Delta Park 37
DK-2665 Vallensbæk Strand

Ricoh Danmark A/S

Annual report 2018/19

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

on ______________________________ 20 ____

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chairman

CVR no. 56 47 04 17

Ricoh Danmark A/S
Annual report 2016/179
CVR no. 56 47 04 17

Contents

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 2018 – 31 March 2019.

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 2019 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 2018 – 31 March 2019.

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, 30 August 2019
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 2018 – 31 March 2019, 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 2019 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 2018 – 31 March 2019 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.

Independent auditor's report

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

Independent auditor's report

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

— 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.

Independent auditor's report

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, 30 August 2019
KPMG
Statsautoriseret Revisionspartnerselskab
Cvr. No 25 57 81 98

Jon Beck
State Authorised
Public Accountant
mne32169

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 2018 – 31 March 2019

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 30 August 2019.

Ricoh Danmark A/S
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Management's Review

Financial highlights for the Group

DKKm	2018/19	2017/18	2016/17	2015/16	2014/15
Revenue	298	319	363	319	357
Gross profit	91	108	112	104	103
Profit from ordinary activities	3	4	10	7	5
Net financial	0	0	0	0	0
Tax	-2	-4	0	3	-2
Profit/loss for the year	1	0	11	10	2
Total assets	274	258	275	237	216
Investment in property, plant and equipment	0	0	1	3	2
Equity	127	117	117	107	97
Gross margin	32.5%	33.9%	30.8%	32.4%	28.8%
Profit margin	0.4%	0%	3.0%	3.1%	0.6%
Solvency ratio	46.5%	45.3%	42.5%	45.1%	44.9%
Return on equity	1.1%	0%	9.8%	9.8%	2.2%
Average number of employees	137	162	162	157	169

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 management 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.

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

Results for the year

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 made an operating profit before interest and tax of DKK 3,413 thousand (2017/18: DKK 3,528 thousand).

The consolidated financial statements made a result for the financial year of DKK 1,385 thousand (2017/18: DKK -424 thousand) and the parent company financial made a result for the financial year of DKK -1,370 thousand (2017/18: -3,485 DKK thousand) has been transferred to reserves.

The operating result is in line with last year and must be viewed as satisfactory considering the overall weak market situation.

Outlook

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.

Management's Review

Operating review

— 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.

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.

The operating result for 2019/20 is expected to be equivalent to this years result.

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 follows the "Ricoh Group CRS Charter" and have more detailed local policies in respect of climate, environment and gender diversity, as per below.

Management's Review

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 2019/19, 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 2018/19 and we expect that this improvement will continue due to our New Ways of Working (NWOW) concept.

Even though, Ricoh Danmark A/S hasn't prepared any local CRS statement including environment, climate and human right specifically, we are committed to follow UN Global Compact rules https://www.unglobalcompact.org and the overall CSR's commitments by Ricoh Group, as per above.

As such, we are aspired to conduct all our business activities in a sustainable matter, by creating value to society, employees and being a reliable partner to our customer. We enhance our corporate value by ensuring that societal and environmental considerations are integrated in our core business strategies.

Management's Review

Operating review

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 2018/19 Ricoh Danmark A/S reached the target of having at least one female in the Board of Directors in 2019. The Board of Directors consist of three members in 2019. 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 2018/19, 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 2019, 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 2018 – 31 March 2019

Income Statement / Statement of comprehensive income

		Group		Parent Company	
DKK'000	Note	2018/19	2017/18	2018/19	2017/18
Revenue	4	298,392	319,492	291,271	313,105
Cost of sales	5	-161,854	-164,468	-161,611	-164,237
Other external expenses		-45,266	-47,101	-43,754	-45,214
Gross profit		91,272	107,923	85,906	103,654
Staff costs	6	-87,005	-103,280	-87,005	-103,280
Depreciation and impairment	7	-854	-1,115	-854	-1,115
Operating profit/loss		3,413	3,528	-1,953	-742
Financial income	10	487	1	487	0
Financial expenses	11	-300	-321	-81	-113
Profit/loss before tax		3,600	3,208	-1,547	-855
Tax on profit/loss for the year	12	-2,215	-3,632	177	-2,630
Profit/loss for the year/total comprehensive income/loss		1,385	-424	-1,370	-3,485

