 16 of the Companies Act.
3. Directors Kunio Noji, Makoto Azuma, Masami Iijima and Mutsuko Hatano, Audit & Supervisory Board Members Takashi Narusawa, Shigeru Nishiyama and Yo Ota are Independent Directors / Audit & Supervisory Board Members stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

(2) Total compensation, etc. paid to Directors and Audit & Supervisory Board Members

Category	Number of recipients	Total compensation, etc. (millions of yen)
Directors	10	399
(Outside Directors)	(4)	(57)
Audit & Supervisory Board Members	7	86
(Outside Audit & Supervisory Board Members)	(4)	(29)
Total	17	485

Notes:

1. The above includes compensation paid to two Audit & Supervisory Board Members who retired at the conclusion of the 117th Ordinary General Meeting of Shareholders held on June 16, 2017.
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 107th Ordinary General Meeting of Shareholders held on June 27, 2007. 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.

(3) Outside Directors and Audit & Supervisory Board Members

(i) Significant concurrent jobs Outside Directors and Audit & Supervisory Board Members are engaged in at other companies

Position	Name	Significant concurrent positions
Outside Director	Kunio Noji	Komatsu Ltd. (Director and Chairman of the Board) NEC Corporation (Outside Director)
Outside Director	Makoto Azuma	Science Council of Japan (Member) Tsing Hua University (Advisory Professor) TDK Corporation (Advisor) TOSHIBA INTERNATIONAL FOUNDATION (Councilor)
Outside Director	Masami Iijima	MITSUI & CO., LTD. (Representative Director, Chairman of the Board of Directors) KEIDANREN (Japan Business Federation) (Vice Chair)
Outside Director	Mutsuko Hatano	Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology (Professor) Science Council of Japan (Council Member)
Outside Audit & Supervisory Board Member	Takashi Narusawa	The Nisshin OilliO Group, Ltd. (Outside Director) Hirata Corporation (Outside Director)
Outside Audit & Supervisory Board Member	Shigeru Nishiyama	Waseda Business School (Graduate School of Business and Finance) (Professor) UNIPRES CORPORATION (Outside Director) Pigeon Corporation (Outside Audit & Supervisory Board Member)
Outside Audit & Supervisory Board Member	Yo Ota	Nishimura & Asahi (Partner) Denki Kogyo Company, Limited (Director (Outside)) Nippon Kayaku Co., Ltd. (Outside Director) Japan Association of Corporate Directors (Director) LOTTE Foundation (Councilor) Japan Association of Corporate Directors (Corporate Governance Committee) (Vice Chairman)

(ii) Major activities by Outside Directors and Audit & Supervisory Board Members

Position	Name	Main activities
Outside Director	Kunio Noji	<p>He provided proactive comments and advice in various areas including the Company's structural reform and the Group business administration, based on his outstanding achievements and a wealth of experience as top executive, including reform activities at Komatsu Ltd.</p> <p>In addition, as a Chairman of the Nomination Committee, he directed its secretariat in the preparation and proceeding of the committee meetings, as well as the presentation and reporting of the results thereof to the Board of Directors. At the same time, as a member of the Compensation Committee, he made suggestions regarding the contents of compensation, as well as the compensation system itself, and engaged in discussions from an objective standpoint.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 87% (13 out of 15)</p>
Outside Director	Makoto Azuma	<p>He provided proactive comments and advice in various areas including the technological strategies and long-term management strategies for the Company, based on his achievements and a wealth of experience as Corporate Executive Vice President and Chief Technology Officer of TOSHIBA CORPORATION and as a professor at the Graduate School of Innovation Studies of Tokyo University of Science.</p> <p>In addition, as a member of the Nomination Committee as well as the Compensation Committee, he made suggestions while engaging in discussions regarding the election and dismissal of management executives, as well as the contents of compensation and the compensation system itself, in the respective committees from an objective standpoint.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 93% (14 out of 15)</p>
Outside Director	Masami Iijima	<p>He provided proactive comments and advice in various areas including the global governance and risk management, based on his outstanding achievements and a wealth of experience as management executive at MITSUI & CO., LTD., a company with globally developed business network.</p> <p>In addition, as a Chairman of the Compensation Committee, he directed its secretariat in the preparation and proceeding of the committee meetings, as well as the presentation and reporting of the results thereof to the Board of Directors. At the same time, as a member of the Nomination Committee, he made suggestions while engaging in discussion from the standpoint of the top executive of an established company.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 87% (13 out of 15)</p>
Outside Director	Mutsuko Hatano	<p>She provided proactive comments and advice from multifaceted perspectives, in various areas including technology, education and policies, based on her achievements and a wealth of experience as professor at the Department of Electrical and Electronic Engineering, School of Engineering, Tokyo Institute of Technology and as a committee member of many administrative bodies.</p> <p>At the same time, as a member of the Compensation Committee, she made suggestions regarding the contents compensation, as well as the compensation system itself, while engaging in discussions from a viewpoint different from that of a corporate executive.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 93% (14 out of 15)</p>
Outside Audit & Supervisory Board Member	Takashi Narusawa	<p>He proactively expressed his opinions from a viewpoint based on his experience as securities analyst and management consultant, along with management experience at Nomura Research Institute, Ltd.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 93% (14 out of 15)</p> <p>Attendance rate for the Audit & Supervisory Board meetings held during the fiscal year under review: 100% (All 13)</p>
Outside Audit & Supervisory Board Member	Shigeru Nishiyama	<p>He proactively expressed his 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.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 87% (13 out of 15)</p> <p>Attendance rate for the Audit & Supervisory Board meetings held during the fiscal year under review: 92% (12 out of 13)</p>

Position	Name	Main activities
Outside Audit & Supervisory Board Member	Yo Ota	<p>He proactively expressed his opinions from a viewpoint based on his wealth of experience as attorney and expert on corporate governance.</p> <p>Attendance rate for the Board of Directors meetings held during the fiscal year under review: 100% (All 13 since assuming office at the General Meeting of Shareholders)</p> <p>Attendance rate for the Audit & Supervisory Board meetings held during the fiscal year under review: 100% (All 10 since assuming office at the General Meeting of Shareholders)</p>

(iii) Outline of liability limitation contracts

The Company amended its Articles of Incorporation regarding liability limitation contracts at the 115th Ordinary General Meeting of Shareholders on June 19, 2015, establishing the provision of contracts to limit liabilities of Directors (excluding Executive Directors) and Audit & Supervisory Board Members.

The outline of liability limitation contracts, which the Company concluded only with Outside Directors and Audit & Supervisory Board Members in accordance with the revised Articles of Incorporation, is as follows.

(a) Liability limitation contracts with Outside Directors

Under such contracts, the maximum liability of Outside Directors shall be the higher of either of ¥10.00 million or a minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

(b) Liability limitation contracts with Outside Audit & Supervisory Board Members

Under such contracts, the maximum liability of Outside Audit & Supervisory Board Members shall be the higher of either of ¥5.00 million or a minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

4. Independent auditor

(1) Name: KPMG AZSA LLC

(2) Audit Fee, etc.:

	Amount to be paid
Audit Fee, etc. to be paid to the independent auditor by the Company	¥218 million
Total sum of audit fee, etc. to be paid to the independent auditor by the Company and its subsidiaries	¥358 million

Notes:

1. In the audit contract signed between the Company and the independent auditor, there is no classification between fee for audit services pursuant to the Companies Act and that in accordance with the Financial Instruments and Exchange Law. Accordingly, the above “Audit Fee, etc. to be paid to the independent auditor by the Company” represent the sum of these fees.
2. Among the Company’s major subsidiaries, RICOH ELECTRONICS, INC., RICOH USA INC., RICOH EUROPE HOLDINGS PLC, RICOH ASIA PACIFIC PTE LTD., RICOH ASIA INDUSTRY LTD., RICOH ASIA INDUSTRY (SHENZHEN) LTD., are audited by KPMG.
3. 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.

(3) Non-audit work

None applicable.

(4) Policy regarding the decision to dismiss or not to 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 reappointment of an 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.

5. Corporate structure and policy

(1) Corporate governance of the Company

Basic Policies for Corporate Governance

The Ricoh Group is working to build a 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 achieves the continuous growth and expands corporate value.

The RICOH Way, which comprises our founding principles and Management Philosophy, is the foundation of the Ricoh's management policy and strategy, and also is the basis of the corporate governance.

The Company has introduced the corporate audit system. In addition, the Company is making efforts toward enhancing oversight of executive management and execution of operations by continuously enhancing the Board of Directors and executive officer system. Furthermore, by appointing Outside Directors, the Company ensures transparency in management and its decision-making.

Matters concerning the appointment of Directors and Executive Officers and their compensation are planned and determined by the "Nomination Committee" and "Compensation Committee", our in-house permanent bodies which are comprised of Internal Directors and Outside Directors. The results are reported to the Board of Directors. In addition, a Governance Review Meeting was established for Audit & Supervisory Board Members and Directors to cooperate and discuss important governance issues of the Company as a means to comprehensively strengthen oversight by the Board of Directors, audit by Audit & Supervisory Board Members, internal audit and other functions.

Duties and responsibilities of the Board of Directors

The Company stipulates in its Articles of Incorporation that important matters concerning business execution shall be resolved by the Board of Directors. The Company is expected to operate its imaging business, the core business of the Company, in a solid and secured way. For this reason, vital issues are actively discussed by the Board of Directors in the process of decision-making. Internal regulations concerning business execution are set within the limits permitted by laws and the Articles of Incorporation. The "Group Management Committee", a decision-making organization chaired by the Representative Director, President and delegated by the Board of Directors, and composed of executive officers who meet specific criteria, has been established.

