

Q: Your operating profit was ¥20.6 billion in the fourth quarter of fiscal 2025. Could you explain why this was below the ¥34.5 billion you posted in the third quarter?

A: One-time factors were ¥4.1 billion in gains in the third quarter and ¥9.4 billion in expenses in the fourth quarter. After excluding those factors, operating profit was around ¥30 billion in both the third and fourth quarters.

Q: Can we conclude from FY2026 Outlook Operating Profit Comparisons (on page 19 of Consolidated Results for the Year Ended March 31, 2026) that Digital Products for the Sales and product mix (recurring earnings) breakdown refers to non-hardware Office Printing products? If so, why did you limit your projected earnings decrease to ¥3.8 billion despite assuming that non-hardware sales will decline by 3%?

A: The Digital Products relating to the Sales and product mix (recurring earnings) refers to Office Printing non-hardware, including direct sales through the Ricoh channel and ETRIA's consumables sales to non-Ricoh customers. The 3% projected decline in Office Printing non-hardware sales for fiscal 2026 covers direct sales and excludes sales to non-Ricoh customers. The projected ¥3.8 billion earnings decrease reflects savings from ongoing efforts to streamline the Ricoh channel sales and services structure and manufacturing cost reductions at ETRIA.

Q: In the FY2026 Outlook Operating Profit Comparisons slide on page 19, under which factor have you included an estimated ¥20 billion impact from rising semiconductor memory costs?

A: We incorporated that figure in the sales and product mix (others) for Digital Products and Graphic Communications, reflecting amount changes after purchasing and pricing adjustments.

Q: What risks does the ¥10 billion contingency reserve in your forecasts include?

A: We have set aside this reserve in view of our risk estimates, such as for semiconductor memory price hikes exceeding expectations and increasing costs for petroleum-based materials and transportation.

Q: Can you share a quarterly breakdown for your fiscal 2026 operating profit forecast? I want to know around when momentum might shift.

A: The breakdown will probably be similar to that of fiscal 2025. Barring special factors, we forecast a first-quarter operating profit of about ¥17 billion.

Q: We project a Workplace Services operating profit of ¥50 billion for fiscal 2026, up ¥26.4 billion year on year. You also anticipate a significantly improved operating margin. What factors will drive this?

A: Our fiscal 2025 result included ¥10 billion in one-time expenses, so the underlying earnings gain would be ¥16.4 billion. The main driver, including the profit margin improvement, would be growth in recurring earnings. An improved Office Services environment in Europe and gains from efforts to reinforce the Workplace Experience structure should also contribute to performance.

Q: Could price pass-throughs for semiconductor memory devices and other components affect unit sales? Might this affect your assumed 3% increase in direct sales of Office Printing hardware?

A: We believe it is also important to secure sales volume to help manage machine-in-field levels, so we will consider price adjustments while minimizing unit sales impacts. To date, we have taken the competitive climate into account in consistently making such adjustments in coordination with distributors and customers.

- Q: How are you factoring the impacts of tariff policies into your forecasts? Please share your assumptions for fiscal 2026, including for tariff rate reductions and progress with refund procedures.
- A: We assume that tariff policies will remain the same as in fiscal 2025 and have not factored them into our earnings change projections. Our tariff refund applications have been accepted. Although we expect refunds to start at the appropriate time, the situation remains unclear.
- Q: I want to confirm your segment operating profit figures for the fourth quarter of fiscal 2025. Ricoh Digital Services earnings dropped to ¥1.5 billion. What factors were behind the ¥12.9 billion eliminations and corporate number?
- A: One-time factors were the prime drivers for both figures. RICOH Digital Services posted one-time expenses of ¥10.9 billion that related to reviewing and reinforcing its organizational structure, primarily in Europe. Eliminations and corporate included gains from selling assets in Japan.
- Q: How long do you think semiconductor memory shortages and price hikes will continue?
- A: While this is hard to determine, we project a ¥20 billion impact based on the assumption that prices will increase to an extent. We should absorb around 90% of that impact through procurement and pricing measures, and will strive to minimize the other 10%. We will tackle that challenge through development, design, and other measures.
- Q: How might rising crude oil prices affect you? What are your insights regarding costs and materials availability?
- A: While we expect ocean freight surcharges, we do not think the financial impact will be significant. We estimated petroleum-based materials costs, and have a clear picture of procurement and expense implications through this summer. We are striving to minimize production and cost impacts, including through reuse and recycling initiatives.
- Q: Please provide specifics on structural reforms you plan for fiscal 2026.
- A: We project ¥11.1 billion in structural reform expenses, which will be mainly for efforts at ETRIA to improve production efficiency. We will endeavor to ensure that these efforts start bearing fruit from the fourth quarter of fiscal 2026. Note that the horizons of the initiatives we outlined in Mid-Term Management Strategy '26 are one to two years, and will probably not yield results in fiscal 2026.
- Q: You mentioned that ETRIA will roll out competitive products. Can we anticipate savings from measures like standardizing components? And have you factored this into your outlook?
- A: We will keep bringing out competitive products from ETRIA. We are working to generate synergies across diverse areas, including product development that taps the strengths of Toshiba Tec, Oki Electric, and Ricoh, and from standardizing components. These initiatives should enable us to save around ¥3.5 billion in fiscal 2026 from structural reforms.