Consolidated financial statements and parent company financial statements 1 April 2018– 31 March 2019

Statement of financial position

		Group		Parent Company	
DKK'000	Note	2018/19	2017/18	2018/19	2017/18
ASSETS					
Goodwill	13	12,637	12,637	12,637	12,637
Finance lease receivables	15	66,440	66,076	0	0
Property plant and equipment	14	1,459	2,068	1,459	2,068
Equity investment in subsidiary	9	0	0	500	500
Contract assets		4,708	0	4,708	0
Deposits		1,421	1,376	1,421	1,376
Non-current assets		86,665	82,157	20,725	16,581
Inventories		10,699	14,686	10,699	14,687
Trade receivables	15	92,756	92,462	81,337	85,783
Contract assets		5,673	0	5,673	0
Finance lease receivables	15	33,615	28,249	6,327	12,584
Receivables from group entities		12,299	7,978	19,524	14,238
Other receivables	15	749	733	749	733
Tax receivable		1,000	343	1,000	0
Prepayments		2,247	4,418	1,936	3,851
Cash and cash equivalents	18	28,383	26,699	28,383	26,699
Current assets		187,421	175,568	155,628	158,575
TOTAL ASSETS		274,086	257,725	176,353	175,156

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Statement of financial position

		Group		Parent Company	
DKK'000	Note	2018/19	2017/18	2018/19	2017/18
Equity	16				
Share capital		23,501	23,501	23,501	23,501
Retained earnings		103,848	93,391	91,750	84,048
Total equity		127,349	116,892	115,251	107,549
Liabilities					
Provisions for pension liabilities	19	482	636	482	636
Provisions for deferred tax		5,326	1,811	3,897	1,515
Non-current liabilities		5,808	2,447	4,379	2,151
Loans and borrowings		84,009	79,174	0	0
Trade payables		18,046	19,169	16,453	19,011
Payables to group entities		16,233	16,532	18,516	23,288
Other payables		19,363	20,451	18,526	20,153
Deferred income		3,278	3,061	3,228	3,005
Current liabilities		140,929	138,386	56,723	65,456
Total liabilities		146,737	140,833	61,102	67,607
TOTAL EQUITY AND LIABILITIES		274,086	257,725	176,353	175,156

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Statement of changes in equity

	Group		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2018	23,501	93,391	116,892
Cumulative effects of changes in accounting policies	0	9,072	9,072
Opening balance reflecting change in accounting policies	23,501	102,463	125,964
Comprehensive income in 2018/19			
Profit for the year	0	1,385	1,385
Total comprehensive income for the period	0	1,385	1,385
Equity at 31 March 2019	23,501	103,848	127,349
Equity at 1 April 2017	23,501	93,815	117,316
Comprehensive income in 2017/18			
Loss 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

	Parent Company		
DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2018	23,501	84,048	107,549
Cumulative effects of changes in accounting policies		9,072	9,072
Opening balance reflecting change in accounting policies	23,501	93,120	116,621
Comprehensive income in 2018/19			
Loss for the year	0	-1,370	-1,370
Total comprehensive loss for the period	0	-1,370	-1,370
Equity at 31 March 2019	23,501	91,750	115,251
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 income for the period	0	-3,485	-3,485
Equity at 31 March 2018	23,501	84,048	107,549

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Cash flow statement

DKK'000	Note	Group 2018/19	Group 2017/18	Parent Company 2018/19	Parent Company 2017/18
Operating profit/loss for the year		3,413	3,528	-1,953	-742
Depreciation, amortisation and impairment losses		854	1,115	854	1,115
Other adjustments of non-cash operating items		-154	-153	-154	-153
Cash flow from operating activities before changes in working capital		4,113	4,490	-1,253	220
Changes in working capital	21	-670	-5,777	13,835	-2,803
Cash flow from operating activities		3,443	-1,287	12,582	-2,583
Interest income received		487	1	487	0
Interest expense paid		-300	-321	-81	-113
Corporation tax paid		-1,916	444	-1,916	444
Cash flow from operating activities		1,714	-1,163	11,072	-2,252
Acquisition of property plant and equipment		-255	-435	-255	-435
Disposal of property plant and equipment		10	93	10	93
Cash flow from investing activities		-245	-342	-245	-342
Loans from Group Enterprises		-4,620	-11,638	-9,143	-14,984
Cash flow from financing activities		-4,620	-11,638	-9,143	-14,984
Cash flows for the year		-3,151	-13,143	1,684	-17,578
Cash and cash equivalents at the beginning of the year		-52,475	-39,332	26,699	44,277
Cash and cash equivalents at year end*		-55,626	-52,475	28,383	26,699

