

Q: By how much did your first-quarter operating profit of ¥12.6 billion exceed expectations? Also, what is your operating profit forecast for the second quarter?

A: In view of such factors as the impact of U.S. tariffs and one-time expenses, we projected a first-quarter operating profit of around the ¥6.3 billion posted a year earlier but also looked for it to exceed ¥10 billion on a recovery from the previous year and business growth. The result was about ¥2 billion above our earlier forecast.

For the second quarter, we expect operating profit to exceed the first quarter's ¥17.6 billion (after excluding ¥5 billion in one-time charges), which is within a range of ¥18 billion to ¥20 billion. For the third and fourth quarters, operating profit should be higher year on year after excluding one-time factors in the previous year.

Q: Did the Corporate Value Improvement Project generate envisaged gains in the first quarter? I would also like to know details of operating profit compared with your plans.

A: Operating profit was nominally ¥6 billion or so higher than targeted.

After excluding ¥2 billion in support from the yen being weaker than projected, the actual business upside was about ¥4 billion, owing primarily to gains at RICOH Digital Products.

Also, we already factored a ¥5 billion impairment loss into risks for the second half of this fiscal year, so as we did not include this in our first-quarter plan, the actual upside was about ¥9 billion.

Savings from the Corporate Value Improvement Project were in line with plans, at ¥9.6 billion. Of this amount, ¥5.6 billion was attributable to the sales and product mix, with ¥4 billion attributable to expenses and other items.

Q: While RICOH Digital Products seems to have driven your first-quarter results, was this due largely to significant synergies from joint purchasing and other efforts at ETRIA, your joint venture with Toshiba Tec?

A: While joint purchasing is generating synergies, they are not yet significant. We expect them to become more substantial after launching new jointly developed engines.

Performance in the first quarter benefited instead from slightly front-loading shipments in view of U.S. tariff policies, strong results at PFU's scanner business from large orders, and cost reductions from structural reforms.

Q: The full-year outlook includes one-time expenses of ¥7.0 billion, primarily for production restructuring costs related to ETRIA. You booked impairment charges of ¥5.0 billion in the first quarter. Might your outlook for one-time expenses change?

A: In our full-year forecast, we incorporated impairment charges into expenses under segment operating profit as a risk factor instead of including them in one-time costs. We recorded the impairment losses in the first quarter by bringing forward necessary reorganization measures to generate synergies from Office Services system integrations in Europe.

The ¥7.0 billion in one-time expenses in our forecast remains unchanged as of the first quarter and includes the impairment charges, but this does not mean we have altered our original estimate for ETRIA's production reform costs.

Q: You estimated the current impact of tariffs for fiscal 2025 at ¥15 billion, compared with an initial forecast of ¥13 billion. Please break down the amounts for tariff expenses and the portion absorbed through countermeasures.

A: Tariff expenses should total around ¥21 billion. Through measures such as passing on price increases, we expect to absorb about ¥6 billion on a net basis after factoring in the impact of lower unit sales. We thus estimate the net impact of tariffs at around ¥15 billion.

Q: Why are you maintaining your full-year forecast despite expecting an additional tariff impact of around ¥2 billion?

A: We are continuing efforts to reduce expenses and strengthen our business structure. Our exchange rate assumptions remain unchanged. With the yen remaining weak, we anticipate some upside from currency effects as market conditions remain favorable.

Also, first-quarter operating profit was higher than projected, which should also provide some support. Still, given ongoing uncertainties in the business climate, we do not assume that the same upside level will continue for the rest of the year.

Q: What are the principal products you export from Japan to the United States? What were the tariff rates before the imposition of mutual tariffs?

A: The main exports are offerings from RICOH Graphic Communications' Commercial Printing business. We also export some toner to the United States. Tariffs were essentially zero before these mutual tariffs.

Q: You mentioned that the investment appetite in the U.S. Commercial Printing business is declining. How is the Office Printing business performing?

A: In the U.S. Office Printing market, we have not seen any signs of declining investment appetite for hardware or non-hardware. Non-hardware performance was down 5% and slightly soft overall, but this owed primarily to weakness in Europe.

Q: What in-house discussions are you engaging in regarding your next mid-term management strategy, from fiscal 2026? Will you again endeavor to reach the financial targets you set in the 21st Mid-Term Management Strategy, or are you focusing on addressing different issues?

A: While we are still in discussions and cannot share details at this stage, we greatly regret that our outlook for this year falls short of the 21st Mid-Term Management Strategy targets of ¥130 billion in operating profit and a 9% return on equity. We remain determined to achieve them. We also aim to generate profits that exceed our cost of equity, which means achieving a return on equity of at least 10% as soon as possible. Looking beyond the 21st Mid-Term Management Strategy, we are addressing a broader set of issues while continuing to focus our discussions on key priorities.