Prerequisites for ensuring the effectiveness of the Board of Directors and Audit & Supervisory Board

To ensure substantial discussions, the number of members of the Company's Board of Directors is stipulated in its Articles of Incorporation to be not more than 15. Currently, 10 Directors are appointed (as of May, 2018). Outside Directors are elected in accordance with the Company's Standards for Independence of Outside Directors and Audit & Supervisory Board Members set forth in line with the standards stipulated by the Tokyo Stock Exchange. Directors are elected based on each of their management ability, personal quality, and expertise, etc.

Any internal Director who assumes a post as an officer of another company is required to obtain the approval of the Board of Directors. It is stipulated in the internal regulations that in the event that an Outside Director

assumes a post as an officer of another listed company, he/she needs to notify the Nomination Committee.

The Company discloses on its notice of general meeting of shareholders, etc. the posts concurrently held by both internal and outside Directors and Audit & Supervisory Board Members in accordance with the relevant laws and regulations.

Training for Directors and Audit & Supervisory Board Members

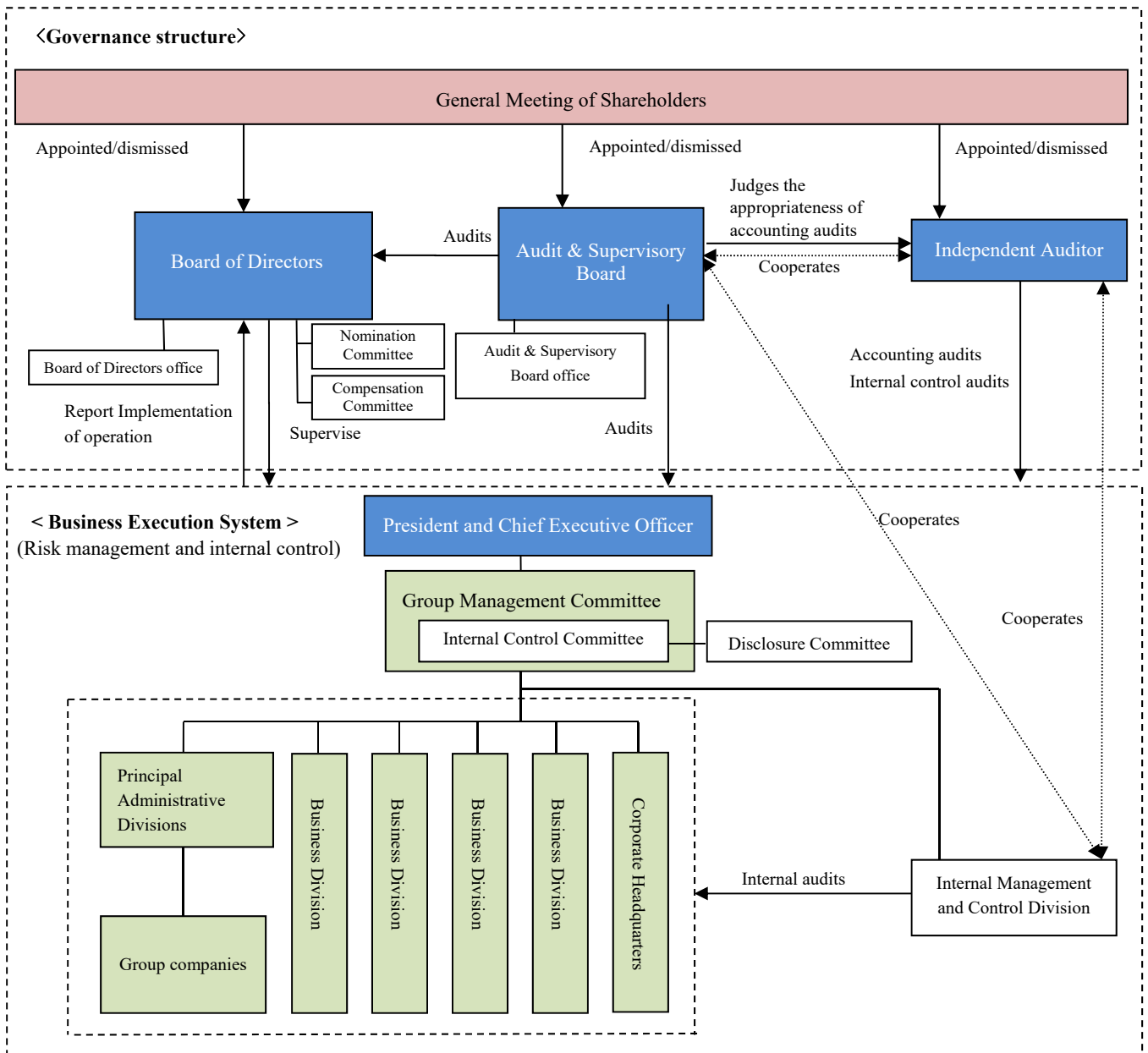
The Company offers, when necessary, training to Directors and Audit & Supervisory Board Members in order to provide them with opportunities for understanding their duties and responsibilities and for acquiring knowledge required for their respective roles.

- Training is offered as necessary to internal Directors and Audit & Supervisory Board Members to assist their understanding in their roles and promoting their understanding of the latest legal knowledge. Each individual attends external trainings, etc., in addition to taking online courses on corporate ethics and compliance, etc.
- Although Outside Directors and Audit & Supervisory Board Members are appointed from among those who have adequate knowledge and insight, the Company gives a lecture, upon appointment, on its business contents and outlines their respective roles, and offers them a tour, etc., of key business locations as necessary.

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 an 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.

[Corporate Governance structure]



(2) System to secure appropriateness of operations and their operating status

Resolutions adopted by the Board of Directors for systems to secure the appropriateness of the Company's operations are as follows. The resolutions will be reviewed regularly on an ongoing basis in response to changes in the business environment. (The content was revised according to the resolution by the Board of Directors meeting held on April 27, 2018.)

Internal Control System Basic Policy	<p>The RICOH Way, which comprises our founding principles and Management Philosophy (Mission Statement, Vision Statement and Values Statement), is the foundation of the Ricoh Group's management policy, strategy and internal control system.</p> <p>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.</p>
(1) System to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' and employees' duties	<p>[Content of Basic Policy]</p> <p>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.</p> <p>1) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of Directors' duties</p> <p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> (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.
	<p>[Operating Status of Internal Control System]</p> <ul style="list-style-type: none"> (i) The Board of Directors consists of 10 members, including 6 Non-executive Directors (which include 4 Outside Directors), held 15 meetings during the fiscal year ended March 31, 2018 and focused on transparency of management and fair decision making. (ii) The Nomination Committee held 3 meetings and the Compensation Committee held 3 meetings to secure transparency and objectivity through discussions with Outside Directors.
	<p>2) Systems to ensure appropriate compliance with laws and Articles of Incorporation concerning the implementation of employees' duties</p> <p>[Content of Basic Policy]</p> <ul style="list-style-type: none"> (i) In order to thoroughly implement the "Ricoh Group Corporate Social

	<p>Responsibility (CSR) Charter” which sets forth the principles of corporate behavior including compliance, and the “Ricoh Group Code of Conduct” which articulates the general rules of conduct for Group employees, the Specialty Committee and a “Hot Line” for reporting incidents and seeking 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 “Hot Line” due to such reporting.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>[Operating Status of Internal Control System]</p> <p>(i) With regard to the “Ricoh Group Code of Conduct”, in Japan, education is provided on an annual basis and signatures are collected from all employees of the Group to comply with the Code of Conduct. Overseas, conforming to the local customs and laws, education is provided and signatures are collected.</p> <p>(ii) “Ricoh Group Whistleblowing System” has been established as Ricoh Group Standard and made known to the Ricoh Group globally. The standard prohibits unfavorable treatments of the whistleblowers.</p> <p>(iii) The division of internal management and control conducts audit for the entire Ricoh Group, and provides advice to improve effectiveness and efficiency of compliance and business.</p>
(2) Systems related to the retention and management of information related to the implementation of Directors’ duties	<p>[Content of Basic Policy]</p> <p>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.</p> <p>[Operating Status of Internal Control System]</p> <p>Information related to Directors’ duties and other important information are appropriately retained and managed in compliance with internal regulations.</p>
(3) Regulations and other systems regarding risk management for losses	<p>[Content of Basic Policy]</p> <p>(i) The occurrence of losses shall be proactively prevented based on risk management regulations.</p> <p>(ii) Should losses nevertheless arise, efforts shall be made to minimize damage (loss) based on standards for initial reaction.</p> <p>(iii) In order to manage losses as a Group, comprehensively and in a unified fashion, a division responsible for integrated management has been created to thoroughly cover all aspects globally.</p> <p>[Operating Status of Internal Control System]</p> <p>The Company has established the “Ricoh Group Total Risk Management Basic Regulation” to promote risk management effectively and efficiently and make preventive measures for the risk of loss. Additionally, the occurrences of and responses to incidents were reported to the Internal Control Committee and the</p>

