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Delta Park 37
DK-2665 Vallensbæk Strand

Ricoh Danmark A/S

Annual report 2017/18

The annual report was presented and adopted at the Company's annual general meeting

on August 31 20 18

Daisy Ander
chairman

CVR no. 56 47 04 17

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Ricoh Danmark A/S
Annual Report 2017/18
CVR no. 56 47 04 17

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ricoh Danmark A/S for the financial year 1 April 2017 – 31 March 2018.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 March 2018 and of the results of the Group's and the Parent Company's operations and the Group's cash flows for the financial year 1 April 2017 – 31 March 2018.

Further, in our opinion, the Management commentary gives a fair review of the development in the Group and the Parent Company's activities and financial matters, of the results for the year and of the Group and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Vallensbæk Strand, 31 August 2018
Executive Board:

Søren Krogh-Nielsen

Board of Directors:

David Mills Chairman	Nicola Clare Downing	Søren Krogh-Nielsen
Torben Frederiksen employee representative	Jørgen Henrik Norup employee representative	

Independent auditor's report

To the shareholder of Ricoh Danmark A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Ricoh Danmark A/S for the financial year 1 April 2017 – 31 March 2018, comprising income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by EU and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2018 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2017 – 31 March 2018 in accordance with the International Financial Reporting Standards as adopted by EU and further requirements in the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by EU and further requirements in the Danish Financial Statements Act, and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company, cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

Independent auditor's report

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern

— evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 31 August 2018
KPMG
Statsautoriseret Revisionspartnerselskab
Cvr. No 25 57 81 98

Jon Beck
State Authorised
Public Accountant
MNE-nr. 32169

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Management's Review

Company details

Ricoh Danmark A/S
Delta Park 37
2665 Vallensbæk Strand

Telephone:	+45 70 10 67 68
Website:	www.ricoh.dk
E-mail:	info@ricoh.dk
CVR no.:	56 47 04 17
Established:	8 July 1976
Registered office:	Vallensbæk
Financial year:	1 April 2017 – 31 March 2018

Board of Directors

David Mills, chairman
Nicola Clare Downing
Søren Krogh-Nielsen
Torben Frederiksen
Jørgen Henrik Norup

Executive Board

Søren Krogh-Nielsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 31 August 2018.

Management's Review

Financial highlights for the Group

DKKm	2017/18	2016/17	2015/16	2014/15	2013/14[1]
Revenue	319	363	319	357	380
Gross profit	108	112	104	103	116
Profit from ordinary activities	4	10	7	5	9
Net financial	0	0	0	0	0
Tax	-4	0	3	-2	-3
Profit/loss for the year	1	11	10	2	6
Total assets	258	275	237	216	153
Investment in property, plant and equipment	0	1	3	2	2
Equity	117	117	107	97	94
Gross margin	33,9%	30.8%	32.4%	28.8%	30.4%
Profit margin	0.8%	3.0%	3.1%	0.6%	2.3%
Solvency ratio	45.3%	42.5%	45.1%	44.9%	53.1%
Return on equity	0%	9.8%	9.8%	2.2%	7.1%
Average number of employees	162	162	157	169	176

[1] Financial highlights for 2017/18 - 2014/15 are prepared in accordance with International Financial Reporting Standards as adopted by the EU Act. The comparative figures for 2013/14 have not been restated to reflect the change in accounting policies but have been prepared in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial Rations. For terms and definitions, please see the accounting policies.

Management's Review

Operating review

Principal activities

The principal activities of Ricoh Danmark A/S are to provide services and technologies to large and small businesses that will transform their business transactions and document processes. The Company does this through its core capabilities in Managed Document, Services, Production Printing, Office Solutions and IT Services. This can be offer to the customers via leasing contracts in the subsidiary (Ricoh Capital Danmark A/S) if financing is requested.

Results for the year

The consolidated financial statements made a result for the financial year of DKK -424 thousand (2016/17: DKK 10,658 thousand) and the parent company financial made a profit for the financial year of DKK -3,485 thousand (2016/17: 7,537 DKK thousand) has been transferred to reserves. The result is unsatisfactory even considering the market situation. The result for 2017/18 is expected to be positive again.

Outlook

The Group made an operating profit before interest and tax of DKK 3,336 thousand (2016/17: DKK 10,006 thousand).

The Group has introduced innovative and environmentally responsible products in the high-end office category and launched well-received products in the production printing market.

The Group's objective is to grow sales and profitability by offering first class, high quality products and services for the business environment, clearly differentiating and pre-empting the competition with total document solutions offerings, while making customers' businesses more productive, efficient and ultimately more profitable.

- The key strategies employed by the Group to support this objective include:
- To become a relations-based group, seen as a partner of customers, offering tailored hardware and software solutions to add value to their business.
- To have the right people, with the right skills to sell, service and support the Group's products.
- To draw on support from the Group's internal partners within the Ricoh Group in areas of research and development, manufacturing, supply chain management and central service support to help achieve the objective.
- To strengthen the corporate brand and position of the Group to support the introduction of new products to new market segments.

Management's commentary

Operating review

Future trends and developments:

The Group expects to continue to develop relationships with significant customers, maintain and enhance its competitive product range, leverage strategic relationships with other business partners and develop revenue and profit opportunities.

Ricoh clients, partners and employees can stay up-to-date with the latest views from Ricoh at:

- Facebook: www.facebook.com/ricoheurope
- Twitter: www.twitter.com/ricoheurope
- You Tube: www.youtube.com/ricoheurope

Risks and uncertainties

The key risks and uncertainties facing the Group are:

Competitor risk: Failure to compete with competitors on areas including price, product range, quality and service could have an adverse effect on the Group's financial results.

