

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 [IFRS]

Company name: Konica Minolta, Inc.
 Stock exchange listings: Tokyo (Prime Market)
 Securities code number: 4902
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 Scheduled date for submission of securities report: August 9, 2022
 Scheduled date for dividends payment: -
 Availability of supplementary information for the quarterly financial results: Yes
 Organization of briefing on the quarterly financial results: Yes (for institutional investors)

(Amounts less than one million yen are rounded down to the nearest million yen.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated results of operations

(Percentage figures represent changes from the same period of the previous fiscal year.)

Three months ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	247,849	7.8	(11,002)	-	(7,598)	-
June 30, 2021	229,860	32.7	3,103	-	2,549	-

Three months ended	Profit for the period		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	(9,015)	-	(8,731)	-	32,844	772.3
June 30, 2021	871	-	978	-	3,765	-

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2022	(17.69)	(17.69)
June 30, 2021	1.98	1.98

(Note) Basic earnings per share and diluted earnings per share are calculated based on the profit attributable to owners of Konica Minolta, Inc. (the "Company").

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2022	1,411,539	582,559	570,021	40.4
March 31, 2022	1,338,124	561,500	549,810	41.1

2. Dividends per share

	End of the three-month period	End of the six- month period	End of the nine-month period	End of the year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	15.00	-	15.00	30.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (forecast)		10.00	-	10.00	20.00

(Note) Changes from the latest dividend forecasts: None

3. Consolidated forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentage figures represent changes from the previous fiscal year.)

Fiscal year ending	Revenue		Operating profit		Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2023	1,020,000	11.9	15,000	-	5,500	-	11.14

(Note) Changes from the latest consolidated forecasts: Yes

■ Notes

- (1) Changes in significant subsidiaries for the three months ended June 30, 2022 (changes in the scope of consolidation): None
- (2) Changes in accounting policies or changes in accounting estimates
- a. Changes in accounting policies required by International Financial Reporting Standards (IFRS): None
 - b. Changes in accounting policies other than the above a.: None
 - c. Changes in accounting estimates: None
- (3) Number of issued and outstanding shares (common stock)
- a. Number of issued and outstanding shares (including treasury shares)
 - As of June 30, 2022: 502,664,337 shares
 - As of March 31, 2022: 502,664,337 shares
 - b. Number of treasury shares
 - As of June 30, 2022: 8,946,563 shares
 - As of March 31, 2022: 8,991,342 shares
 - c. Average number of issued and outstanding shares during the period
 - The three months ended June 30, 2022: 493,687,948 shares
 - The three months ended June 30, 2021: 493,516,433 shares

(Note) The Company has established the Board Incentive Plan. The shares owned by the trust account relating to this trust are accounted for as treasury shares (2,727,508 shares as of June 30, 2022, and 2,759,516 shares as of March 31, 2022).

- This summary of quarterly consolidated financial results falls outside the scope of quarterly review procedures to be performed by certified public accountants or an audit firm.
- Explanation concerning the appropriate use of the forecasts for results of operations and other special matters

Note on the forecasts for the consolidated financial results

The forecasts for results of operations in this report are based on information currently available to the Company and its subsidiaries (the "Group") and certain assumptions determined to be reasonable, and are not intended to assure any achievement of the Group's operations. Actual results may differ significantly from the forecasts due to various factors. For further details of the assumptions that form the basis of the forecasts and other related matters when referring to the forecasts, refer to "1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2022, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results" in the attached Supplementary Information on page 12.

Supplementary information for the quarterly financial results and briefing on the quarterly financial results

The Company will hold a briefing on the quarterly financial results for institutional investors on Thursday, July 28, 2022. The proceedings and details of the briefing, along with the supplementary information on the quarterly financial results to be presented at the briefing, will be posted on the website of the Group soon after the briefing.