	Board of Directors twice during the fiscal year ended March 31, 2018. Risk management promotion plans are formulated each year and measures to prevent the occurrence of incidents are formulated and put into practice.
(4) System to ensure the efficient implementation of Directors' duties	<p>[Content of Basic Policy]</p> <p>(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.</p> <p>(ii) The "Group Management Committee" (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 Group, concerning the most appropriate strategies for direction of each business division and the entire Group, within the powers granted to it.</p> <p>(iii) The "Board of Directors office" realizes robust decision-making and management oversight with high transparency by supporting the Board of Directors.</p>
	<p>[Operating Status of Internal Control System]</p> <p>The executive officer system helps make efficient business execution. Deliberation details of the Group Management Committee (GMC) are reported on a quarterly basis to the Board of Directors and the Directors monitor the status of implementation.</p>
(5) Systems to ensure correct business standards at Ricoh and its affiliates	<p>[Content of Basic Policy]</p> <p>The Company and each affiliate in the Ricoh Group shall devise a system that ensures the adherence to correct business standards to improve business performance and enhance the prosperity of each Group company, while respecting each other's independence, as follows:</p> <p>(i) The Company's Board of Directors and the "Group Management Committee" (GMC) make decisions and perform management oversight for the Ricoh Group as a whole.</p> <p>(ii) The Company establishes its management regulations concerning affiliate companies, and prescribes a system for reporting matters regarding the performance of duties of the Directors of each affiliate in the Ricoh Group, and the Directors' authority for conducting such duties efficiently.</p> <p>(iii) Each 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.</p> <p>(iv) To ensure that the duties of each Group company's Directors and employees are performed in compliance with laws and Articles of Incorporation, we formulate a set of common rules which shall be followed as a Group as the Ricoh Group's common standards, the "Rico Group Standard" (RGS), and promote compliance across the Ricoh Group.</p>
	<p>[Operating Status of Internal Control System]</p> <p>In compliance with the "Corporate Management Regulations for Ricoh Affiliates", the Company receives reports on the implementation of duties of Directors of the affiliates in the Ricoh Group and such Directors efficiently conduct their duties subject to their authorities. Each company in the Ricoh Group strives to ensure that incident responses and reports are made pursuant to the "Incident Management Standard". Audit for compliance to the "Rico Group Standard", the Ricoh Group's common standards, is conducted by the division of internal management and control.</p>
(6) Systems established to ensure the effective performance of duties by Audit & Supervisory	<p>[Content of Basic Policy]</p> <p>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</p> <p>(i) The Company shall establish an Audit & Supervisory Board office, where exclusively assigned employees assist Audit & Supervisory Board Members</p>

<p>Board Members</p>	<p>in performing their duties under their command.</p> <p>(ii) Personal assessments 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.</p> <p>2) Systems for Directors and employees of the Company and each affiliate in the Ricoh Group to report to Audit & Supervisory Board Members and other systems related to the reporting to Audit & Supervisory Board Members</p> <p>(i) Directors or employees shall promptly report to Audit & Supervisory Board Members concerning material violations of laws and the Articles of Incorporation at the Company and each affiliate in the Ricoh Group, as well as matters concerning wrongful acts or the possibility of significant damage to the Company or each affiliate in the Ricoh Group at the time of their discovery.</p> <p>(ii) Directors and employees shall cooperate when they are requested to report matters concerning operations required for auditing by Audit & Supervisory Board Members.</p> <p>(iii) Directors shall provide Audit & Supervisory Board Members with minutes and materials of important meetings, as well as important resolution documents for their review.</p> <p>(iv) The Company prohibits unfavorable treatments of any Directors or employees of the Company or each affiliate in the Ricoh Group, who made the report to Audit & Supervisory Board Members due to such reporting.</p> <p>3) Other systems established to ensure effective performance of duties by Audit & Supervisory Board Members</p> <p>Directors and employees of the Company and each affiliate in the Ricoh Group shall cooperate in facilitating the performance of the following items by Audit & Supervisory Board Members.</p> <p>(i) Audit & Supervisory Board Members attend important meetings such as The Ricoh Group Management Committee (GMC) and regularly exchange opinions with Representative Directors.</p> <p>(ii) Establish a cooperation system for effective auditing of each division of the Company and each affiliate in the Ricoh Group by Audit & Supervisory Board Members at the time of such audit.</p> <p>(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.</p> <p>(iv) The Company shall pay expenses incurred from the performance of duties of Audit & Supervisory Board Members.</p> <p>[Operating Status of Internal Control System]</p> <p>The Audit & Supervisory Board office, which is composed of employees exclusively assigned to assist Audit & Supervisory Board Members, acts under the command of Audit & Supervisory Board Members. Auditing by Audit & Supervisory Board Members is conducted for each division within Ricoh, affiliates in Japan, and overseas affiliates, and at the same time, regular meetings with the GMC (including Internal Control Committee), Representative Director and Independent Auditor are carried out, as well as monthly meeting with the division of internal management and control to exchange opinions.</p>
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The Company takes an uncompromising attitude toward antisocial activities and any organizations engaged therein in an effort to eradicate any antisocial activities and will not have any relationship with antisocial entities.

This is stipulated in the “Ricoh Group Code of Conduct”, which stipulates correct behaviors for all corporate officers and employees of the Ricoh Group.

Also, the Company has established an internal hotline and has been working closely with outside agencies, such as the police, and relevant organizations as well as making efforts to build trust with such organizations. In the future also, the Company will continue to strengthen its internal system so as to eradicate any antisocial activities or relationships with antisocial entities.

Consolidated Statements of Financial Position (as of March 31, 2018)

	Millions of yen	
	As of March 31,	
	2018	2017
ASSETS		
Current Assets:	1,327,978	1,239,214
Cash and cash equivalents	160,568	126,429
Time deposits	68	8,662
Trade and other receivables	589,741	566,315
Other financial assets	291,144	276,575
Inventories	180,484	202,551
Other investments	55,921	-
Other current assets	50,052	58,682
Non-Current Assets:	1,313,052	1,520,073
Property, plant and equipment	250,005	271,257
Goodwill and intangible assets	217,130	388,177
Other financial assets	689,629	655,600
Investments accounted for using the equity method	3,703	563
Other investments	26,985	81,579
Other non-current assets	36,806	39,210
Deferred tax assets	88,794	83,687
Total Assets	2,641,030	2,759,287

Consolidated Statements of Financial Position (as of March 31, 2018)

	Millions of yen	
	As of March 31,	
	2018	2017
LIABILITIES		
Current Liabilities:	788,522	806,924
Bonds and borrowings	223,194	229,944
Trade and other payables	300,724	295,788
Other financial liabilities	453	2,227
Income tax payables	17,871	15,149
Provisions	12,235	9,127
Other current liabilities	234,045	254,689
Non-Current Liabilities	863,753	835,486
Bonds and borrowings	658,707	629,799
Other financial liabilities	3,788	2,178
Accrued pension and retirement benefits	104,998	120,725
Provisions	12,709	10,969
Other non-current liabilities	80,174	61,701
Deferred tax liabilities	3,377	10,114
Total Liabilities	1,652,275	1,642,410
EQUITY		
Equity attributable to owners of the parent:	909,565	1,042,106
Common stock	135,364	135,364
Additional paid-in capital	186,463	186,423
Treasury stock	(37,329)	(37,318)
Other components of equity	114,954	100,194
Retained earnings	510,113	657,443
Non-controlling interests	79,190	74,771
Total Equity	988,755	1,116,877
Total Liabilities and Equity	2,641,030	2,759,287

Consolidated Statements of Profit or Loss (for the year ended March 31, 2018)

	Millions of yen	
	For the year ended March 31,	
	2018	2017
Sales	2,063,363	2,028,899
Cost of sales	1,272,357	1,240,271
Gross profit	791,006	788,628
Selling, general and administrative expenses	777,917	755,393
Other revenue	17,062	4,590
Impairment of goodwill	145,827	3,945
Operating profit (loss)	(115,676)	33,880
Finance income	4,123	4,600
Finance costs	12,831	8,556
Share of loss of investments accounted for using the equity method	202	31
Profit (loss) before income tax expenses	(124,182)	29,955
Income tax expenses	5,457	20,518
Profit (loss)	(129,639)	9,437
Profit (loss) attributable to:		
Owners of the parent	(135,372)	3,489
Non-controlling interests	5,733	5,948

(Note) Other revenue includes gain on sale of property, plant and equipment, etc.

Consolidated Statements of Comprehensive Income (Unaudited) (for the year ended March 31, 2018)

	Millions of yen	
	For the year ended March 31,	
	2018	2017
Profit (loss)	(129,639)	9,437
Other comprehensive income (loss)		
Components that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan	2,541	4,555
Components that will be reclassified subsequently to profit or loss:		
Net gain on fair value of available-for-sale financial assets	17,375	10,746
Net gain on fair value of cash flow hedges	(13,497)	222
Exchange differences on translation of foreign operations	10,737	(25,974)
Total other comprehensive income (loss)	17,156	(10,451)
Comprehensive income (loss)	(112,483)	(1,014)
Comprehensive income (loss) attributable to:		
Owners of the parent	(118,072)	(6,705)
Non-controlling interests	5,589	5,691

Consolidated Statements of Changes in Equity

(for the year ended March 31, 2018)

(Unit: millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Other components of equity	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of April 1, 2017	135,364	186,423	(37,318)	100,194	657,443	1,042,106	74,771	1,116,877
Profit					(135,372)	(135,372)	5,733	(129,639)
Other comprehensive income				17,300		17,300	(144)	17,156
Total comprehensive income	-	-	-	17,300	(135,372)	(118,072)	5,589	(112,483)
Net change in treasury stock			(11)			(11)		(11)
Dividends declared and approved to owners					(14,498)	(14,498)	(954)	(15,452)
Transfer from other components of equity to retained earnings				(2,540)	2,540	-		-
Acquisition from non-controlling interests		40				40	(216)	(176)
Total transactions with owners	-	40	(11)	(2,540)	(11,958)	(14,469)	(1,170)	(15,639)
Balance as of March 31, 2018	135,364	186,463	(37,329)	114,954	510,113	909,565	79,190	988,755

Consolidated Statements of Cash Flows (Unaudited)