People risk: Failure to attract, retain and motivate the best people with the right capabilities at all levels of the operation would be detrimental to the success of the Group.

Material events after the reporting date

No events have occurred after the reporting date that may significantly affect the annual report.

Corporate Social Responsibility cf. 99a (CSR)

In 2000, Ricoh Group signed UN's Global Compact (UNGC) and in 2004, the "Ricoh Group CSR Charter" was established as well as the "Ricoh Group Code of Conduct", which both reflects the UNGC's 10 principles and applies to all entities within the Group. All 10 base principles (in the areas of human rights, labour, the environment and anti-corruption), are therefore fully integrated in all of our daily activities via our policies and key values.

On our global website http://www.ricoh.com/csr it is possible to view in details our CSR policies.

As the activity for the Danish Company comprise of trade and service of document related information technology on behalf of the Ricoh Group, the Danish Company only have policies in respect of climate, environment and gender diversity, which are described below.

Management's commentary

Operating review

Climate and Environment:

Group policies

In line with the Group's commitment to the environment and climate, it has established an Environmental Policy, which sees it making constant efforts to reduce the climate and environmental impact of the Group's operations. The Group continually seeks out and investigates alternative methods of performing its services. When more environmentally sound methods are identified, we will move promptly, when economic circumstances allow, adopting these practices.

The Group meets and exceeds key current European regulations and guidance standards, which complement our long-term objectives for:

— Energy Conservation and the Prevention of Global Warming - (Energy Star, Blue Angel, EuP directive)

— Resource Conservation and Recycling (WEEE regulations, Battery Directive)

— Pollution Prevention (RoHS, REACH, Hazardous waste regulations)

On our national website http://www.ricoh.dk it is possible to view in details our environmental policy, read about our ISO14001 international environmental certification and our implementation of WEEE / RoHS regulations on the environment recycling area.

Local group policies

Based on the overall Ricoh Group policies, the Danish Group has since 2015/16 initiated various activities to reduce CO2 emission. Visual Communication to reduce travel cost, default eco power saving mode on all sold units, and company cars are continuously being exchanged to diesel engines that are more efficient when leasing car contracts are renewed. In 2017/18, these activities have resulted in being on track with the overall goal to reduce our CO_2 emissions and impact on climate.

Use of paper has also dropped in 2017/18 and we expect that this improvement will continue due to our New Ways of Working (NWOW) concept.

The Danish Group does not have any specific policies around human rights.

Gender distribution requirements cf. 99b:

Ricoh is an equal opportunities employer and all applications are treated on merit, regardless of sex, disability, religious belief, marital status, colour, race or ethnic origins.

Management's commentary

Operating review

In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged.

The training, career development and promotion of disabled persons are, as far as possible, consistent with that of other employees.

As the female gender currently is underrepresented in Ricoh Danmark's management, we have developed policies and goals for the future in an attempt to equalize the gender composition in the future.

In 2017/18 Ricoh Danmark A/S reached the target of having at least one female in the Board of Directors in 2018. The Board of Directors consist of three members in 2018. This leads to a female composition of 33.3% on the current Board of Directors. The company will strive to achieve the same ratio for all management positions in Ricoh Danmark A/S, which comprises the three top levels of management (Board of Directors/senior management and middle managers). For 2017/18, Ricoh has 15 male and 3 female managers within senior and middle management.

Besides the above quantitative goals, we have for many years had gender equality build in our CSR policies and have established the following qualitative targets on this background:

— Our employees should feel that Ricoh have an open and unbiased culture in which the individual can use his skills best possible, regardless of gender.

— Ricoh's female employees should feel that they have same opportunities for career and leadership positions as their male colleagues.

Ricoh has implemented specific actions to ensure that the above-mentioned target is achieved by 2018, including that both genders are represented in the candidate selection phase for management positions (where there are qualified applicants of both genders) and that as many women as possible participate in our internal management training program.

Implementation of "policy on the gender composition of management" with associated targets are developed and adopted so late in the fiscal year that no changes in our gender composition are reported yet.

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Income Statement / Statement of comprehensive income

		Group		Parent Company	
DKK'000	Note	2017/18	2016/17	2017/18	2016/17
Revenue	4	319,492	362,523	313,105	356,463
Cost of sales	5	-164,660	-205,483	-164,237	-205,483
Other external expenses		-47,101	-44,559	-45,214	-42,500
Gross profit		107,731	112,481	103,654	108,480
Staff costs	6	-103,280	-101,338	-103,280	-101,338
Depreciation and impairment	7	-1,115	-1,137	-1,115	-1,137
Operating profit/loss		3,336	10,006	-742	6,005
Financial income	9	1	192	0	192
Financial expenses	10	-129	-26	-113	-26
Profit/loss before tax		3,208	10,172	-855	6,171
Tax on profit/loss for the year	11	-3,632	486	-2,630	1,366
Profit/loss for the year/total comprehensive income/loss		-424	10,658	-3,485	7,537

Consolidated financial statements and parent company financial statements 1 April 2017– 31 March 2018