Supplementary Information

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1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2022

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	229.8	247.8	17.9	7.8
Gross profit	101.2	104.7	3.4	3.4
Operating profit (loss)	3.1	(11.0)	(14.1)	-
Profit (loss) before tax	2.5	(7.5)	(10.1)	-
Profit (loss) attributable to owners of the Company	0.9	(8.7)	(9.7)	-
	Yen	Yen	Yen	%
Basic earnings (loss) per share	1.98	(17.69)	(19.67)	-
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	8.8	8.3	(0.5)	-5.6
Depreciation and amortization expenses	18.9	18.8	(0.1)	-0.8
Research and development expenses	15.3	15.2	(0.0)	-0.2
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(2.7)	(24.8)	(22.1)	-
	Number	Number	Number	%
Number of employees in the Group	40,078	39,307	(771)	-1.9
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	109.49	129.57	20.08	18.3
Euro	131.96	138.12	6.16	4.7

During the three months ended June 30, 2022 (the "current period"), the Group's consolidated revenue amounted to 247.8 billion yen, an increase of 7.8% year-on-year. The infection status of COVID-19 showed a contraction trend in each region compared to the fourth period of the previous fiscal year ended March 31, 2022; however, in China, the Company's sales and production were affected by the Zero Corona policy, which restricted economic activities in Shanghai. In addition, shortages of semiconductors and other materials and prolonged logistics transportation periods have continued ever since around the second period of the previous fiscal year, negatively affecting the supply and sales of products. Under the above circumstances, revenue in April and May 2022 remained at a low level compared to the previous fiscal year; nevertheless, revenue in June 2022 turned into an upward trend, and the Digital Workplace Business, the Professional Print Business, and the Healthcare Business reported year-on-year increases in revenue, resulted from the positive impact of the yen depreciation as well. In the Industry Business saw a decrease in revenue mainly because the performance material unit experienced a negative effect of the slowdown in the market of films for PCs and smartphones. By region, revenue in North America and Europe improved by approximately 17% and 8%, respectively, while revenue in China and Japan declined by approximately 1% and 3%, respectively, compared to the same period of the previous fiscal year.

In the Digital Workplace Business, the cost of sales and selling, general and administrative expenses went up due to a decline in the operating rate for production with restrictions on economic activities in Shanghai, soaring prices of materials and logistics costs, and increased air transportation of toner. Further, the Company recorded approximately 3.5 billion yen of one-time expenses related to business structural reforms primarily overseas. In the precision medicine unit, the re-expansion of COVID-19 continued to affect medical institutions in the United States, and the slow growth in the number of genetic testing samples resulted in a decrease in gross profit. As a result of the above, the operating loss for the current period arrived at 11.0 billion yen (an operating profit of

3.1 billion yen in the same period of the previous fiscal year). Loss before income taxes marked 7.5 billion yen (income before income taxes of 2.5 billion yen in the same period of the previous fiscal year), and loss attributable to owners of the Company ended up at 8.7 billion yen (profit attributable to owners of the Company of 0.9 billion yen in the same period of the previous fiscal year).

b. Overview by Segment

		Three months ended June 30, 2021	Three months ended June 30, 2022	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	121.1	128.9	7.7	6.4
	Operating profit	1.0	(7.5)	(8.6)	-
Professional Print Business	Revenue	47.9	55.0	7.1	15.0
	Operating profit	0.9	0.9	(0.0)	-3.6
Healthcare Business	Revenue	25.2	28.6	3.4	13.6
	Operating profit	(3.1)	(6.5)	(3.3)	-
Industry Business	Revenue	35.2	34.9	(0.3)	-0.9
	Operating profit	7.9	6.2	(1.7)	-21.8
Subtotal	Revenue	229.5	247.5	18.0	7.8
	Operating profit	6.7	(6.9)	(13.7)	-
Others and adjustments (Note 2)	Revenue	0.3	0.2	(0.0)	-6.7
	Operating profit	(3.6)	(4.0)	(0.3)	-
Amount reported in the Condensed Consolidated Statement of Profit or Loss	Revenue	229.8	247.8	17.9	7.8
	Operating profit	3.1	(11.0)	(14.1)	-