Cash and cash equivalents				
Bank balances	0	0	0	0
Pool balances, receivables	28,383	26,699	28,383	26,699
Pool balances, Liability	-80,009	-79,174	0	0
	-55,626	-52,475	28,383	26,699

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Overview of notes

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

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 2018/19 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 2019, 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 2019.

Basis of preparation

The financial statements are presented in DKK thousands.

New standards and Interpretations

Significant accounting policies which apply are the same as those in the previous fiscal year except those in the table below.

IFRS	Title	Summaries of new IFRS or amendments
IFRS 9	Financial instruments	Classification of financial instruments, revisions concerning measurement and recognition and adoption of provisions with regard to impairment loss based on expected credit loss model
IFRS 15	Revenue from contracts with customers	Presentation of a unified framework applied to accounting treatment related to revenue recognition

1. Adoption of IFRS 9 Financial Instruments

Ricoh implemented IFRS 9 Financial Instruments as of April 1, 2018. Ricoh applied this standard in compliance with the transitional provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year.

Impairment loss is recognized with respect to financial assets based on the expected credit loss model.

The changes had no material impact on finance lease receivables, equity and income for the current fiscal year.

2. Adoption of IFRS 15 Revenue from contracts with customers

Ricoh implemented IFRS 15 Revenue from contracts with customers as of April 1, 2018. Ricoh applied this standard in compliance with the transitional provisions, thereby recognizing the cumulative effects of adoption of this standard as an adjustment to the opening balance of retained earnings as at the beginning of the current fiscal year.

Ricoh recognizes the incremental costs of obtaining a contract with a customer as an asset and amortizes it in accordance with the recognition of revenue. As a result, a contract asset of DKK 11,631 thousand was recognised and retained earnings increased by DKK 9,072 thousand as at the beginning of the current fiscal year from the amount that would have been reported if the previous standard had been applied.

The change has in the current fiscal year had a negative impact on net income after tax of DKK 975 thousand.

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 2018 – 31 March 2019

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
Ricoh implemented IFRS 15 Revenue from contracts with customers as of 1 April 2018. Ricoh recognises and measure revenue based on a 5-step approach as follows:

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is measured at the amount of consideration promised in a contract with a customer, after deducting discounts, rebates, refunds, etc. Revenue is measured at the consideration promised in contracts with customers, less discounts, rebates depending on sales volume and other items.

Variable considerations, including discounts, rebates, and other payments, are estimated considering all the information (historical, current and forecasted) that is reasonably available to the Company, and revenue is recognized only to the extent that it is highly probable that no significant reversal of recognised revenue will occur.

Revenue is recognized upon customer approval for the machines or at the time of customer receipt of related supplies as the performance obligation is satisfied when legal title to and physical possession of the product and the significant risks and rewards of ownership of the product transfer to the customer.

Revenues from maintenance contracts in which the customer typically pays a variable amount based on usage, a stated fixed fee or a stated base fee plus a variable amount is recognised. Revenue from the maintenance contract is recognized over a certain period of time as the relevant performance obligation is satisfied since Ricoh judges the

Notes

1 Accounting policies (continued)

performance obligation of the maintenance contract as making the machine always available for the customers. For the maintenance contract in which the customer pays a stated fixed fee, revenue is recognized ratably over the contract period. For maintenance contracts in which the customer pays a variable amount based on usage or a stated base fee plus a variable amount, revenue is recognised as billed.
As for the sales of services, for services related to documents, etc., revenue is recognized at the time of offering the service to the customer.