Statement of financial position

		Group		Parent Company	
DKK'000	Note	2017/18	2016/17	2017/18	2016/17
ASSETS					
Goodwill	12	12,637	12,637	12,637	12,637
Property plant and equipment	13	2,068	2,840	2,068	2,840
Finance lease receivables	14	66,076	60,807	12,584	8,105
Equity investment in subsidiary	15	0	0	500	500
Deferred tax	16	0	757	0	1,237
Deposits		1,376	824	1,376	824
Non-current assets		82,157	77,865	29,165	26,143
Inventories		14,686	10,565	14,687	10,565
Trade receivables	14	92,462	99,268	85,783	94,421
Finance lease receivables	14	28,249	29,234	0	0
Receivables from group entities		7,978	8,553	14,238	14,766
Other receivables	14	733	105	733	105
Tax receivable		343	1,849	0	323
Prepayments		4,418	3,471	3,851	2,825
Cash and cash equivalents	17	26,699	44,277	26,699	44,277
Current assets		175,568	197,322	145,992	167,282
TOTAL ASSETS		257,725	275,187	175,157	193,425

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Statement of financial position

		Group		Parent Company	
DKK'000	Note	2017/18	2016/17	2017/18	2016/17
Equity	18				
Share capital		23,501	23,501	23,501	23,501
Retained earnings		93,391	93,814	84,048	87,533
Total equity		116,892	117,315	107,549	111,034
Liabilities					
Provisions for pension liabilities	19	636	789	636	789
Non-current liabilities		636	789	636	789
Loans and borrowings		79,174	83,609	0	0
Trade payables		19,169	18,608	19,011	18,595
Payables to group entities		16,532	28,745	23,288	38,800
Other payables		20,450	22,696	20,153	21,289
Deferred Tax	16	1,811	0	1,515	0
Deferred income		3,061	3,425	3,005	2,918
Current liabilities		140,197	157,083	66,972	81,602
Total liabilities		140,833	157,872	67,608	82,391
TOTAL EQUITY AND LIABILITIES		257,725	275,187	175,157	193,425

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Statement of changes in equity

	Group		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2017	23,501	93,815	117,316
Comprehensive income in 2017/18			
Profit for the year	0	-424	-424
Total comprehensive income for the period	0	-424	-424
Equity at 31 March 2018	23,501	93,391	116,892
Equity at 1 April 2016	23,501	83,156	106,657
Comprehensive income in 2016/17			
Profit for the year	0	10,658	10,658
Total comprehensive income for the period	0	10,658	10,658
Equity at 31 March 2017	23,501	93,815	117,315

	Parent Company		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2017	23,501	87,533	111,034
Comprehensive income in 2017/18			
Loss for the year	0	-3,485	-3,485
Total comprehensive loss for the period	0	-3,485	-3,485
Equity at 31 March 2018	23,501	84,048	107,549
Equity at 1 April 2016	23,501	79,996	103,498
Comprehensive income in 2016/17			
Profit for the year	0	7,537	7,537
Total comprehensive income for the period	0	7,537	7,537
Equity at 31 March 2017	23,501	87,533	111,034

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Cash flow statement

		Group		Parent Company	
DKK'000	Note	2017/18	2016/17	2017/18	2016/17
Operating profit/loss for the year		3,336	10,006	-742	6,005
Depreciation, amortisation and impairment losses		1,115	1,137	1,115	1,137
Other adjustments of non-cash operating items		-153	-154	-153	-154
Cash flow from operating activities before changes in working capital		4,298	10,989	220	6,988
Changes in working capital	21	-5,777	-39,200	-2,803	-31,749
Cash flow from operating activities		-1,479	-28,211	-2,583	-24,761
Interest income received		1	192	0	192
Interest expense paid		-129	-26	-113	-26
Corporation tax paid		444	2,171	444	2,171
Cash flow from operating activities		-1,163	-25,874	-2,252	-22,424
Acquisition of property plant and equipment		-435	-1,068	-435	-1,068
Disposal of property plant and equipment		93	85	93	85
Cash flow from investing activities		-342	-983	-342	-983
Loans from Group Enterprises		-11,638	11,205	-14,984	25,464
Cash flow from financing activities		-11,638	11,205	-14,984	25,464
Cash flows for the year		-13,143	-15,652	-17,578	2,057
Cash and cash equivalents at the beginning of the year		-39,332	-23,680	44,277	42,220
Cash and cash equivalents at year end*		-52,475	-39,332	26,699	44,277

Cash and cash equivalents

Bank balances	0	77	0	77
Pool balances, receivables	26,699	44,200	26,699	44,200
Pool balances, Liability	-79,174	-83,609	0	0
	-52,475	-39,332	26,699	44,277

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Overview of notes

Note		*Note*	
1	Accounting policies	15	Equity investments in subsidiaries
2	Significant accounting estimates and judgements	16	Deferred tax
		17	Cash and cash equivalents
3	New accounting regulation	18	Equity
		19	Provisions for pension obligations
4	Revenue	20	Contingent liabilities and collateral
5	Cost of sales	21	Changes in working capital
6	Staff costs	22	Operating leases
7	Depreciation	23	Financial risks and financial instruments
8	Fees to auditor appointed at the general meeting	24	Related parties disclosures
9	Financial income	25	Events after the reporting date
10	Financial expenses		
11	Tax		
12	Goodwill		
13	Property, plant and equipment		
14	Receivables		

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Notes

1 Accounting policies

General information

Ricoh Danmark A/S is a limited liability company incorporated and domiciled in Denmark. The annual report comprises both consolidated financial statements and separate parent company financial statements.

The consolidated financial statements of Ricoh Danmark A/S for 2017/18 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements applying to reporting class C large entities under the Danish Financial Statements Act.

On 31 August 2018, the Board of Directors approved this annual report for publication and approval by the shareholder at the annual general meeting to be held on 31 August 2018.