(Notes)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]." "Operating profit" is the total of "Others" and "Adjustments" within the same table.

i. Digital Workplace Business

In the office unit, although the number of orders of A3 multi-functional peripherals (MFPs) continued to show signs of recovery, production and shipments were delayed due to lower factory utilization rates as a result of activity restrictions in Shanghai, China. Sales volume declined in major regions including Europe, the United States, Japan, and China, and sales volumes of color models, monochrome models, and all models in the three months ended June 30, 2022, recorded 89%, 63%, and 79% of the year-before levels, respectively. Also, the backlog of orders at the end of June increased approximately 13% from the end of the previous year to approximately 58.0 billion yen. Non-hardware revenue, such as consumables and services, declined in China due to the impact of activity restrictions in Shanghai; however, print volumes recovered as employees resumed coming back into client companies' office sites, especially in Europe, leading to an increase in revenue. As a result, the overall revenue in the office unit improved year-on-year.

In the DW-DX unit, which focuses on offering IT services, Managed IT Services, which take care of the entire IT platform of customers, saw improved revenue and recurring revenue, contributed by large-scale orders received in the United States. Meanwhile, in Europe, revenue declined due to factors, such as the inadequate procurement of servers in response to shortages of semiconductors and the shortage of human resources to provide services to customers. As a result, revenue of the DW-DX unit decreased year-on-year.

Based on the above, the Digital Workplace Business segment recorded a revenue of 128.9 billion yen, an increase of 6.4% year-on-year, and operating loss of 7.5 billion yen (operating profit of 1.0 billion yen for the same period in the previous fiscal year).

ii. Professional Print Business

In the production print unit, the demand for printing presses remained steady; however, delays in production and shipping were seen as a result of activity restrictions in Shanghai, China, similarly to the office

unit, and sales volumes of color models, monochrome models, and all models arrived at 105%, 85%, and 98% of the year-before levels, respectively. Further, the amount of the order backlog at the end of June went up approximately 12 % from the end of the previous fiscal year to approximately 10.0 billion yen. Non-hardware revenue increased due to recovery in supply of toners in Europe, despite the slower-than-expected recovery in print volume mainly in in-house printing in the United States.

In the industrial print unit, while the sales volumes of label presses and digital embellishment presses increased in Europe, other regions postponed recognition of revenue due to delays in acceptance inspection of printing presses. Non-hardware revenue surged in the fields of inkjet press (KM-1), label press, and textile press, due to an uptick in demand for packages and labels for daily necessities in addition to recovery in demand for textiles.

In the marketing services unit, revenue increased due to acceleration of sales promotion activities by major customers in Europe and the United States and recovery in on-demand printing in Japan and South Korea.

Based on the above, the Professional Print Business segment recorded a revenue of 55.0 billion yen, an increase of 15.0% year-on-year and operating profit of 0.9 billion yen, a decrease of 3.6% year-on-year.

iii. Healthcare Business

In the healthcare unit, sales of digital radiography (DR) to be used for X-ray diagnosis continued to remain strong in the market of hospitals and practitioners in Japan, and solid sales mainly of X-ray systems were seen in the hospital market in the United States. Sales of diagnostic ultrasound systems grew steadily in the area of orthopedics in Japan and the United States, and sales also went up in Asia, despite the fact that sales were negatively affected by delays in production due to shortages of materials for some products. For medical IT, sales of "Informity," an IT service supporting medical image management, remote medical care, and collaboration between hospitals and practitioners, saw a continuous growth in Japan; furthermore, sales of the Picture Archiving and Communication System (PACS) went up in Japan and the United States. Revenue of the healthcare unit increased year-on-year.