The financial component related to instalment sales receivables is adjusted since it is billed and paid for on a monthly basis for the term of the instalment contract. Other promised consideration includes no significant financing component as Ricoh receives consideration within one year after satisfying the performance obligation.

Profits from sale of lease machines are included in the Company's revenue. Gains 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.

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 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.

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Notes

1 Accounting policies (continued)

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.

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.

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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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Notes

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

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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.

Contract assets

Ricoh recognizes the incremental costs of obtaining contracts with customers as an asset if those costs are expected to be recoverable, and records them in “contract assets” in the statements of financial position. Incremental costs of obtaining contracts are those costs that Ricoh incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Incremental costs of obtaining contracts recognized as assets by Ricoh are mainly the initial costs incurred related to sales commissions. The related assets are amortized evenly based on the estimated contract terms.

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.

Notes

1 Accounting policies (continued)

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.

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.

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Notes

1 Accounting policies (continued)

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.

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.

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Notes

1 **Accounting policies (continued)**

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.

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

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Notes

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 not yet adopted

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 adopted in the financial statements for 2018/19.

IFRS 16 Leases

Under IFRS 16 Leases, all lease contracts shall be basically recognized as right-of-use assets representing the right to use an underlying asset and lease liabilities on the consolidated statement of financial position. After recognition of right-of-use assets and lease liabilities, depreciation expense of the right-of-use assets and interest expense on the lease liabilities are accounted for on the consolidated statement of income. The modified retrospective approach which recognizes the cumulative effect of initial adoption at the date of the initial application will be adopted.

Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The main impact of IFRS16 Leases adoption on the consolidated financial statements is estimated to be an increase of approximately DKK 9,928 thousand in right-of-use assets and lease liabilities on the consolidated statement of financial position at the beginning of the fiscal year ending 31 March 2020.

It has been assessed that lessor leases will continue to be classified as finance leases.

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The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

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Notes

		Group		Parent Company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
4	**Revenue**				
	Sale of goods	139,810	145,613	139,810	145,613
	Sale of services	151,461	167,492	151,461	167,492
	Income from lease contracts	7,121	6,387	0	0
		298,392	319,492	291,271	313,105

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.

Transaction price allocated to the remaining performance obligation

The remaining performance obligation of the contracts, related mainly to maintenance contracts of machines and including a fixed fee in the contract in which the customer pays a stated fixed fee or a stated base fee plus a variable amount. The transaction price allocated to the remaining contracts is expected to be recognized as revenue mostly over one to 5 years. Ricoh does not disclose information about remaining performance obligations.

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Notes

4 Revenue (continued)

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

DKK'000	Group		Parent Company	
	2018/19	2017/18	2018/18	2016/17
0-1 years	32,465	28,249	0	0
1-5 years	76,130	73520	6,327	12,584
	108,595	101,769	6,327	12,584

DKK'000	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
5 Cost of sales				
Cost of sales	161,854	164,468	161,612	164,237
Write-down of inventories	538	928	538	928

Write-down on cost price of inventories held at 31 March 2019 amounted to DKK 538 thousand (31 March 2018: DKK 928 thousand). The book value of inventory that has been written down to net realisable value amounts to DKK 5,474 thousand (31 March 2018: DKK 5,972 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	
	2018/18	2017/18	2018/19	2017/18
6 Staff costs				
Salaries and remuneration	77,116	91,463	77,116	91,463
Defined contribution plans	7,265	7,844	7,265	7,844
Other social security expenses	952	1,545	952	1,545
Other staff costs	1,673	2,428	1,673	2,428
	87,005	103,280	87,005	103,280
Average numbers of employees	137	162	137	162

Consolidated financial statements and parent company financial statements 1 April 2018 – 31 March 2019

Notes

6 Staff costs (continued)

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

	Group		Parent Company	
DKK'000	2018/19	2017/18	2018/19	2017/18
7 Depreciation				
Depreciation on property, plant and equipment	854	1,115	854	1,115

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.