Basis of preparation

The financial statements are presented in DKK thousands.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Ricoh Danmark A/S and subsidiaries over which Ricoh Danmark A/S exercises control. Ricoh Danmark A/S is considered to exercise control over another entity when the Company has the voting power in the subsidiary, the possibility or right to receive dividends from the subsidiary and possibility to use the voting power to influence the rate of dividends.

The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements prepared in accordance with the group accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Notes

1 **Accounting policies (continued)**

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency translation adjustments resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Income statement

Revenue

All revenues are recognised in the income statement as earned based on the following criteria:

- Delivery has taken place before year end.
- A binding sales agreement has been entered into.
- The sales price has been determined.
- Payment has been received at the time of sale or is with reasonable certainty expected to be received.

Income from the sale of goods is included in the income statement provided that delivery and transfer of risk to the buyer have taken place and that the income can be reliably measured and is expected to be received.

Income from services is invoiced according to the number of copies used or is included in the invoicing of consumables. Service income is accrued on the basis of estimated consumption.

Service contracts comprising time and mileage are recognised as income over the service period.

Profits from sale of lease machines are included in the Company's revenue. Gain/losses from lease contracts are included as income from lease contracts.

Revenues comprise rental from lease contracts and lease services. The rental covers interest income related to the entered lease agreements, document fee, etc., and any gains related to entered agreements.

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Notes

1 Accounting policies (continued)

Cost of sales

Cost of sales comprises the value of goods and materials corresponding to the revenue for the year and current losses on the sale of lease machines.

Expenses regarding lease contracts comprise interest expenses related to financing the portfolio, insurance and any gain/losses related to the entered agreements.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution, office expenses, etc., as well as other administrative expenses.

Staff costs

Staff costs comprise wages and salaries as well as payroll expenses.

Depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment losses on property, plant and equipment as well as gains and losses from current replacement of non-current assets.

Financial income and expense

Financial income and expenses comprise interest income and expenses, which are not related to lease agreements with customers, which include interest from cash in hand and exchange rate adjustments.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's statement of comprehensive income in the financial year when the dividends are declared. To the extent that the dividends exceed the accumulated earnings in the period, an impairment test is conducted.

Impairment losses are recognised in the statement of comprehensive income as financial expense.

Corporation tax and deferred tax

Tax for the year consists of current tax and changes in deferred tax for the year. The tax expense relating to the profit for the year is recognised in the income statement, other comprehensive income or equity.

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Notes

1 Accounting policies (continued)

Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation.

Deferred tax assets and liabilities are offset provided the Company has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously. Adjustment is made to deferred tax resulting from the elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the reporting date. Changes in deferred tax due to changes in tax rate are recognised in the income statement.

The Company and the subsidiary Ricoh Capital Danmark A/S are jointly taxed. Ricoh Danmark A/S is the administrative company.

Assets

Goodwill

Goodwill is initially recognised in the statement of financial position at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses.

Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units (CGU) is based on the management structure and internal financial control.

Goodwill is tested annually for impairment.

The recoverable amount of the CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

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1 Accounting policies (continued)

An impairment loss is recognised if the carrying amount of a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Depreciation on other assets is provided on a straight-line basis over their estimated useful lives, as follows:

Leasehold improvements	5 years
Fixtures, fittings, tools and equipment	3-7 years
Lease machines	3-5 years

The cost of an asset is divided into separate components that are depreciated separately if their useful lives differ.

The assets' residual values and useful lives are reviewed and adjusted annually if appropriate.

Current losses and profits on sale of lease machines are included in the Company's revenue and cost of sales.

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If an indication of impairment is identified, an impairment test is carried out. If the carrying amount of investments exceeds

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Notes

1 Accounting policies (continued)

the recoverable amount, a corresponding impairment loss is recognised. Impairment losses are recognised in the income statement as financial items.

When other reserves than earned profit in subsidiaries are distributed, the distribution entails a reduction in the cost of equity investments when the distribution resembles repayment of the Parent Company's investment.

Inventories

Inventories comprise of finished goods and goods for resale in the form of hardware for document-related information technology. Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost. Write-down is made for obsolescence.

Receivables

Trade receivables are recognised at the trade date, initially measured at fair value and subsequently at amortised cost using the effective interest method less provision for impairment. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience.

Leasing contracts are recognised as finance lease receivables. The receivable is measured at cost of the underlying asset at the time of entering the contract. Lease payments under the lease contracts are divided by the annuity method into interests and repayments. The interests are recognised as revenue, while the repayments are deducted in the finance lease receivable. Write downs are made on the finance lease receivable based on an individual assessment of each receivable.

Leases

Leases of property, plant and equipment, where substantially all the risks and rewards of ownership are transferred to the Group, are classified as finance leases.

Finance leases are treated as described under receivables and the related obligation as described under financial liabilities.

All other leases are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of benefits.

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Notes

1 **Accounting policies (continued)**

Shareholder's equity

Dividend distribution to the Company's shareholder is recognised as a liability at the time when the dividends are approved by the Company's shareholder. Dividends proposed for the year are disclosed as a separate item under equity.

Share premium comprises amounts in addition to the nominal share capital that have been paid by the shareholder in connection with capital increases. The reserve is part of the Company's distributable reserves.

Liabilities

Financial liabilities

Financial liabilities are initially recognised at fair value (typically the amount of the proceeds received), net of transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost; any difference between the cost (the proceeds) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities also include the outstanding obligation under finance leases measured at amortised cost.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation. The amount recognised as a provision is Management's best estimate of the present value of the amount at which the liability is expected to be settled.