	Millions of yen	
	For the year ended March 31,	
	2018	2017
I. Cash flows from operating activities		
Profit (loss)	(129,639)	9,437
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation and amortization	108,327	106,890
Impairment of property, plant and equipment and intangible assets	30,140	5,552
Impairment of goodwill	145,827	3,945
Other revenue	(17,062)	(4,590)
Share of loss of investments accounted for using the equity method	(202)	(31)
Finance income and costs	8,708	3,956
Income tax expenses	5,457	20,518
Increase in trade and other receivables	(17,106)	(12,763)
Decrease in inventories	22,720	1,176
Increase in lease receivables	(27,922)	(37,741)
Increase in trade and other payables	5,215	11,992
Decrease in accrued pension and retirement benefits	(11,506)	(9,094)
Other, net	32,808	21,099
Interest and dividends received	3,902	2,947
Interest paid	(5,025)	(8,406)
Income taxes paid	(44,354)	(26,588)
Net cash provided by operating activities	110,288	88,299
II. Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	18,484	14,893
Expenditures for property, plant and equipment	(72,285)	(75,447)
Proceeds from sales of intangible assets	6,554	-
Expenditures for intangible assets	(34,698)	(26,793)
Payments for purchases of available-for-sale securities	(1,005)	(464)
Proceeds from sales of available-for-sale securities	186	824
Increase in time deposits	8,062	(7,519)
Purchase of business, net of cash acquired	(458)	(1,429)
Other, net	(5,917)	(10,780)
Net cash used in investing activities	(81,077)	(106,715)

		Millions of yen
		For the year ended March 31,
	2018	2017
III. Cash flows from financing activities		
Net proceeds of short-term debt	(21,180)	(35,246)
Proceeds from long-term debt	134,819	303,100
Repayments of long-term debt	(109,877)	(289,452)
Proceeds from issuance of bonds	68,285	51,567
Repayments of bonds	(50,000)	(20,000)
Dividends paid	(14,498)	(28,996)
Payment for purchase of treasury stock	(11)	(7)
Other, net	(1,131)	(887)
Net cash provided by (used in) financing activities	6,407	(19,921)
IV. Effect of exchange rate changes on cash and cash equivalents	(1,479)	(2,781)
V. Net increase (decrease) in cash and cash equivalents	34,139	(41,118)
VI. Cash and cash equivalents at beginning of year	126,429	167,547
VII. Cash and cash equivalents at end of year	160,568	126,429

Notes to Consolidated Financial Statements

* All figures are rounded off to the nearest million yen.

Significant Accounting Policies Regarding the Preparation of Consolidated Financial Statements

Scope of Consolidation

The number of consolidated subsidiaries is 205 and the number of companies to which the equity method is applied is 12 in the fiscal year under review.

In addition to the above, the Company adds structured entities to its scope of consolidation.

The names of major consolidated subsidiaries have been omitted, as they are stated in “1. Business condition of the Ricoh Group, (5) Major subsidiaries” of the Business Report for the 117th business term.

Significant Accounting Policies

1. Basis of Preparation

The consolidated financial statements of Ricoh Company, Ltd. (“Rico”) including consolidated statement of financial position and consolidated statement of profit or loss have been prepared on the basis of International Financial Reporting Standards (“IFRS”), in compliance with Article 120, Paragraph 1 of the Corporate Calculation Regulations. However, in compliance with the second sentence of the paragraph, certain disclosure that is required on the basis of IFRS is omitted.

2. 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 by mainly 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.

3. Property, Plant and Equipment

(1) Recognition and measurement

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

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.

(2) 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 Ricoh Group's assets.

(3) Depreciation

Depreciation of property, plant and equipment other than land and construction in progress is mainly computed under the straight-line method based on the estimated useful life of each item. Estimated useful lives for the principal items of property, plant and equipment are 2 to 60 years for buildings and structures, 1 to 20 years for machinery, equipment and vehicles, and 1 to 20 years for tools, furniture and fixtures. Leased assets are depreciated over the shorter of the lease term and their useful lives if there is no reasonable certainty that the Ricoh Group will obtain ownership by the end of the lease term.

The depreciation methods, useful lives and residual values are reviewed at the end of each fiscal year, and changed when necessary.

4. Goodwill and Intangible Assets

(1) 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 non-controlling interests in the acquiree, which generally is measured at fair value at the acquisition date. Goodwill is measured at cost less any accumulated impairment losses. It is not amortized and is required to be tested at least annually for impairment.

(2) Intangible assets

The Ricoh Group adopts the cost model to measure intangible assets and presents them at cost less accumulated amortization and accumulated impairment losses.

(i) Software for Internal Use

The Ricoh Group 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 over approximately 2 to 10 years.

(ii) Development assets

An intangible asset arising from development activities (or from the development phase of an internal project) of the Ricoh Group shall be recognized if, and only if, it 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
- its ability to measure reliably the expenditure attributable to the intangible asset during its development

Amortization of the 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 the estimated useful lives that are

the expected periods 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 asset acquired separately is measured at cost at initial recognition. Intangible asset 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 lives and determination is made for existence of impairment indication. Such intangible assets consisting primarily of software, customer relationships and trademarks are amortized on a straight line basis over the estimated useful lives. 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 its life would be determined to no longer be indefinite.

5. Financial Instruments

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

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

The Ricoh Group 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 trade date.

The Ricoh Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it 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.

The Ricoh Group derecognizes a financial liability when contractual obligations specified under a contract is discharged, cancelled or expires.

(2) 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, these are measured at fair value and the 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 individually, the impairment loss is recognized in profit or loss. Dividends from available-sale-securities are included in profit or loss as part of financial income. When an investment is derecognized, the net gain on fair value of available-for-sale financial assets in other component of equity is reclassified to profit or loss.

(3) Measurement of non-derivative financial liabilities

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

(4) Equity

(i) Common stock under equity

Costs that are directly attributable to issuance of equity instruments issued by the Company are recognized as a deduction item of equity.

(ii) Treasury stock of the Company

For the Company's own equity instruments that were repurchased after the initial issuance (treasury stock), consideration paid (including transaction costs that are directly attributable to the purchase of such stock) is recognized as a deduction item of equity. In the event of sale of treasury stock, consideration received is recognized as an increase in equity.

(5) Derivative financial instruments and hedging activities

The Ricoh Group manages its exposure to certain market risks, those primarily related to foreign currency, interest rate and stock price, through the use of derivative instruments. As a matter of the Ricoh Group policy, the Ricoh Group does not enter into derivative contracts for trading or speculative purposes. The Ricoh Group recognizes all derivative instruments as either assets or liabilities in the consolidated statement of financial position and measures those instruments at fair value. When the Ricoh Group enters into a derivative contract, it makes a determination as to whether or not, the hedging relationship meets the 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 planned transaction with very high probability ("cash flow hedge").

The Ricoh Group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy 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 statements of financial position or to specific firm commitments or forecasted transactions with very high probability.

(i) Fair value hedge

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

(ii) Cash flow hedge

The effective portion of gains and losses of on 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 affects profit or loss. Changes in fair values of 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 fiscal period under review.

6. Provisions

Provisions are recognized when the Ricoh Group has present obligations 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, provision is measured based on the present value using a discount rate that reflects the risks specific to the liability.

7. Employee Benefits (Post-employment Benefits)

The Ricoh Group 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 benefit 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 the defined benefit plan 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 employees.

8. The consumption tax and the local consumption tax are excluded from profits and losses.

Changes in Accounting Policies

The Ricoh Group has applied the following standards and interpretations starting from the fiscal year ended March 31, 2018.

The adoption of the following standards and interpretations has no material impact on the consolidated financial statements.

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

Changes in Presentation

In the previous fiscal year, provisions were included in other current liabilities and other non-current liabilities in the Consolidated Statements of Financial Position, but due to their increased quantitative and qualitative importance, they have been stated separately from the fiscal year under review.

In order to reflect these changes in presentation, ¥9,127 million in other current liabilities and ¥10,969 million in other non-current liabilities were reclassified into provisions in the Consolidated Statements of Financial Position for the previous fiscal year.

Notes to Consolidated Statements of Financial Position

1. Allowance for doubtful receivables directly deducted from the amount of assets:

(1) Current assets:

Trade and other receivables:	¥14,297 million
Other financial assets:	¥3,957 million

(2) Non-current assets:

Other financial assets:	¥6,930 million
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2. Pledged assets and liabilities:

Not applicable.

3. Matters related to transfers of financial assets:

Subsidiaries of Ricoh conduct transfers of lease receivables to trusts and others. The transfers that do not meet the requirements for being treated as the sale of financial assets are accounted for as secured borrowings. With respect to the aforementioned accounting treatment, the consolidated statement of financial position includes the following assets and liabilities:

(1) Assets:

Current assets:

Other financial assets:	¥10,144 million
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Non-current assets:

Other financial assets:	¥15,763 million
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(2) Liabilities:

Current liabilities:

Bonds and borrowings:	¥8,385 million
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Non-current liabilities:

Bonds and borrowings:	¥13,004 million
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4. Guarantee obligation:

There is no guarantee obligation having significance in terms of value.

5. Accumulated depreciation and accumulated impairment losses on property, plant and equipment: ¥763,093 million
6. Other components of equity include exchange differences on translation of foreign operations, net gain on fair value of available-for-sale financial assets, and net gain on fair value of cash flow hedges.

Notes to Consolidated Statements of Profit or Loss

1. Impairment losses

¥145,827 million in impairment of goodwill and ¥30,140 million in selling, general and administrative expenses were posted as impairment losses.