In the precision medicine unit, genetic testing services saw an uplift in the number of genetic tests including ribonucleic acid (RNA) testing, an assessment of germline mutations, year-on-year; nevertheless, the recovery of the testing number is slower than expected because of the drop in the number of patients coming into hospitals and the shortage of medical staff members due to the resurgence of COVID-19 cases in the United States. The revenue from the Company's drug discovery support service surpassed the year before level and revenue from preclinical study also went up, although recovery in revenue was more sluggish than expected due to delays in clinical study conducted by pharmaceutical companies as a result of the pandemic in the United States. Revenue of the whole precision medicine unit increased year-on-year. In addition, the Company received an approval of manufacturing and marketing of "GenMineTOP Cancer Genome Profiling System," which has a function to analyze genetic information of DNA and RNA, from the Ministry of Health, Labour and Welfare in Japan in July 2022.

As a result, the Healthcare Business segment recorded a revenue of 28.6 billion yen, an increase of 13.6% year-on-year, and operating loss of 6.5 billion yen (operating loss of 3.1 billion yen for the same period in the previous fiscal year).

iv. Industry Business

In the sensing field, additional orders of light source color measurement instruments supported by steady demand from major customers led to revenue recognition and such revenue continued its upward trend. The number of orders of object color measurement instruments received remained strong across China and North America, and revenue expanded. New orders of testing instruments available to utilize hyper spectral imaging technology to measure invisible light region were received steadily mainly in Europe and the United States, and as a result, revenue increased. As such, the sensing field achieved an increase in revenue year-on-year.

In the materials and components field, the performance materials unit experienced a rapid decline in demand for films in the market, responding to adjustments in surplus stock in the downstream of supply chains, started in the latter half of the current period. Even under such circumstances, the steady demand for phase difference films for Vertical Alignment (VA), which are main products of the unit. Meanwhile, sales volumes of phase difference films for In Plane Switching (IPS) and thin films for IT and smartphones saw a decline, affected by slowdown in the market. Further, the impact of the drop in the production volume due to the maintenance of production lines resulted in a decrease in revenue of the field year-on-year. The inkjet

(II) components unit enjoyed an improvement in revenue year-on-year, supported by the strong sales of heads for high-definition printers in Europe and the United States, although sales volume in China, a major market, was negatively affected by restrictions of activities in Shanghai. In the optical components unit, revenue went down year-on-year due to the effects of activity restrictions in Shanghai on sales of entertainment use products and the impact of delays in procurement of materials, such as semiconductors, occurred among some customers, even though the unit secured steady demand for industrial use products, such as in-vehicle lenses, which are in a growth market.

In the imaging-IoT solutions field, the imaging-IoT solutions unit received a large-scale order for the monitoring camera solution; however, in Europe delivery of the order was delayed in part due to the impact of delays in procurement of materials caused by semiconductor shortage, resulting in a decrease in revenue of the unit year-on-year. "FORXAI", an imaging IoT platform which combines the latest IoT and AI technology with the base of the Company's competitive imaging technology, is expanding alliances with strategic partners that have strengths in the areas of municipal disaster prevention and smart factories, and accelerating the deployment of solutions that help solve customer issues. The visual solutions unit had steady stream of visitors at directly operated planetariums and strong sales of merchandise as the expansion of the COVID-19 pandemic was in the movement toward convergence compared to the same period of the previous fiscal year. Also, the strong sales of digital equipment achieved the revenue growth year-on-year.

As a result, the Industry Business segment recorded a revenue of 34.9 billion yen, a decrease of 0.9% from a year earlier and operating profit of 6.2 billion yen, a decrease of 21.8% year-on-year.

