

Q: During your second-quarter results briefing (on November 7, 2025), I think you projected a third-quarter operating profit of ¥22~¥23 billion. Would I be right in saying that your actual earnings of ¥34.5 billion exceeded your forecast by around ¥10 billion? And what factors were behind this?

A: Our third-quarter earnings indeed exceeded our projection by about ¥10 billion. Key factors were gains from transferring a business within Office Services business and the yen weakening against our assumed exchange rate. While there were both positive and negative business developments, we generally performed as expected.

Q: If you're projecting ¥90 billion in operating profit forecast for the full year and you posted ¥70 billion through the third quarter, then your fourth-quarter forecast would be ¥20 billion.

In your previous results briefing, you targeted around ¥30 billion for the fourth quarter. Could you explain this discrepancy?

A: The difference owes largely to including an additional ¥7 billion in restructuring charges and about ¥2 billion in higher costs from rising semiconductor memory procurement prices.

Q: Given an uncertain business environment, what's your outlook for fiscal 2026 and beyond? Can you tell us what areas or initiatives might drive growth?

A: We expect Office Services to be the driver of growth. This business unit has continued to deliver steady earnings growth this fiscal year, and we are pushing ahead with expansion initiatives. They include generating synergies with acquired companies and bolstering our Workplace Experience capabilities.

While Office Printing might continue to weigh on earnings next fiscal year, we expect to limit the decline in non-hardware profits. We are expanding hardware sales, including through stronger sales promotion in Europe, which should contribute to non-hardware earnings.

The Commercial Printing business should continue building its pipeline early next fiscal year, but earnings should recover over the full year.

At the same time, the impact of tight semiconductor memory component supplies should persist. We think costs may surpass ¥10 billion. We are exploring production and sales countermeasures and will factor their gains into plans for next fiscal year.

While the operating outlook will probably remain uncertain, we target an operating profit exceeding that for this year.

Q: When do you plan to announce your next mid-term management strategy?

A: We plan to announce it on March 25.

Q: For which segments will you incur the additional ¥7.0 billion in structural reform charges? Also, what is the expected scale and timing of the benefits?

A: We are including the additional charges in the RICOH Digital Products, RICOH Digital Services, and Other segments but are not disclosing details. Structural reforms include reviewing non-essential assets. We expect them to bear fruit during and beyond next fiscal year, although the amounts are unlikely to be material.

Q: You explained that RICOH Graphic Communications' hardware sales were lackluster. Why did you decide to lift your full-year operating profit forecast?

A: We did this because we have continued to constrain costs and now assume a weaker yen.

Q: I would like to ask about your operating profit comparisons. Can we correctly conclude that your ¥10 billion upward revision reflected changing exchange rate assumptions? Also, you raised your forecast by ¥3 billion owing to expenses, and seem to have been pursuing cost-cutting since the start of this year. What specific measures are you taking?

A: As you understood, we revised our fourth-quarter forex assumption alongside our third-quarter results, lifting our forecast from a ¥5 billion downward impact to a ¥5 positive one. Our expense reductions reflected the steady progress made through expense controls and other measures to date.

For R&D investments in particular, as part of the Corporate Value Improvement Project we are carefully reviewing R&D activities to confirm that they contribute to corporate value. We are accordingly optimizing R&D investments and endeavoring to reduce cash outflows.