The Ricoh Group groups its assets based on business management units under managerial accounting. 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. In order to carry out business management aligned with this strategy, the Company redefined its business domains and further segmented its disclosure segments. At the same time, for each of those business domains, a system was created that enabled monitoring using smaller management units, and cash generating units (or cash generating groups) were newly defined based on these management units. Based on this strategy shift, future cash flow was reviewed and impairment tests were conducted. As a result, the carrying amounts were reduced either to recoverable value or zero. For recoverable value, value in use or net selling price, whichever the higher, is used.

Major impairment losses by segment are ¥148,705 million in Office Printing (including ¥130,134 million in goodwill), ¥26,878 million in Office Service (including ¥15,693 million in goodwill).

The assets that suffered impairment losses were goodwill, tangible fixed assets, and intangible assets primarily located in North America. In the Office Printing segment, this included goodwill for IKON, acquired in 2008. In the Office Service segment, this included goodwill for mindSHIFT, acquired in 2014.

Notes to Consolidated Statements of Changes in Equity

1. Details and total number of shares outstanding as of the end of the current fiscal year

Common stock: 744,912,078 shares

2. Number of treasury stock as of the end of the current fiscal year

Common stock: 20,040,659 shares

3. Dividends

(1) Payment of dividends

Resolution	Total amount of dividends	Dividends per share	Record date
Ordinary General Meeting of Shareholders (June 16, 2017)	¥9,061 million	¥12.50	March 31, 2017
Board of Directors meeting (October 30, 2017)	¥5,436 million	¥7.50	September 30, 2017

Note: Dividends per share resolved at Ordinary General Meeting of Shareholders on June 16, 2017 include commemorative dividends of ¥5.00.

(2) Dividends whose record date is in the current fiscal year but whose effective date is in the following fiscal year are as follows:

Resolution (scheduled)	Total amount of dividends	Dividends per share	Record date
Ordinary General Meeting of Shareholders (June 22, 2018)	¥5,436 million	¥7.50	March 31, 2018

Notes to Financial Instruments

1. Matters concerning the state of financial instruments

(1) Capital risk management

The Ricoh Group's capital management policy is to maintain a strong financial position which enables to secure adequate funds for its operational development, and at the same time, to sustain an efficient capital structure, with the aim of realizing sustainable growth of the Ricoh Group and enhancement of its corporate value.

(2) Foreign exchange risk management

A considerable part of the Ricoh Group's production and sales activities are conducted outside of Japan, including the U.S., Europe, China, and other regions. As a consequence, the Ricoh Group's performance results, assets and liabilities denominated in foreign currencies may be impacted by currency rate fluctuation.

The Ricoh Group has entered into foreign exchange contracts in an effort to reduce exposure to risk associated with foreign exchange rate fluctuation on its assets and liabilities denominated in foreign currencies.

(3) Interest rate risk management

Of the Ricoh Group's interest-bearing debts, those which are at variable interest rates are exposed to interest rate fluctuation risk.

The Ricoh Group has entered into interest rate swap contracts in order to hedge potential risk, arising from fluctuation in interest rate, on cash flow by payment of interest. The Ricoh Group uses derivatives pursuant to the policy set forth by the Ricoh Group for the purpose of reducing risk.

(4) Credit risk management

Receivables generated from operating activities of the Ricoh Group are exposed to the credit risk of its business partners.

As for such risk, the Ricoh Group sets a credit limit, conducts surveys on credit and monitoring of the performance of its business partners on an ongoing basis. The Ricoh Group believes that potential risk such as concentration of credit risk and outstanding accounts of business partners to which the Ricoh Group grants credit need to be minimized, and therefore, the Ricoh Group makes adjustment to the extent of granting credit based on the results of monitoring.

When the Ricoh Group uses derivative transactions, financial institutions are limited to those which are highly credible in order to minimize exposure to credit risk.

(5) Liquidity risk management

The Ricoh Group procures operating funds in a form of loans from financial institutions or by issuing bonds. As a consequence, the Ricoh Group is exposed to risk of not being able to fulfill its repayment obligation due to factors such as deterioration of fund procurement environment.

Ricoh and some of its consolidated subsidiaries have entered into agreements with financial institutions in respect of limits on loan and overdraft facilities, and hold commercial paper issuance program. The Ricoh Group has also developed a structure to allow accommodating other Group companies with funds by making use of liquidity on hand effectively among the Group companies, with the Ricoh Group's finance subsidiaries located in each region playing a central role. The Ricoh Group strives for diversifying means for fund procurement, and has concluded commitment line agreements with more than one financial institution as a countermeasure against liquidity risk.

2. Matters concerning fair value of financial instruments

(1) Cash and cash equivalents, time deposits, and trade and other payables

These financial instruments are not included in the table below, as the carrying amounts approximate fair values due to the relatively short term nature.

(2) Trade and other receivables

The receivables settled in a short period of trade and other receivables are not included in the table below, because the carrying amounts approximate fair values due to the short maturities of these instruments.

Fair value of the receivables not expected to be recovered or settled in a short period of time, per each receivable classified per certain business types, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk.

(3) Lease receivables and installment loans

Fair value of lease receivables and installment loans, per each receivable classified per certain period, are calculated based on present value of such receivable discounted by the interest rate, which takes into account the period to maturity and the credit risk.

(4) Derivatives

Derivative instruments consist of interest rate swap agreements, foreign currency contracts and stock forward contracts. Fair values of these instruments are mainly measured by obtaining quotes from brokers.

(5) 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 the comparable companies' analysis or other reasonable valuation methods.

(6) Loans, borrowings and lease liabilities

Loans and borrowings expected to be settled in within 12 months are not included in the table below, as the carrying amounts approximate fair values due to the short maturities of these instruments.

Fair value of loans, borrowings and lease liabilities are calculated from estimated present value using year-end borrowing rates derived from future cash flows, on a per-loan basis, as well as calculated based on market prices.

- Carrying amounts and fair values of the financial instruments on the consolidated statement of financial position as of March 31, 2018 are as follows:

(Unit: millions of yen)		
	Carrying amount	Fair value
Assets:		
Trade receivables	110,375	115,018
Other financial assets (current and non-current)		
Lease receivables	842,908	860,968
Derivative assets	1,605	1,605
Installment loans	136,260	137,055
Other investments		
Securities	100,883	100,883
Bonds	1,147	1,147
Liabilities:		
Other financial liabilities (current and non-current)		
Derivative liabilities	19,830	19,830
Lease liabilities	3,535	3,616
Bonds and borrowings	658,707	657,165

Note: ¥19,124 million in derivative liabilities related to forward contracts were included in other investments (current assets) in the Consolidated Statements of Financial Position.

Notes to Per-share Information

1. Equity per share attributable to owners of the parent:	¥1,254.79
2. Earnings (loss) per share attributable to owners of the parent-basic:	¥(186.75)

Significant Post-Balance Sheet Events

The Company entered into the tender offer agreement as of February 21, 2018 to the effect that the Company would offer its shares of the Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH”) under a tender offer CCBJH commenced on February 22, 2018 (the “tender offer”). Based on this, the Company offered all its common stock of CCBJH (17,075,239 shares) under the tender offer and it was completed as of March 22, 2018 due to expiration of the tender offer period. Clearing for the tender offer was completed as of April 13, 2018. As IFRS 9 “Financial Instruments” is to be adopted from the fiscal year ending March 31, 2019, no impact is expected on profit.

Non-consolidated Balance Sheets (as of March 31, 2018)

	Millions of yen	
	As of March 31,	
	2018	2017
ASSETS		
Current Assets:	396,131	380,036
Cash on hand and in banks	17,466	18,907
Notes receivable – trade	619	720
Accounts receivable – trade	105,437	102,510
Marketable securities	20,000	17,500
Finished goods	29,760	30,466
Raw materials	1,795	1,711
Work in process	2,470	2,509
Supplies	9,017	10,169
Accounts receivable – other	42,331	19,292
Short-term loans receivable	154,502	161,588
Deferred tax assets	16,741	5,451
Other current assets	13,822	10,505
Allowance for doubtful accounts	(17,833)	(1,298)
Fixed Assets:	639,519	691,203
Tangible fixed assets:	102,941	113,636
Buildings	50,681	50,682
Structures	2,348	2,520
Machinery and equipment	17,278	19,292
Vehicles	101	125
Tools, furniture and fixtures	12,069	12,338
Land	18,884	21,321
Leased assets	62	118
Construction in progress	1,514	7,235
Intangible fixed assets:	31,280	32,317
Goodwill	4,030	4,650
Leasehold right and others	8,171	8,429
Software	19,079	19,237
Investments and Other Assets:	505,297	545,249
Investment securities	92,650	13,969
Subsidiaries and affiliates' securities	352,199	466,907
Investment in subsidiaries and affiliates	12,515	12,440
Long-term loans receivable	42,084	40,887
Claims provable in bankruptcy, claims provable in rehabilitation and other	439	459
Lease deposit	4,131	4,158
Other investments	1,846	7,009
Allowance for doubtful accounts	(569)	(582)
Total Assets	<u>1,035,651</u>	<u>1,071,239</u>

Non-consolidated Balance Sheets (as of March 31, 2018)