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2022	As of June 30, 2022	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,338.1	1,411.5	73.4
Total liabilities	776.6	828.9	52.3
Total equity	561.5	582.5	21.0
Equity attributable to owners of the Company	549.8	570.0	20.2
	%	%	%
Equity ratio attributable to owners of the Company	41.1	40.4	-0.7

Total assets as of June 30, 2022, were 1,411.5 billion yen, an increase of 73.4 billion yen (5.5%) from March 31, 2022. This is primarily attributed to an increase of 28.9 billion yen in inventories, an increase of 26.3 billion yen in goodwill and intangible assets, an increase of 11.5 billion yen in trade and other receivables, an increase of 8.9 billion yen in other current assets, and a decrease of 9.4 billion yen in cash and cash equivalents.

Total liabilities as of June 30, 2022, were 828.9 billion yen, an increase of 52.3 billion yen (6.7%) from March 31, 2022. This is primarily attributed to an increase of 26.8 billion yen in bonds and borrowings, an increase of 11.2 billion yen in trade and other payables, and an increase of 9.2 billion yen in other financial liabilities.

Total equity as of June 30, 2022, was 582.5 billion yen, an increase of 21.0 billion yen (3.8%) from March 31, 2022.

Equity attributable to owners of the Company was 570.0 billion yen as of June 30, 2022, an increase of 20.2 billion yen (3.7%) from March 31, 2022. This is primarily attributed to an increase of 39.7 billion yen in other components of equity (primarily exchange differences on translation of foreign operations), the recording of a loss attributable to owners of the Company of 8.7 billion yen, and a decrease of 7.4 billion yen in retained earnings due to cash dividends.

As a result of the above, the equity ratio attributable to owners of the Company decreased 0.7 percentage points to 40.4%.

b. Analysis of Cash Flows

	Three months ended June 30, 2021	Three months ended June 30, 2022	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	9.1	(17.6)	(26.7)
Cash flows from investing activities	(11.8)	(7.2)	4.6
Total (Free cash flows)	(2.7)	(24.8)	(22.1)
Cash flows from financing activities	(11.7)	10.6	22.4

For the three months ended June 30, 2022, net cash used in operating activities was 17.6 billion yen, and net cash used in investing activities totaled 7.2 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 24.8 billion yen for the current period.

Net cash provided by financing activities was 10.6 billion yen.

In addition, cash and cash equivalents as of June 30, 2022, decreased by 9.4 billion yen from March 31, 2022, to 108.2 billion yen, reflecting the effect of exchange rate fluctuations on cash and cash equivalents.

Cash flows from operating activities

Net cash used in operating activities was 17.6 billion yen. On top of the loss before tax of 7.5 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 18.8 billion yen and a decrease in trade and other receivables of 10.3 billion yen and cash outflows mainly due to an increase in inventories of 16.4 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 7.2 billion yen, mainly due to purchases of property, plant and equipment of 4.8 billion yen and purchases of intangible assets of 4.6 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 24.8 billion yen (an outflow of 2.7 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was 10.6 billion yen (net cash outflows of 11.7 billion yen for the same period in the previous fiscal year), reflecting proceeds from a net increase in short-term loans payable of 22.5 billion yen, cash dividends paid of 7.0 billion yen, and repayments of lease liabilities of 4.9 billion yen.

(3) Explanation Regarding the Forecasts for the Consolidated Financial Results

The Company has revised full year forecast as described below, taking into account the progress made during the first period of the current fiscal year and the impact on revenue and profit or loss of the revised exchange rates. The exchange rates after the second period of the fiscal year, which are the assumptions for the forecast, present 135 yen to the U.S. dollar and 135 yen to the euro.

Revision of consolidated financial forecast for the fiscal year ending March 31, 2023
(April 1, 2022 - March 31, 2023)

	Revenue	Operating profit (loss)	Profit (loss) attributable to owners of the Company	Basic earnings (loss) per share
	Billions of Yen	Billions of Yen	Billions of Yen	Yen
Previous forecast (A)	980.0	15.0	5.5	11.14
Revised forecast (B)	1,020.0	15.0	5.5	11.14
Change (B-A)	40.0	-	-	-
Percentage change (%)	4.1	-	-	-
(Reference) Actual results for the previous period (Year ended March 31, 2022)	911.4	(22.2)	(26.1)	(52.93)

* The above forecasts for results of operations are based on suppositions, outlooks, and plans as of the release date of this report, and as such they involve risks and uncertainties. Actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

Amounts less than one hundred million yen are rounded down to the nearest million yen in the "1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2022" section.

. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	117,670	108,234
Trade and other receivables	280,214	291,809
Inventories	185,661	214,635
Income tax receivables	3,884	4,582
Other financial assets	970	4,758
Other current assets	30,449	39,361
Total current assets	618,851	663,381
Non-current assets		
Property, plant and equipment	287,749	290,643
Goodwill and intangible assets	354,094	380,420
Investments accounted for using the equity method	9	137
Other financial assets	28,320	25,595
Deferred tax assets	29,570	31,155
Other non-current assets	19,527	20,204
Total non-current assets	719,272	748,157
Total assets	1,338,124	1,411,539

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Trade and other payables	182,063	193,320
Bonds and borrowings	194,597	186,329
Lease liabilities	17,336	16,785
Income tax payables	4,389	4,833
Provisions	11,319	14,470
Other financial liabilities	45,095	52,905
Other current liabilities	56,192	54,475
Total current liabilities	510,995	523,119
Non-current liabilities		
Bonds and borrowings	159,709	194,848
Lease liabilities	77,012	80,689
Retirement benefit liabilities	10,603	11,598
Provisions	6,685	6,747
Other financial liabilities	4,076	5,564
Deferred tax liabilities	4,719	3,547
Other non-current liabilities	2,821	2,862
Total non-current liabilities	265,628	305,859
Total liabilities	776,623	828,979
Equity		
Share capital	37,519	37,519
Share premium	194,060	189,331
Retained earnings	269,461	254,641
Treasury shares	(9,517)	(9,488)
Share acquisition rights	464	455
Other components of equity	57,822	97,561
Equity attributable to owners of the Company	549,810	570,021
Non-controlling interests	11,690	12,538
Total equity	561,500	582,559
Total liabilities and equity	1,338,124	1,411,539

(2) Condensed Consolidated Statements of Profit or Loss

Three months ended June 30, 2021 and 2022

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue	229,860	247,849
Cost of sales	128,566	143,090
Gross profit	101,293	104,758
Other income	3,242	1,751
Selling, general and administrative expenses	99,239	110,675
Other expenses	2,193	6,837
Operating profit (loss)	3,103	(11,002)
Finance income	1,268	5,528
Finance costs	1,822	2,051
Share of profit (loss) of investments accounted for using the equity method	-	(72)
Profit (loss) before tax	2,549	(7,598)
Income tax expense (income)	1,677	1,417
Profit (loss) for the period	871	(9,015)
Profit (loss) attributable to:		
Owners of the Company	978	(8,731)
Non-controlling interests	(107)	(283)
Earnings (loss) per share	Yen	Yen
Basic	1.98	(17.69)
Diluted	1.98	(17.69)

(3) Condensed Consolidated Statements of Comprehensive Income

Three months ended June 30, 2021 and 2022

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss) for the period	871	(9,015)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(58)	18
Total items that will not be reclassified to profit or loss	(58)	18
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	119	(113)
Exchange differences on translation of foreign operations (net of tax)	2,832	41,954
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	0	-
Total items that may be subsequently reclassified to profit or loss	2,952	41,841
Total other comprehensive income (loss)	2,894	41,859
Total comprehensive income (loss)	3,765	32,844
Total comprehensive income (loss) attributable to:		
Owners of the Company	3,649	32,333
Non-controlling interests	115	511