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Notes

DKK'000	Parent Company 2018/19	Parent Company 2017/18
9 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 %	12,603	5,147

DKK'000	Group 2018/19	Group 2017/18	Parent Company 2018/19	Parent Company 2017/18
10 Financial income				
Other financial income	487	1	487	0
	487	1	487	0
11 Financial expenses				
Interest expense	202	192	0	0
Foreign exchange losses (net)	98	129	81	113
	300	321	81	113

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

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Notes

12 Tax

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

	Group		Parent Company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Current tax	-1,259	-1,185	0	0
Deferred tax	-874	322	259	28
Adjustment of tax and deferred tax relating to previous years	-82	-2,769	-82	-2,658
	-2,215	-3,632	177	-2,630

Tax on profit for the year is recognised as follows:

	Group		Parent Company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Computed 22% tax on profit before tax (2017/18: 22%)	-2,052	-707	340	188
Tax effect of:				
Other expenses/income not deductible for tax purposes	-81	-156	-81	-160
Adjustment due to deviation in tax rate	0	0	0	0
Adjustment of tax and deferred tax relating to previous years	-82	-2,769	-82	-2,658
	-2,215	-3,632	177	-2,630
Effective tax rate	61.5	113.2	11.4	307.1

13 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

13 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 2019 net present value amounts to DKK 47,189 thousand, compared to book value of DKK 12,637 thousand.

The impairment tests were based on budgets for 2019/20 approved by the Board of Directors and projections for the next 5 years and a terminal period. The budget for 2019/20 shows a decrease in revenue and gross profit compared to actuals for 2018/19, which is a competitive market and lack of demand for the Company's products. The remaining 4-year budget period includes unchanged revenue and gross profit.

Value in use is determined on the basis of a discount rate before tax of 8.7%. No growth 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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14 Property, plant and equipment

	Group			
DKK'000	Lease machines	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2018	1,295	2,906	828	5,029
Additions	10	232	0	242
Disposals	-475	0	0	-475
Cost at 31 March 2019	830	3,138	828	4,796
Depreciation and impairment losses at 1 April 2018	973	1,600	390	2,963
Depreciation	145	561	138	844
Depreciation on disposals	-465	0	0	-465
Depreciation and impairment losses at 31 March 2019	653	2,161	528	3,342
Carrying amount at 31 March 2019	177	976	300	1,454

	Parent Company			
DKK'000	Lease machines	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 April 2018	1,295	2,906	828	5,029
Additions	10	232	0	242
Disposals	-475	0	0	-475
Cost at 31 March 2019	830	3,138	828	4,796
Depreciation and impairment losses at 1 April 2018	973	1,600	390	2,963
Depreciation	145	561	138	844
Depreciation on disposals	-465	0	0	-465
Depreciation and impairment losses at 31 March 2019	653	2,161	528	3,342
Carrying amount at 31 March 2019	177	976	300	1,454

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	Group		Parent Company	
DKK'000	2018/19	2017/18	2018/19	2017/18
15 Receivables				
Trade receivables	92,756	92,463	81,337	85,783
Financial lease receivable	100,055	94,325	6,327	12,584
Other receivables	749	733	749	733
	193,560	187,521	88,413	99,100

Specification of receivables overdue				
Due by 1-30 days	9,685	19,174	8,869	17,891
Due by 30-90 days	5,655	6,780	4,615	5,045
Due by more than 90 days	8,227	4,533	2,300	1,414
Write-down of receivables overdue	-2,684	-2,119	-496	-359
Carrying amount of receivables overdue	20,883	30,128	15,288	23,991

Specification of development in write-down				
Write-down at 1 April	-2,119	-1,059	-359	-155
Adjustment of write-down during the year	-279	-1,672	149	-816
Realised losses during the year	-286	612	-286	612
Write-down at 31 March	-2,684	-2,119	-496	-359

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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16 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)	
	2018/19	2017/18	2018/19	2017/18
1 April	23,501	23,501	1,000	1,000
31 March – fully paid	23,501	23,501	1,000	1,000