	Millions of yen	
	As of March 31,	
	2018	2017
LIABILITIES		
Current Liabilities:	395,063	327,762
Notes payable – trade	288	552
Electronically recorded obligations-operating	14,898	12,879
Accounts payable – trade	97,283	97,208
Bonds maturing within one year	15,000	20,000
Short-term borrowings	67,342	60,504
Current maturities of long-term borrowings	63,052	30,000
Leased obligations	326	324
Accounts payable – other	72,824	70,254
Accrued expenses	18,927	15,318
Accrued bonuses	7,127	7,531
Accrued Directors' bonuses	-	38
Warranty reserve	741	681
Other current liabilities	37,249	12,469
Fixed Liabilities:	158,492	196,116
Bonds	26,104	26,979
Long-term borrowings	115,936	158,807
Leased obligations	149	478
Retirement benefit obligation	4,247	4,268
Asset retirement obligations	2,642	5,021
Other fixed liabilities	9,413	561
Total Liabilities	553,555	523,879
(Net Assets)		
Shareholders' Equity:	433,036	541,063
Common Stock	135,364	135,364
Additional paid-in-capital:	180,804	180,804
Legal capital reserve	180,804	180,804
Retained Earnings:	154,029	262,046
Legal reserve	14,955	14,955
Other retained earnings	139,074	247,091
Reserve for deferral of capital gain on property	3,286	3,721
Reserve for special depreciation	-	43
Reserve for social contribution	8	104
General reserve	215,350	235,350
Retained earnings brought forward	(79,570)	7,872
Treasury stock	(37,162)	(37,151)
Difference of appreciation and conversion	49,059	6,296
Net unrealized holding gains on securities	62,352	6,296
Deferred gains or losses on hedges	(13,293)	-
Total Net Assets	482,095	547,360
Total Liabilities and Net Assets	1,035,651	1,071,239

Non-consolidated Statements of Operations (for the year ended March 31, 2018)

	Millions of yen	
	For the year ended March 31,	
	2018	2017
Net sales	862,291	859,760
Cost of sales	667,527	676,576
Gross profit	194,763	183,184
Selling, general and administrative expenses	195,617	187,870
Total operating profit (loss)	(853)	(4,686)
Non-operating income:	23,999	41,623
Interest and dividend income	22,603	38,367
Foreign exchange gains	-	56
Other revenue	1,395	3,199
Non-operating expenses:	6,349	3,807
Interest expense	2,179	2,062
Foreign exchange loss	3,587	-
Other expenses	582	1,744
Ordinary income	16,796	33,130
Extraordinary income	10,403	-
Gain on sales of shares of subsidiaries and affiliates	10,403	-
Extraordinary loss:	129,864	37,111
Impairment of fixed assets	622	1,092
Adjustment from transfer pricing taxation	-	21,214
Loss on valuation of shares of subsidiaries and affiliates	109,232	14,804
Loss on business of subsidiaries and affiliates (Note)	20,010	-
Income (loss) before income taxes	(102,665)	(3,981)
Income taxes - current	253	(1,203)
Income taxes for prior periods	-	(5,702)
Income taxes - deferred	(9,400)	127
Net income (loss)	(93,519)	2,797

Note: Loss on business of subsidiaries and affiliates mainly comprises provision of allowance for doubtful accounts covering lending to subsidiaries and affiliates.

Statement of Changes in Shareholders' Equity (for the year ended March 31, 2018)

(Unit: millions of yen)

	Shareholders' equity						Difference of appreciation and conversion			Total net assets
	Common stock	Additional paid-in-capital	Retained earnings		Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Legal capital reserve	Legal reserve	Other retained earnings (Note)						
Beginning balance	135,364	180,804	14,955	247,091	(37,151)	541,063	6,296	-	6,296	547,360
Changes of items during the period										
Dividends from surplus				(14,497)		(14,497)				(14,497)
Net income				(93,519)		(93,519)				(93,519)
Purchase of treasury stock					(10)	(10)				(10)
Disposal of treasury stock				(0)						
Net changes of items other than shareholders' equity							56,055	(13,293)	42,762	42,762
Total changes of items during the period	-	-	-	(108,016)	(10)	(108,027)	56,055	(13,293)	42,762	(65,264)
Ending balance	135,364	180,804	14,955	139,074	(37,162)	433,036	62,352	(13,293)	49,059	482,095

Note: Breakdown of other retained earnings

(Unit: millions of yen)

	Reserve for deferral of capital gain on property	Reserve for special depreciation	Reserve for social contributions	General reserve	Retained earnings brought forward	Total other retained earnings
Beginning balance	3,721	43	104	235,350	7,872	247,091
Changes of items during the period						
Dividends from surplus					(14,497)	(14,497)
Reversal of reserve for deferral of capital gain on property	(434)				434	-
Reversal of reserve for special depreciation		(43)			43	-
Reversal of reserve for social contribution			(96)		96	-
Reversal of general reserve				(20,000)	20,000	-
Disposal of treasury stock					(0)	(0)
Net income					(93,519)	(93,519)
Total changes of items during the period	(434)	(43)	(96)	(20,000)	(87,442)	(108,016)
Ending balance	3,286	-	8	215,350	(79,570)	139,074

Notes to Non-consolidated Financial Statements

* All figures are rounded down to nearest million yen.

Notes Regarding Significant Accounting Policies

1. Accounting Policy for Securities

(1) Securities of subsidiaries and affiliates

Securities of subsidiaries and affiliates are stated at cost based on the moving average method.

(2) Other securities

Marketable securities: Marked to market based on the market price at the end of the term and other factors (accounting for all valuation differences with the full net-assets injection method; the cost of securities sold is valued at moving average cost).

Non-marketable securities: Stated at cost based on the moving average method.

2. Accounting Policy for Derivatives

Derivatives are stated at market value.

3. Accounting Policy for Inventories

Inventories are stated principally at cost using the gross average method (the amounts on the balance-sheets are stated based on the method of devaluing book values by lowered profitability).

4. Depreciation and Amortization

(1) Tangible fixed assets (excluding leased assets):

Depreciated by using the straight-line method. Major useful life is as follows:

Buildings: 5-50 years

Machinery and equipment: 4-12 years

(2) Intangible fixed assets (excluding leased assets):

Depreciated by using the straight-line method.

With software for sale in the market, however, the Company records the larger of an amortization based on projected sales profits or a uniform amortization based on a projected effective sales period for the balance. The initially projected effective sales term is 3 years. With software for internal use, the Company uses the straight-line method based on a usable period of 3 to 10 years.

Goodwill is amortized using the straight-line method over the period of investment effect (16 years).

(3) Leased assets

Finance leases for which ownership does not transfer to lessees

Ricoh uses straight-line depreciation for leased assets with the lease-term as useful life.

5. Basis for Provision of Reserves

(1) Allowance for doubtful accounts:

The allowance for doubtful accounts is provided to cover possible losses from bad debts and represents possible individual doubtful accounts based on historical default rates and the probability of recoverability.

(2) Accrued bonuses:

The reserve for accrued bonuses is provided by estimating the amount of bonuses payable to employees for the current financial year under our corporate rules for calculating such bonus payment.

(3) Accrued Directors' bonuses:

The reserve for accrued bonuses is provided by estimating the amount of bonuses payable to Directors for the current financial year.

(4) Warranty reserve:

To cover product after-sales service expenses, the Company calculates the product warranty reserve based on projected service costs.

(5) Retirement benefit obligation:

To cover projected employee benefits, the Company records the estimated obligations at the end of current fiscal year based on projected year-end benefit obligations and plan assets.

For calculation of retirement benefit obligations, the method of attributing expected retirement benefits to periods up to the end of the current fiscal year is on a straight-line basis.

For actuarial gains or losses, the Company uses straight-line amortization over a certain period of time (13 years) within averaged remaining employment term as incurred in each business year starting from the year following the year of occurrence.

For prior service costs the Company uses straight-line amortization over a certain period of time (13 years) within averaged remaining employment term as incurred in each business year.

Unrecognized actuarial gains and losses and unrecognized prior service costs on the non-consolidated balance sheets are treated differently from those on the consolidated statement of financial position.

6. Consumption Taxes

The consumption tax and the local consumption tax are excluded from profits and losses.

7. Application of Consolidated Taxation System

The Company adopts a consolidated taxation system with the Company being the consolidated parent company.

8. Hedge Accounting

(1) Hedge accounting methods:

Deferred hedge accounting is adopted.

With interest-rate swaps, special treatment is adopted if requirements of special treatment are met.

(2) Hedge instruments and targets:

(i) Hedging instruments: Interest-rate swaps

Hedged items: Interests of long-term borrowings

(ii) Hedging instruments: Forward contracts

Hedged items: Stock

(3) Hedging policies:

In keeping with its internal Market Risk Management Rules, Ricoh uses derivatives to manage the exposure of its assets and liabilities to market or cash flow fluctuations.

(4) Hedge effectiveness assessment method:

In cases where the significant conditions for hedging instruments and hedged items are identical, which are deemed highly effective, assessment is omitted. Interest rate swaps, which meet the requirements of special treatment, are exempt from the assessment of effectiveness. For other cases, the Company assesses the effectiveness of hedges by analyzing the ratios of the cumulative total market and cash flow fluctuations of hedged targets and instruments.

Notes to Non-consolidated Balance Sheets

1. Monetary debts and credits for subsidiaries and affiliates:

Short-term receivable due from subsidiaries and affiliates: ¥295,678 million

Long-term receivable due from subsidiaries and affiliates: ¥42,119 million

Short-term payable due to subsidiaries and affiliates: ¥146,361 million

2. Guarantee obligation:

Parent company's guarantee for commercial papers issued by subsidiaries and affiliates: ¥31,872 million

Parent company's guarantee for the lease agreement by subsidiaries and affiliates: ¥786 million

3. Accumulated depreciation on tangible fixed assets: ¥408,925 million

Notes to Non-consolidated Statements of Operations

Transaction with subsidiaries and affiliates:

Sales: ¥823,826 million

Purchase: ¥293,914 million

Other operating transactions: ¥66,944 million

Non-operating transactions: ¥19,325 million

Notes to Statements of Changes in Shareholders' Equity

Number of treasury stocks as of the end of the fiscal year

Common stock: 20,040,659 shares

Notes to Deferred Tax Accounting

Major factors giving rise to deferred tax assets include loss on valuation of stocks of affiliates, accrued bonuses, denial of reserve for retirement benefits, and retained loss, with valuation allowance deducted, while major factors giving rise to deferred tax liabilities are reserve for advanced depreciation of fixed assets and net unrealized holding gains on securities.