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred income includes payments received in respect of income in subsequent years.

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Notes

1 **Accounting policies (continued)**

Cash flow statement

Cash flows from operating activities

Cash flows from operating activities are presented using the indirect method and stated as the consolidated profit/loss adjusted for non-cash operating items, including depreciation and impairment losses, provisions and changes in working capital, interest received and paid and corporation taxes paid. Working capital comprises current assets less current liabilities excluding the items included in cash and cash equivalents, borrowings, tax payables and provisions.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from disposals, cash flows from the purchase and sale of property plant and equipment and cash flows financial leasing.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the amount or composition of the Group's share capital and related expenses as well as cash flows from draw down and repayment of borrowings as well as payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalent represents cash and cash equivalent and cash held inside Ricoh Europe's cash pool scheme.

Consolidated financial statements and parent company financial statements 1 April 2017 – 31 March 2018

Notes

1 Accounting policies (continued)

Financial ratios

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios and have been calculated as follows:

Gross margin $$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$$

Return on equity $$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$$

Profit margin $$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Revenue}}$$

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2 Significant accounting estimates and judgements

In connection with the preparation of the consolidated financial statements, Management has made accounting estimates and judgements that affect the assets and liabilities reported at the reporting date as well as the income and expenses reported for the financial period. Management continuously reassesses these estimates and judgements based on a number of other factors in the given circumstances.

The following accounting treatment is considered significant to the financial reporting.

Classification of leasing arrangements

- The Group consist of a sales and leasing Company. Based on the terms and conditions of the leasing contracts entered into with customers, the group assesses the classification of the leasing contracts.
- The Group has assessed that all contracts entered through the leasing Company are finance leases.

3 New accounting regulation

At the date of the presentation of this annual report, IASB has issued a number of new or amended standards and interpretations that have not yet become effective and have therefore not been included in the consolidated financial statements for 2017/18.

The new standards and interpretations will be implemented as they become mandatory for the Group.

Apart from IFRS 15 *Revenue from contracts with customers* and IFRS 16 *Leases*, none of the new standards or interpretations are expected to materially affect the financial reporting of the Group.

IFRS 15 replaces the current IAS 18 *Revenue*, IAS 11 *Construction contracts* and the related interpretations and will become effective for financial years beginning on or after 1 January 2018.

IFRS 15 comprises one overall comprehensive model for recognition of revenue. The basic principle of IFRS 15 is that the Company must recognise revenue so that it reflects the transfer of goods or services to the customers by an amount corresponding to the amount that the Company expects to be entitled to for the delivery of these goods or services.

The Group has initiated an analysis to clarify which areas IFRS 15 will affect. At present, the Group has identified a number of agreements comprising multiple services that must be bundled or unbundled and where the values must be attributed to the correct components. Moreover, there are agreements comprising variable sales considerations where the customer's price may vary.

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3 New accounting regulation (continued)

The monetary effects have not been calculated yet.

IFRS 16 replaces the current IAS 17 and the related interpretation and is expected to become effective for financial years beginning on or after 1 January 2019.

IFRS 16 will change the accounting treatment of the Group's operating leases.

The current distinction between finance and operating leases will no longer apply for lessees. Instead, the Company must apply one lease model that generally corresponds to the current accounting treatment of finance leases on all leases except for short-term leases and lease of small assets.

The Group has assessed the potential impact of the new lease standard on the financial statements. At present, it is not possible to estimate the effect on the consolidated financial statements and the parent company financial statements for 2019/20. The Group's undiscounted minimum operating lease payments at 31 March 2018 are disclosed in note 22 to the financial statements.

IFRS 16 is not expected to have material effect on the Group's activities as a lessor.

		Group		Parent Company	
	DKK'000	2017/18	2016/17	2017/18	2016/17
4	**Revenue**				
	Sale of goods	145,613	173,495	145,613	173,496
	Sale of services	167,492	182,831	167,492	182,967
	Income from lease contracts	6,387	6,197	0	0
		319,492	362,523	313,105	356,463

It is Management's assessment that segmentation relating to geographical areas does not provide other relevant information. This is substantiated by that 98 % of sales are to customers in Denmark.

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Notes

4 Revenue (continued)

Future minimum lease payments under non-cancellable leases recognised as receivable are as follows:

DKK'000	Group		Parent Company	
	2017/18	2016/17	2017/18	2016/17
0-1 years	28,250	14,831	0	0
1-5 years	53,250	67,105	0	0
	81,500	81,936	0	0

DKK'000	Group		Parent Company	
	2017/18	2016/17	2017/18	2016/17
5 Cost of sales				
Cost of sales	164,660	205,483	164,237	205,483
Write-down of inventories	928	1,597	928	1,597

Write-down on cost price of inventories held at 31 March 2018 amounted to DKK 928 thousand (31 March 2017: DKK 1,597 thousand). The book value of inventory that has been written down to net realisable value amounts to DKK 5,972 thousand (31 March 2017: DKK 4,576 thousand).

There have been no reversals of write-downs in the period from changes in estimates, only from sale of inventory that was been written-down.

DKK'000	Group		Parent Company	
	2017/18	2016/17	2017/18	2016/17
6 Staff costs				
Salaries and remuneration	91,463	89,724	91,463	89,724
Defined contribution plans	7,844	7,913	7,844	7,913
Other social security expenses	1,545	1,355	1,545	1,355
Other staff costs	2,428	2,346	2,428	2,346
	103,280	101,338	103,280	101,338
Average numbers of employees	162	162	162	162

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Notes

6 Staff costs (continued)

In accordance with section 98b(2) of the Danish Financial Statements Act, Management's remuneration is not presented.