(4) Condensed Consolidated Statements of Changes in Equity

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2021	37,519	203,753	294,283	(9,694)	551	13,475	539,888	10,814	550,703
Profit (loss) for the period	-	-	978	-	-	-	978	(107)	871
Other comprehensive income (loss)	-	-	-	-	-	2,671	2,671	222	2,894
Total comprehensive income (loss)	-	-	978	-	-	2,671	3,649	115	3,765
Dividends	-	-	(7,402)	-	-	-	(7,402)	-	(7,402)
Acquisition and disposal of treasury shares	-	-	(3)	8	-	-	4	-	4
Share-based payments	-	34	-	-	(5)	-	28	-	28
Equity and other transactions with non-controlling shareholders	-	3	-	-	-	-	3	-	3
Put options written on non-controlling interests	-	38	-	-	-	-	38	-	38
Transfer from other components of equity to retained earnings	-	-	0	-	-	(0)	-	-	-
Total transactions with owners	-	75	(7,406)	8	(5)	(0)	(7,327)	-	(7,327)
Balance as of June 30, 2021	37,519	203,828	287,855	(9,686)	546	16,146	536,210	10,929	547,140

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2022	37,519	194,060	269,461	(9,517)	464	57,822	549,810	11,690	561,500
Profit (loss) for the period	-	-	(8,731)	-	-	-	(8,731)	(283)	(9,015)
Other comprehensive income (loss)	-	-	-	-	-	41,065	41,065	794	41,859
Total comprehensive income (loss)	-	-	(8,731)	-	-	41,065	32,333	511	32,844
Dividends	-	-	(7,405)	-	-	-	(7,405)	-	(7,405)
Acquisition and disposal of treasury shares	-	-	(8)	28	-	-	20	-	20
Share-based payments	-	(16)	-	-	(8)	-	(24)	-	(24)
Changes in ownership interests in subsidiaries	-	196	-	-	-	-	196	336	533
Equity and other transactions with non-controlling shareholders	-	(11)	-	-	-	-	(11)	-	(11)
Put options written on non-controlling interests	-	(4,897)	-	-	-	-	(4,897)	-	(4,897)
Transfer from other components of equity to retained earnings	-	-	1,325	-	-	(1,325)	-	-	-
Total transactions with owners	-	(4,728)	(6,087)	28	(8)	(1,325)	(12,122)	336	(11,785)
Balance as of June 30, 2022	37,519	189,331	254,641	(9,488)	455	97,561	570,021	12,538	582,559

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit (loss) before tax	2,549	(7,598)
Depreciation and amortization expenses	18,995	18,836
Share of (profit) loss of investments accounted for using the equity method	-	72
Interest and dividends income	(1,106)	(866)
Interest expenses	1,653	1,832
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	319	120
(Increase) decrease in trade and other receivables	14,708	10,378
(Increase) decrease in inventories	5,333	(16,417)
Increase (decrease) in trade and other payables	(14,687)	(3,156)
Decrease due to transfer of rental assets	(946)	(770)
Increase (decrease) in retirement benefit liabilities	380	238
Others	(15,266)	(16,132)
Subtotal	11,932	(13,462)
Dividends received	345	226
Interest received	955	933
Interest paid	(2,076)	(2,402)
Income taxes (paid) refunded	(2,050)	(2,974)
Net cash provided by (used in) operating activities	9,106	(17,679)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,255)	(4,866)
Purchase of intangible assets	(4,398)	(4,624)
Proceeds from sales of property, plant and equipment, and intangible assets	336	284
Purchase of investments in subsidiaries	-	(239)
Proceeds from sales of investment securities	1	2,539
Proceeds from transfer of business	1,727	-
Others	(271)	(293)
Net cash provided by (used in) investing activities	(11,859)	(7,200)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	254	22,501
Proceeds from bonds issuance and long-term loans payable	48	18
Redemption of bonds and repayments of long-term loans payable	(192)	(365)
Repayments of lease liabilities	(4,795)	(4,984)
Cash dividends paid	(7,050)	(7,050)
Proceeds from stock issuance to non-controlling interests	-	470
Proceeds from sales of investments in subsidiaries without loss of control	-	78
Others	(0)	(0)
Net cash provided by (used in) financing activities	(11,735)	10,667
Effect of exchange rate changes on cash and cash equivalents	314	4,775
Net increase (decrease) in cash and cash equivalents	(14,175)	(9,435)
Cash and cash equivalents at the beginning of the period	123,823	117,670
Cash and cash equivalents at the end of the period	109,647	108,234