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

	Group		Parent Company	
DKK'000	2018/19	2017/18	2018/19	2017/18
17 Deferred tax				
Deferred tax at 1 April	-1,811	757	-1,515	1,237
Deferred tax for the year recognised in profit for the year	-874	322	259	28
Adjustment of tax relating to previous years	-2,641	-2,890	-2,641	-2,780
Deferred tax at 31 March	-5,326	-1,811	-3,897	-1,515
Deferred tax is recognised in the statement of financial position as follows:				
Deferred tax (asset)	528	1,362	528	1,362
Deferred tax (liability)	- 5,854	-3,173	-4,425	-2,877
Deferred tax at 31 March, net	-5,326	-1,811	-3,897	-1,515
Deferred tax relates to:				
Provisions	106	140	106	140
Property, plant and equipment	422	483	422	483
Intangible assets	-2,780	-2,780	-2,780	-2,780
Other	- 3,074	346	-1,645	642
	-5,326	-1,811	-3,897	-1,515

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18 Cash and cash equivalents

	Group		Parent Company	
DKK'000	2018/19	2017/18	2018/19	2017/18
Pool balances	28,383	26,699	28,383	26,699
Bank balances	0	0	0	0
	28,383	26,699	28,383	26,699

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 7,092 thousand (31 March 2018: DKK 4,106 thousand).

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 2019 (31 March 2018: DKK 0 thousand).

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		Group		Parent Company	
	DKK'000	2018/19	2017/18	2018/19	2017/18
21	**Changes in working capital**				
	Change in inventories	3,988	-4,122	3,988	-4,122
	Change in receivables, Finance lease receivable etc.	-4,835	394	13,809	1,952
	Prepaid costs/deferred income, net	2,388	-363	223	86
	Change in trade payables and other payables	-2,211	-1,686	-4,185	-719
		-670	-5,777	13,835	2,803

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	2018/19	2017/18	2018/19	2017/18
0-1 years	5,583	6,744	5,583	6,744
1-5 years	3,802	11,821	3,802	11,821
>5 years	0	0	0	0
	9,386	18,565	9,386	18,565

For 2018/19, DKK 8,930 thousand (2017/18: 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	2018/19	2017/18	2018/19	2017/18
0-1 years	32,465	28,249	0	0
1-5 years	76,130	73,520	6,327	12,584
>5 years	0	0	0	0
	108,595	101,769	6,327	12,584

For 2018/19 DKK 3,232 thousand (2017/18: DKK 3,429 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 2018/19

DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	482	482	77	77	329	0
Loans and borrowings	84,009	84,009	84,009	0	0	0
Trade payable and other payable	37,408	37,408	37,408	0	0	0
Payable to group entities	27,541	27,541	27,541	0	0	0
Deferred income	3,278	3,278	3,278	0	0	0
(Finance) Lease receivables	100,055	108,595	16,556	15,909	76,130	0
Trade Receivables	92,756	92,756	92,756	0	0	0
Receivables from group entities[1)]	21,807	21,807	21,807	0	0	0
Other receivables	749	749	749	0	0	0

Group 2017/18

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	39,618	24,153	39,618	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	101,769	14,199	14,050	73,520	0
Trade Receivables	92,462	92,462	92,462	0	0	0
Receivables from group entities	7,978	7,978	7,978	0	0	0
Other receivables	733	733	733	0	0	0

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23 Financial risks and financial instruments (continued)

Parent Company 2018/19

DKK'000	Accounting amount	Cash flow	< 6 mth.	6 – 12 mth.	1 – 5 year	> 5 year
Pension liabilities	482	482	77	77	329	0
Trade payable and other payable	34,981	34,981	34,981	0	0	0
Payable to group entities	18,516	18,516	18,516	0	0	0
Deferred income	3,228	3,228	3,228	0	0	0
(Finance) Lease receivables	6,327	6,327	6,327	0	0	0
Trade Receivables	81,337	81,337	81,337	0	0	0
Receivables from group entities	19,524	19,524	19,524	0	0	0
Other receivables	749	749	749	0	0	0

Parent Company 2017/18

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	12,584	0	0	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

The carrying amount and fair value of the above categories are the same for both 2018/19 and 2017/18.

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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	2018/19	2017/18	2018/19	2017/18
Sale of goods	69,434	51,744	69,434	51,744
Purchase of goods	122,662	133,998	120,858	133,998
Service and group fees	14,031	10,826	13,088	9,884
	206,127	196,568	203,380	195,626

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 23,858 thousand (2017/18: DKK 45,090 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.