Remuneration for Key Management Personnel, including Management, amounts to DKK 5,415 thousand (2016/17: DKK 6,353 thousand). Key Management Personnel consist of 4 employees (2016/17: 4 employees) and consists of the Department Heads.

The Company has bonus schemes for Management and Key Management Personnel, which are, depended on both Company and personnel KPI's.

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
7 Depreciation				
Depreciation on property, plant and equipment	1,115	1,137	1,115	1,137

Depreciation is included in the financial statement item Depreciation and impairment.

8 Fees to auditor appointed at the general meeting

Pursuant to section 96(3) of Danish Financial Statements Act, fee paid to the Company's auditors appointed at the general meeting has not been disclosed.

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
9 Financial income				
Other financial income	1	192	0	192
	1	192	0	192
10 Financial expenses				
Foreign exchange losses (net)	129	26	113	26
	129	26	113	26

Intercompany financial expenses from loans related to leasing contracts are included in cost of sales amounts to DKK 192 thousand (2016/17: DKK 378 thousand).

Intercompany balances derived from ordinary sales within the Group does not carry interest.

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11 Tax

Tax on profit for the year can be specified as follows:

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
Current tax	-1,185	-96	0	-542
Deferred tax	322	-2,269	28	-943
Adjustment of tax and deferred tax relating to previous years	-2,769	2,851	-2,658	2,851
	-3,632	486	-2,630	1,366

Tax on profit for the year is recognised as follows:

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
Computed 22% tax on profit before tax (2016/17: 22%)	-707	-2,239	188	-1,357
Tax effect of:				
Other expenses/income not deductible for tax purposes	-156	-126	-156	-126
Adjustment due to deviation in tax rate	0	0	0	0
Adjustment of tax and deferred tax relating to previous years	-2,769	2,851	-2,658	2,851
	-3,632	486	-2,626	1,366
Effective tax rate	113.2	-4.8	307.1	-22.1

12 Goodwill

Cost at 1 April	12,637	12,637	12,637	12,637
Cost at 31 March	12,637	12,637	12,637	12,637
Carrying amount at 31 March	12,637	12,637	12,637	12,637

Goodwill is allocated the cash-generating unit Ricoh Danmark A/S.

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Notes

12 Goodwill (continued)

Impairment tests

Management has tested the carrying amount of goodwill based on guidelines from Ricoh Group. The test has been performed with a DCF model for the current business, being Ricoh Danmark A/S as the identified cash generating united (CGU), comparing the discounted cash flows with book values at year-end.

The impairment tests did not indicate any need for impairment write-down. At 31 March 2018 net present value amounts to DKK 41,465 thousand, compared to book value of DKK 12,637 thousand.

The impairment tests were based on budgets for 2017/18 approved by the Board of Directors and projections for the next 5 years and a terminal period. The budget for 2018/19 shows an increase in revenue of 15,7% and an decrease in gross profit of 9,3% compared to actuals for 2017/18, which is due to expected returns from sale of new strategic product lines. The remaining 4-year budget period is based on a fixed yearly increase in revenue and gross profit of 3%.

Value in use is determined on the basis of a discount rate before tax of 8.7%. A growth rate of 1 pct. in the terminal period has been applied.

A significant assumption when preparing the impairment test is the TP agreement entered with the Group related to the Company's performance and results that ensures that the Company has a certain profit margin. Consequently, Management has assessed that there is no significant estimation uncertainty related to the valuation of goodwill.

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13 Property, plant and equipment

	Group			
DKK'000	Lease machines	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2017	1,216	2,745	828	4,789
Additions	275	161	0	436
Disposals	-196	0	0	-196
Cost at 31 March 2018	1,295	2,906	828	5,029
Depreciation and impairment losses at 1 April 2017	697	1,000	252	1,949
Depreciation	377	600	138	1,115
Depreciation on disposals	-103	0	0	-103
Depreciation and impairment losses at 31 March 2018	971	1,600	390	2,961
Carrying amount at 31 March 2018	324	1,306	438	2,068

	Parent Company			
DKK'000	Lease machines	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2017	1,216	2,745	828	4,789
Additions	275	161	0	436
Disposals	-196	0	0	-196
Cost at 31 March 2018	1,295	2,906	828	5,029
Depreciation and impairment losses at 1 April 2017	697	1,000	252	1,949
Depreciation	377	600	138	1,115
Depreciation on disposals	-103	0	0	-103
Depreciation and impairment losses at 31 March 2018	971	1,600	390	2,961
Carrying amount at 31 March 2018	324	1,306	438	2,068

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DKK'000	Group 2017/18	Group 2016/17	Parent Company 2017/18	Parent Company 2016/17
14 Receivables				
Trade receivables	92,463	107,373	85,783	94,721
Financial lease receivable	94,325	90,041	12,584	8,105
Other receivables	733	105	733	105
	187,521	189,414	99,100	102,931
Specification of receivables overdue				
Due by 1-30 days	19,174	9,457	17,891	9,120
Due by 30-90 days	6,780	4,008	5,045	2,413
Due by more than 90 days	4,533	2,053	1,414	342
Write-down of receivables overdue	-2,119	-1,059	-359	-155
Carrying amount of receivables overdue	30,128	15,363	23,991	11,720
Specification of development in write-down				
Write-down at 1 April	-1,059	-1,005	-155	-707
Adjustment of write-down during the year	-1,672	-1,056	-816	-450
Realised losses during the year	612	1,002	612	1,002
Write-down at 31 March	-2,119	-1,059	-359	-155

The Company does not have any significant credit risks related to individual customers as the client portfolio is spread out on a significant number of customers. Internal assessments are made on an ongoing basis, both related to credit risks of individual costumers and the total credit exposure. If a significant risk is identified, Ricoh Europe will be involved to decide the necessary actions to be taken to mitigate or address the risk.