(6) Notes to the Condensed Consolidated Financial Statements
[Notes Regarding Going Concern Assumptions]

Not applicable.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Insurance income	45	965
Subsidy income including compensation for sustaining businesses	809	4
Gain on transfer of business	1,519	-
Others	868	781
Total	3,242	1,751

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Business structure improvement expenses	283	3,513
Settlement payments	-	1,587
Others	1,910	1,737
Total	2,193	6,837

[Segment Information]**(a) Reportable segments**

Operating segments of the Group are its components for which separate financial data is available and that are examined on a regular basis for the purpose of enabling the Group's management to decide on the allocation of resources and evaluate results of operations. The Group has established business units by product and service category and formulates comprehensive strategies and conducts business activities in Japan and overseas for the products and services of each business unit. The Group comprises operating segments organized by product and service category based on each business unit, and based on the operating segments, the Company has established four reportable segments as the "Digital Workplace Business," "Professional Print Business," "Healthcare Business," and "Industry Business" by taking into account the primary usage of products of the respective businesses in the markets and their similarities.

Businesses of each reportable segment are described as follows:

	Business content
Digital Workplace Business	Development, manufacture, and sales of MFPs and related consumables; provision of related services and solutions; provision of IT solution services
Professional Print Business	Development, manufacture, and sales of digital printing systems and related consumables; provision of various printing services and solutions
Healthcare Business	<u>Healthcare</u> Development, manufacture, and sales of, and provision of services for diagnostic imaging systems (digital X-ray diagnostic imaging, diagnostic ultrasound systems, and others); provision of digitalization, networking, solutions, and services in the medical field
	<u>Precision medicine</u> Genetic testing; provision of services related to primary care; provision of drug discovery support services
Industry Business	<u>Sensing</u> Development, manufacture, and sales of measuring instruments
	<u>Materials and Components</u> Development, manufacture, and sales of products, such as functional film displays, industrial inkjet printheads, and lenses for industrial and professional use
	<u>Imaging-IoT Solutions</u> Development, manufacture, and sales of instruments related to imaging-IoT and visual; provision of related solution services

(b) Information by reportable segment

Information by reportable segment of the Group is as follows. Segment profit refers to operating profit of the segment.

Three months ended June 30, 2021

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	121,172	47,908	25,220	35,239	229,541	318	-	229,860
Intersegment (Note 1)	551	25	143	1,133	1,853	4,174	(6,027)	-
Total	121,723	47,933	25,364	36,372	231,394	4,493	(6,027)	229,860
Segment profit (loss)	1,053	959	(3,195)	7,971	6,788	(603)	(3,081)	3,103

Three months ended June 30, 2022

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	128,912	55,078	28,652	34,908	247,551	297	-	247,849
Intersegment (Note 1)	707	16	140	1,353	2,217	3,617	(5,834)	-
Total	129,619	55,094	28,792	36,261	249,768	3,914	(5,834)	247,849
Segment profit (loss)	(7,578)	924	(6,528)	6,237	(6,944)	(679)	(3,378)	(11,002)

(Notes)

1. Intersegment revenue is based on market prices and others.
2. "Others" include businesses related to QOL solutions not included in any of the reportable segments.
3. Adjustments of revenue are elimination of intersegment transactions.
4. Adjustments of segment profit are elimination of intersegment transactions and corporate expenses, which consist of general and administrative expenses and basic research expenses not attributable to any of the reportable segments or "Others." They include other revenue and other expenses not attributable to any of the reportable segments.