Notes to Leased Fixed Assets

The Company uses fixed assets in the balance sheets and certain office equipment and production facilities, etc. under finance lease contracts without ownership transfer.

Notes to Related Party Transactions

(Unit: millions of yen)

Attribute	Name of company, etc.	Voting rights held by Company	Relation with company		Description of transactions	Transaction amount (Note 1)	Account item	Balance as of the fiscal year under review (Note 1)
			Concurrent Directors	Business relation				
Subsidiary	Ricoh Japan Corporation	(Possessed) Directly: 100%	Yes	Sale of the Company's office equipment	Sales of products (Note 2)	429,176	Accounts receivable – trade	61,230
Subsidiary	Ricoh Leasing Company, Ltd.	(Possessed) Directly: 52.9%	Yes	Factoring transaction	Factoring transaction (Note 3)	53,360	Accounts payable – other	19,473
				Lending of funds	Lending of funds (Note 4)	543,231	Short-term loans	72,901
Subsidiary	RICOH ASIA INDSUTRY LTD.	(Possessed) Directly: 100%	Yes	Sale of the Company's office equipment	Purchase of products (Note 2)	84,891	Accounts payable – trade	7,649
Subsidiary	RICOH AMERICAS HOLDINGS, INC.	(Possessed) Directly: 100%	Yes	Lending of funds	Lending of funds (Note 4)	73,866	Short-term loans	58,014
					(Note 5)		Long-term loans	15,936
Subsidiary	RICOH ELECTRONICS, INC.	(Possessed) Indirectly: 100%	No	Manufacturing of the Company's office equipment	Sales of components (Note 2)	130,596	Accounts receivable – trade	8,993
Subsidiary	RICOH EUROPE HOLDINGS PLC	(Possessed) Directly: 100%	Yes	Borrowing of funds	Borrowing of funds (Note 4) (Note 5)	55,591	Short-term borrowings	58,206
Subsidiary	RICOH EUROPE SCM B.V.	(Possessed) Indirectly: 100%	No	Sale of the Company's office equipment	Sales of products (Note 2)	43,558	Accounts receivable – trade	5,917
Subsidiary	RICOH INDIA, LTD.	(Possessed) Directly: 46.04% Indirectly 27.56%	Yes	Sale of the Company's office equipment	Claim for executing guarantee obligation (Note 6)	21,993	Accounts receivable – other	21,993

Notes: Transaction conditions and policy in determining transaction conditions

1. The transaction amount does not include the consumption tax, while the ending balance includes the consumption tax.
2. Prices and other transaction conditions are determined through price negotiations, taking into account the market situation.
3. For trade payables of the Company, payments are made under the main factoring agreement concluded among three parties which are the Company, counterparty and Ricoh Leasing Company Ltd.
4. Terms and conditions of lending and borrowing are determined each time through negotiations based on market interest rates.
5. The transaction amount shows the average balance during the period.
6. In order to cover the loan obligations of RICOH INDIA, LTD. from local financial institutions, the Company had requested a financial institution (the "Issuer") to issue stand-by L/Cs. However, when the local financial institution made a claim based on the said stand-by L/C, the Issuer demanded compensation to the Company. Therefore, the Company made a payment to the Issuer. Accounts receivable – other above is a receivable for reimbursement to RICOH INDIA, LTD. incurred by the execution of the said guarantee obligation.

Notes to Per-share Information

1. Net assets per share:	¥665.07
2. Net income (loss) per share:	¥(129.01)

Significant Post-Balance Sheet Events

The Company entered into the tender offer agreement as of February 21, 2018 to the effect that the Company would offer its shares of the Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH”) under a tender offer CCBJH commenced on February 22, 2018 (the “tender offer”). Based on this, the Company offered all its common stock of CCBJH (17,075,239 shares) under the tender offer and it was completed as of March 22, 2018 due to expiration of the tender offer period. Clearing for the tender offer was completed as of April 13, 2018. The settlement for the tender offer was completed on April 13, 2018. ¥50.6 billion in gain on sales of investment securities are expected to be posted in extraordinary income in the fiscal year ending March 31, 2019.

Independent Auditor's Report

May 15, 2018

The Board of Directors
Ricoh Company, Ltd.

KPMG AZSA LLC

Hiroshi Shiina (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Katsunori Hanaoka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shingo Iwamiya (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to consolidated financial statements of Ricoh Company, Ltd as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 444-4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under designated 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we 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 referred to above, which were prepared in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting that prescribes some omissions of disclosure items required under designated International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of Ricoh Company, Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Independent Auditor's Report

May 15, 2018

The Board of Directors
Ricoh Company, Ltd.

KPMG AZSA LLC

Hiroshi Shiina (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Katsunori Hanaoka (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shingo Iwamiya (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of operations, the statement of changes in shareholders' equity, the notes to financial statements and the supplementary schedules as at March 31, 2018 and for the year from April 1, 2017 to March 31, 2018 in accordance with Article 436-2-1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, 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 financial statements and the supplementary schedules 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 financial statements and the supplementary schedules.

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 financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of Ricoh Company, Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act.

Audit & Supervisory Board's Report

The Audit & Supervisory Board has prepared this Audit Report upon discussion based on the audit reports prepared by each Audit & Supervisory Board Member concerning the execution of duties by the Directors for the fiscal year from April 1, 2017 to March 31, 2018, and hereby reports as follows:

1. Auditing methods employed by Audit & Supervisory Board and the Board Members

- (1) The Audit & Supervisory Board prescribed audit policies, activity plans, assignment of duties and other relevant matters, received reports from each Audit & Supervisory Board Member on their implementation of audits and results thereof, as well as reports from Directors, etc. and the Independent Auditor on the performance of their duties, and requested explanations from them whenever necessary.
- (2) Each Audit & Supervisory Board Member complied with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the audit policies, activity plans, assignment of duties, etc., communicated with Directors, staff of the internal management and control division, and other employees, etc., strove to collect information and establish the environment for auditing, and conducted audits based on the methods below.
 - (i) Each Audit & Supervisory Board Member attended Board of Directors and other important meetings, received reports from Directors, employees, etc. on the execution of their duties, requested explanations from them whenever necessary, inspected important written approvals, etc., examined the status of operations and assets at the headquarters and principal offices. With regards to the subsidiaries, we strove to communicate and exchange information with the principal administrative divisions of each subsidiary, and received explanations from Directors and employees regarding their business and exchanged opinions by visiting the subsidiaries whenever necessary.
 - (ii) We also regularly received reports, from Directors, employees, etc., requested explanations from them whenever necessary, and expressed our opinions, for ensuring that the execution of duties by Directors described in the Business Report conforms to the related laws and regulations and the Articles of Incorporation, the details of the resolution of the Board of Directors concerning the establishment of the system stipulated in Article 100, Paragraph 1 and Paragraph 3 of the Enforcement Regulations of the Companies Act aiming to secure the appropriateness of the operations of the corporate group consisting of the Company and its subsidiaries; and the construction and operation status of a system (internal control system) established in accordance with the said resolution.
 - (iii) With regard to accounting audits, we received explanations on audit plans from the Independent Auditor in advance and made discussions, as well as received audit reports. Furthermore, we monitored and verified whether the Independent Auditor implemented appropriate audits while maintaining independence, received reports from the Independent Auditor on the execution of their duties, and sought explanations whenever necessary. Furthermore, we received notice from the Independent Auditor that "System for ensuring that the execution of duties is performed properly" (matters set forth in each item of Article 131 of the Company Accounting Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council; October 28, 2005), etc., and sought explanations whenever necessary.

Based on the above methods, we examined the business report and its supplementary schedule, non-consolidated financial statements (the balance sheet, the statement of operations, the statement of changes in shareholders' equity and the notes to financial statements) and the supplementary schedules for the fiscal year under review, as well as consolidated financial statements (the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to consolidated financial statements).

2. Audit results

(1) Results of audit of Business Report, etc.

- (i) We hereby state that the Business Report and the supplementary schedules fairly represent the Company's conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- (ii) With regard to the performance of duties by Directors, we find no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation.
- (iii) We hereby state that the content of the resolution by the Board of Directors concerning the internal control system is proper. In addition, we find no issue on which to remark in regard to the contents of Business Report and the execution of duties by the Directors regarding the internal control system. On the other hand, we acknowledge the importance of ongoing initiatives to enhance the effectiveness of the internal control system including subsidiaries from the viewpoint of strengthening corporate governance.

(2) Results of audit of non-consolidated financial statements and the supplementary schedules

We hereby state that the audit methods of the Independent Auditor, KPMG AZSA LLC, and the results are appropriate.

(3) Results of audit of consolidated financial statements

We hereby state that the audit methods of the Independent Auditor, KPMG AZSA LLC, and the results are appropriate.