Receivables relates to debtors in Denmark.

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DKK'000	Parent Company 2017/18	Parent Company 2016/17
15 Equity investments in subsidiaries		
Cost at 1 April	500	500
Cost at 31 March	500	500
Carrying amount at 31 March	500	500

Name	Registered office	Equity interest	Equity	Profit for the year
Ricoh Capital Danmark A/S	Vallensbæk	100 %	9,953	3,170

The share capital consists of 23,501 shares of a nominal value of DKK 1,000 each. No shares carry any special rights.

DKK'000	Group 2017/18	Group 2016/17	Parent Company 201718	Parent Company 2016/17
16 Deferred tax				
Deferred tax at 1 April	757	2,655	1,237	1,809
Deferred tax for the year recognised in profit for the year	322	-2,269	28	-943
Adjustment of tax relating to previous years	-2,890	371	-2,780	371
Deferred tax at 31 March	-1,811	757	-1,515	1,237
Deferred tax is recognised in the statement of financial position as follows:				
Deferred tax (asset)	1,362	1,237	1,362	1,237
Deferred tax (liability)	-3,173	-480	-2,877	0
Deferred tax at 31 March, net	1,811	757	-1,515	1,237
Deferred tax relates to:				
Provisions	140	174	140	174
Property, plant and equipment	483	555	483	555
Intangible assets	-2,780	0	-2,780	0
Other	346	28	642	508
	-1,811	757	-1,515	1,237

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17 Cash and cash equivalents

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
Pool balances	26,699	44,200	26,699	44,200
Bank balances	0	77	0	77
	26,699	44,277	26,699	44,277

18 Equity

Capital management

Ricoh Danmark A/S and Ricoh Capital Danmark A/S are participants in the cash pool for Ricoh Europe Group. The capital management for the group is centralised in Ricoh Europe Finance Limited.

Share capital

	Shares issued			
	Number		Nominal value (DKK'000)	
	2017/18	2016/17	2017/18	2016/17
1 April	23,501	23,501	1,000	1,000
31 March – fully paid	23,501	23,501	1,000	1,000

19 Provisions for pension obligations

The provisions for pension obligations are calculated as the monthly pension for the expected period of payment. No actuarial calculations have been carried out, as the amount is not material. The provision covers one pensioner. The annual payment is DKK 153 thousand.

20 Contingent liabilities and collateral

Contingent liabilities

The Company is jointly registered for VAT with Ricoh Capital Danmark A/S and severally liable for the payment thereof, amounting to DKK 4,106 thousand (31 March 2017: DKK 5,474 thousand).

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Notes

Contingent liabilities (continued)

The Company is jointly taxed with other Danish companies in the Ricoh Group. As the administrative company, together with the other companies included in the joint taxation, the Company has joint and several unlimited liabilities for Danish corporation taxes and withholding taxes on dividends and interest. Corporation tax and withholding tax payable within the joint taxation group amounted to DKK 0 thousand at 31 March 2018 (31 March 2017: DKK 0 thousand).

		Group		Parent Company	
	DKK'000	2017/18	2016/17	2017/18	2016/17
21	**Changes in working capital**				
	Change in inventories	-4,122	443	-4,122	443
	Change in receivables, Finance lease receivable etc.	394	-36,020	1,952	-29,289
	Prepaid costs/deferred income, net	-363	135	86	-137
	Change in trade payables and other payables	-1,686	-3,758	-719	-2,766
		-5,777	39,200	2,803	-31,749

22 Leases

The Group as lessee

The Group has entered into rent and operating leases in respect of buildings and fixtures and fittings. The lease term is typically between 1 and 5 years with a renewal clause after the end of the term (for leased premises, up to 6 years). None of the leases contain contingent rent.

Non-cancellable operating leases can be specified as follows:

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
0-1 years	6,744	8,605	6,744	8,605
1-5 years	11,821	18,582	11,821	18,582
>5 years	0	0	0	0
	18,565	27,187	18,565	27,187

For 2017/18, DKK 8,498 thousand (2016/17: DKK 8,498 thousand) has been recognised in the consolidated statement of comprehensive income regarding operating leases.

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22 Leases (continued)

The Group as lessor

The Group rents out printers, copiers and unified communication equipment.

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

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
0-1 years	28,249	29,234	0	0
1-5 years	66,076	60,807	12,584	8,148
>5 years	0	0	0	0
	94,324	90,041	12,584	8,148

For 2017/18 DKK 2,835 thousand (2016/17: DKK 2,775 thousand) has been recognised in revenue in the consolidated statement of comprehensive income regarding operating leases.

23 Financial risks and financial instruments

Risk management policy

Following its operating, investing and financing activities, the Group is exposed to a number of financial risks, including currency and interest rate risks, liquidity risks and credit risks.

The Group does not stand-alone have a formalised Risk Management policy. The Risk Management policy is based on overall instructions from Ricoh Europe via overall group policies, which amongst others covers currency risk, interest rate risks, liquidity risks and credit risks.

It is group policy not to engage in speculation in financial risks. Thus, the Group's financial management is aimed at managing and reducing the financial risks directly attributable to the Group's operations, investments and financing.

Management are on an ongoing basis considering the risk exposures and how to address these. When making the considerations the necessary functions within the Ricoh Group are involved, which includes treasury, legal etc.

Based on an assessment there is only limited risk related to currency risk, interest rate risks, liquidity risk, due to agreements entered into with Ricoh Europe. For credit risks, reference is made to note 15.

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23 Financial risks and financial instruments (continued)

Currency risks

The Group is exposed to currency fluctuations as the individual group companies settle purchases and sales and record receivables and payables in other currencies than their functional currencies – primarily EUR. No speculative currency transactions are made, and transactions are solely carried out based on commercial needs. No agreements on currency transaction hedging have been concluded during the financial year.

Denmark pursues a fixed-exchange-rate policy vis-à-vis EUR, meaning that the Group is not exposed to currency fluctuations in EUR. Fluctuations in other currency have an insignificant impact on the Group's result.

Interest rate risks

The Group has no significant interest rate risk since it is part of a cash pool arrangement and has no other debt to external parties, other than balances from normal course of business.

The embedded interest rates on leasing contracts are fixed within the duration of the lease contract.

Significant movements in the interest rate levels can have a positive/negative effect on the Company due to the relationship between the variable interest rate on loans against the fixed embedded rate on the leasing contracts.

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23 Financial risks and financial instruments (continued)

Maturity analysis

Liabilities are primarily short-term comprising Trade payables, other payables and payables to group entities falling due within one year.

The pension scheme provision is described in note 18.

	Group 2017					
DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	636	636	77	77	482	0
Loans and borrowings	79,174	79,174	79,174	0	0	0
Trade payable and other payable	39,619	24,153	39,619	0	0	0
Payable to group entities	16,532	16,532	16,532	0	0	0
Deferred income	3,061	3,061	3,061	0	0	0
(Finance) Lease receivables	94,325	96,084	14,199	14,050	66,076	0
Trade Receivables	92,462	92,462	92,462	0	0	0
Receivables from group entities[1)]	7,978	7,978	7,978	0	0	0
Other receivables	733	733	733	0	0	0

	Group 2016					
DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	789	789	77	77	614	21
Loans and borrowings	83,609	83,609	83,609	0	0	0
Trade payable and other payable	41,936	25,374	41,936	0	0	0
Payable to group entities	28,745	28,745	28,745	0	0	0
Deferred income	3,425	3,425	3,425	0	0	0
(Finance) Lease receivables	90,041	90,944	14,831	14,403	60,807	0
Trade Receivables	99,268	99,268	99,268	0	0	0
Receivables from group entities	8,553	8,553	8,553	0	0	0
Other receivables	105	105	105	0	0	0

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23 Financial risks and financial instruments (continued)

Parent Company
2017

DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	636	636	77	77	482	0
Trade payable and other payable	39,164	23,699	39,164	0	0	0
Payable to group entities	23,288	23,288	23,288	0	0	0
Deferred income	3,005	3,005	3,005	0	0	0
(Finance) Lease receivables	12,584	12,584	0	0	12,584	0
Trade Receivables	85,783	85,783	85,783	0	0	0
Receivables from group entities	14,238	14,238	14,238	0	0	0
Other receivables	733	733	733	0	0	0

Parent Company
2016

DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	789	789	77	77	614	21
Trade payable and other payable	39,884	24,111	39,884	0	0	0
Payable to group entities	38,800	38,800	38,800	0	0	0
Deferred income	2,918	2,918	2,918	0	0	0
(Finance) Lease receivables	8,105	8,105	0	0	8,105	0
Trade Receivables	94,421	94,421	94,421	0	0	0
Receivables from group entities	14,766	14,766	14,766	0	0	0
Other receivables	105	105	105	0	0	0

The carrying amount and fair value of the above categories are the same for both 2017/18 and 2016/17.

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24 Related party disclosures

The Group's related parties exercising control

- Ricoh Europe Holdings PLC. 20, Triton Street, London NW1 3BF, UK
- The Company is included in the consolidated financial statements of Ricoh Europe Holdings PLC, UK, and ultimately in the consolidated financial statements of the ultimate parent company Ricoh Company Ltd., Japan. The consolidated financial statements can be obtained through Companies House, UK, and from the ultimate parent company at their address Ricoh Building, 8-13-1 Ginza, Chuo-ku, Tokyo 104-8222, Japan.

Related party transactions

Related party transactions comprised the following:

	Group		Parent Company	
DKK'000	2017/18	2016/17	2017/18	2016/17
Sale of goods	51,744	49,328	51,744	49,328
Purchase of goods	133,998	143,225	133,998	143,225
Service and group fees	10,826	10,604	9,884	9,669
	196,568	203,157	195,626	202,222

The Company has a rebate agreement with Ricoh Europe Ltd., which guarantees a minimum operating profit margin for the period. Rebate for the year amounted to DKK 45,090 thousand (2016/17: DKK 26,332 thousand)

Transactions with group entities have been eliminated in the consolidated financial statements in accordance with the accounting policies.

The interest charge on these accounts is shown in notes 10 and 11.

Management employees

The Group's related parties exercising significant influence comprise the Group's Board of Directors, Executive Board and management employees in the Parent Company.

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25 Events after the reporting date

No events have occurred after the reporting date that may significantly affect the annual report.