May 18, 2018

The Audit & Supervisory Board, Ricoh Company, Limited

Audit & Supervisory Board Member (Full-time) Katsumi Kurihara (seal)

Audit & Supervisory Board Member (Full-time) Hiroshi Osawa (seal)

Outside Audit & Supervisory Board Member Takashi Narusawa (seal)

Outside Audit & Supervisory Board Member Shigeru Nishiyama (seal)

Outside Audit & Supervisory Board Member Yo Ota (seal)

Notes on the Audit Performance

1. Purpose of this Notes

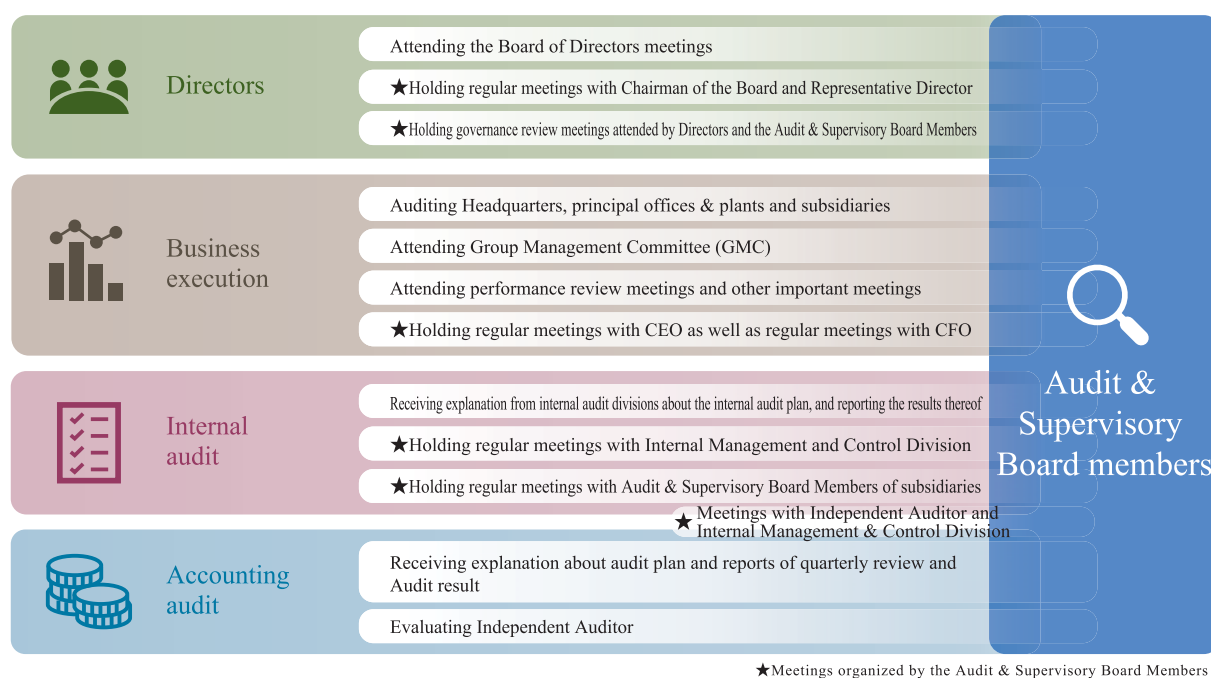
Audit & Supervisory Board prepared the Audit Report, reporting on (i) Auditing methods employed by Audit & Supervisory Board and the Board Members, and (ii) Audit results.

With respect to (i) Auditing methods employed by Audit & Supervisory Board and the Board Members, we decided to voluntarily prepare and disclose this Notes, as complementary material to the Audit Report, in order to enhance the effectiveness of the dialogue with stakeholders including shareholders, based on the belief that it is crucial to provide more concrete explanation, to enhance audit transparency.

2. Outline of audit activities

The Audit & Supervisory Board 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 of audit activities in each of these areas are illustrated in Chart 1 below. The Audit & Supervisory Board pointed out the issues and provided suggestions to Directors and business divisions, over the matters brought to our attention through these audit activities.

Chart 1: Outline of audit activities



With respect to the issues described in “Impairment Losses” in the Business Report (page 26 and page 27 in this Notice) and “Regarding the Circumstances and Response to The financial irregularities at an Overseas Consolidated Subsidiary and the Subsequent Decision to Terminate Financial Support” (from page 28 to page 31 in this Notice), we made sure to stay updated on the latest development, through requesting explanation from the Directors, Executive Officers, and the employees concerned, etc., as well as attending the relevant meetings, in addition to the audit activities as illustrated in Chart 1.

3. Areas of focus and Actions for the fiscal year ended March 31, 2018

Organizational framework of the Company has undergone major restructuring from April 2017, following the review of business segments based on the policies under the 19th Mid-Term Management Plan. Meanwhile, the Audit & Supervisory Board, in view of the issues that have arisen in overseas subsidiaries of the Company and other companies, reviewed the predictable risks, and set out two Areas of focus for the fiscal year ended March 31, 2018, namely (i) enhancement of audit on the administration and control at overseas subsidiaries, and (ii) enhancement of the evaluation of the Independent Auditor, apart from the audit activities as illustrated in Chart 1.

Area of focus (i) Enhancement of audit on the administration and control at overseas subsidiaries

We audited not only the framework and supervision at the headquarters in charge of overseas subsidiaries, but also the development and operation of the framework at subsidiaries. Points with enhanced focus in the course of audit were as follows.

(i) Reinforced prior examination

- Narrowing down of the Offices, plants and subsidiaries to be audited, through prior collection and analysis of data that enable determination of the scale of the targeted risks
- Identifying the potential risks from the perspective of the principal administrative divisions (headquarters administrative divisions in charge of subsidiaries), and principal divisions for corporate risk managements (corporate headquarters function such as legal and accounting)
- Identifying interview points for each organization to be audited by experts familiar with the targeted risks (hereinafter the “subject matter expert”)

(ii) Enhanced audits at frontlines (overseas subsidiaries as well as headquarters administrative divisions)

- Conducting Joint audit (along with the Independent Auditor) and synchronized audit (along with the global internal audit team) with the addition of subject matter experts
- Conducting a series of “true state” audit on the target site, involving interviews and other measures with members ranging from heads of organizational units, division managers, to staff in charge

(iii) Strengthened follow-up of the results

- Organizing follow-up meetings inviting heads of divisions concerned, in addition to the issuance of the report of the audit on the audited divisions
- Providing suggestions of the points to be improved at the regular meetings with CEO etc.

Area of focus (ii) Enhancement of the evaluation of the Independent Auditor

In addition to the “evaluation of the Independent Auditor by the Audit & Supervisory Board Members and the Audit & Supervisory Board,” which has been implemented in the past, “evaluation by comparison among audit firms” was carried out in the fiscal year ended March 31, 2018, as a specific effort to enhance the evaluation of

the Independent Auditor.

(i) Implementation of the evaluation of the Independent Auditor by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- Evaluation of the Independent Auditor from the standpoint of each Audit & Supervisory Board Member and as the Audit & Supervisory Board, based on the standards for evaluating the Independent Auditor prescribed by the Audit & Supervisory Board (Interim/year-end evaluation)

Interim evaluation:

Evaluation of the progress in the improvement of the matters listed on the requests for improvement presented in the previous fiscal year, as well as the review of the additional requests for improvement to be made during the fiscal year.

Year-end evaluation:

Annual review of the appropriateness of the services rendered, considerations to decide whether to reappoint, and the requests for improvement for the next fiscal year

(ii) A multifaceted evaluation of the Independent Auditor

- Comparative evaluation of the proposals presented by multiple audit firms
- Multifaceted decision based on joint-evaluation made by business divisions and internal audit divisions

4. Execution Framework for the Audit & Supervisory Board Members

To ensure effective execution of duties by the Audit & Supervisory Board Members, their responsibilities are appropriately allocated, while the framework to assist their duties work is in place.

(1) Allocation of responsibilities of the Audit & Supervisory Board Members

The full-time Audit & Supervisory Board Members are 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.

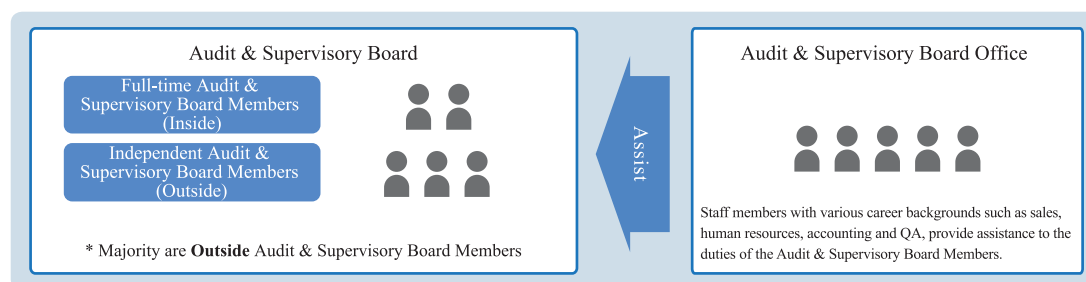
The independent Outside Audit & Supervisory Board Members conducted audit, drawing on the respective individual expertise and back ground, on specific divisions together with the full-time Audit & Supervisory Board Members. They also received detailed explanations about the management policies, etc. and expressed opinions from the standpoint of independent Audit & Supervisory Board Members at the regular meetings with Chairman of the Board and Representative Director, President.

(2) Framework for the Audit & Supervisory Board Office to assist the execution by Audit & Supervisory Board Members

The Audit & Supervisory Board Office has been established, staffed by five full-time employees dedicated to this office with certain degree of guaranteed independence from the business divisions assisting the work of the Audit & Supervisory Board Members, such as collection of information and support for on-site investigation

(Refer to Chart 2).

Chart 2: Framework for the Audit & Supervisory Board Office to assist the execution by Audit & Supervisory Board Members



5. Issues to be Monitored during the Fiscal Year Ending March 31, 2019

Self-assessment for our Audit performance was made by each Audit & Supervisory Board Member, as well as the Audit & Supervisory Board, while the issues to be closely monitored during the fiscal year ending March 31, 2019 were considered. The Audit & Supervisory Board is committed to the following as the issues to be closely monitored:

- Review of the business management system and effective management of overseas affiliates
- Business risks in new and growing businesses such as M&A risk.