

Summary of Consolidated Financial Results

for the Nine Months Ended December 31, 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: February 9, 2023
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated results of operations

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

Nine months ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	821,027	24.1	3,388	-	(848)	-
December 31, 2021	661,524	7.6	(10,159)	-	(12,074)	-

Nine 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	%
December 31, 2022	(3,543)	-	(3,256)	-	31,696	884.2
December 31, 2021	(13,297)	-	(13,245)	-	3,220	-

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	(6.60)	(6.60)
December 31, 2021	(26.84)	(26.84)

(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	%
December 31, 2022	1,442,495	577,836	564,931	39.2
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	-	10.00	-		
Fiscal year ending March 31, 2023 (forecast)				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	1,120,000	22.9	15,000	-	5,500	-	11.14

(Note) Changes from the latest consolidated forecasts: None

■ Notes

- (1) Changes in significant subsidiaries for the nine months ended December 31, 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 December 31, 2022: 502,664,337 shares
 - As of March 31, 2022: 502,664,337 shares
 - b. Number of treasury shares
 - As of December 31, 2022: 8,776,211 shares
 - As of March 31, 2022: 8,991,342 shares
 - c. Average number of issued and outstanding shares during the period
 - The nine months ended December 31, 2022: 493,788,161 shares
 - The nine months ended December 31, 2021: 493,559,937 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 (2,567,818 shares as of December 31, 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 NINE MONTHS ENDED DECEMBER 31, 2022, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 13.

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, February 2, 2023. 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 NINE MONTHS ENDED DECEMBER 31, 2022

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	661.5	821.0	159.5	24.1
Gross profit	290.1	351.5	61.4	21.2
Operating profit (loss)	(10.1)	3.3	13.5	-
Profit (loss) before tax	(12.0)	(0.8)	11.2	-
Profit (loss) attributable to owners of the Company	(13.2)	(3.2)	9.9	-
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(26.84)	(6.60)	20.24	-
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	27.6	26.9	(0.7)	(2.5)
Depreciation and amortization expenses	56.5	56.6	0.0	0.0
Research and development expenses	47.1	47.4	0.2	0.6
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(9.6)	(42.7)	(33.1)	-
	Number	Number	Number	%
Number of employees in the Group	38,955	39,797	842	2.2
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	111.10	136.51	25.41	22.9
Euro	130.62	140.59	9.97	7.6

During the nine months ended December 31, 2022 (the "current period"), the Group's consolidated revenue amounted to 821.0 billion yen, an increase of 24.1% year-on-year. The Digital Workplace Business, the Professional Print Business, and the Healthcare Business maintained steady increases in revenue, which exceeded the level before the spread of COVID-19. By region, the Company achieved revenue growth in North America, Europe, and China, by 42%, 28%, and 11%, year-on-year respectively, and revenue in Japan was at the same level in the same period of the previous fiscal year.

In the Digital Workplace Business and the Professional Print Business, the hardware was in short supply in the first quarter of the current fiscal year ended June 30, 2022 (the "first quarter") as the Company was negatively affected by a decline in capacity utilization rates at its plants due to the Zero Corona policy, which restricted economic activities in certain areas in China, delays in procurement of semiconductors and other materials, and prolonged logistics and transportation periods. However, after the restrictions were lifted, as a result of efforts to secure parts and materials, increase production and supply volume, and shorter logistics and transportation periods as well, sales volume was increased. As a result, the clearance of the backlog of orders has made steady progress, resulting in a significant increase in revenue for the current period. In the Healthcare Business, revenue of both the healthcare field and the precision medicine field increased, and in the Industry Business, although the sensing unit and the inkjet (I) components unit saw a continuous increase in revenue, the performance materials unit saw a decrease in revenue due to the impact of the adjustments in surplus stock in the film market for display.

In terms of profit, the Company continued to be negatively affected by the increase in cost of sales due to soaring parts and materials expenses and logistics expenses and the increase in air transportation expenses, particularly in the Digital Workplace Business and the Professional Print Business. As one-time expenses, the

Company recorded business structure improvement expenses of 3.8 billion yen mainly in the Digital Workplace Business and the Professional Print Business in the current period. In addition, the Company recorded settlement payments of 1.6 billion yen occurred in a subsidiary in North America in the Digital Workplace Business and the Professional Print Business, and 1.5 billion yen occurred in a subsidiary in North America in the Healthcare Business. On the other hand, the Company continued to control selling, general and administrative expenses while expanding gross profit through revenue growth. As a result of the above, its operating result for the current period shifted to the operating profit of 3.3 billion yen (an operating loss of 10.1 billion yen in the same period of the previous fiscal year). Quarterly loss before income taxes marked 0.8 billion yen (quarterly loss before income taxes of 12.0 billion yen in the same period of the previous fiscal year), and quarterly loss attributable to owners of the Company ended up at 3.2 billion yen (quarterly loss attributable to owners of the Company of 13.2 billion yen in the same period of the previous fiscal year). Quarterly loss before income taxes and quarterly loss attributable to owners of the Company were greatly affected by the foreign exchange loss resulting from the sudden rise of the yen during the third quarter of the current fiscal year.

b. Overview by Segment

		Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	333.7	437.1	103.4	31.0
	Operating profit	(8.9)	1.4	10.4	-
Professional Print Business	Revenue	140.9	184.9	44.0	31.2
	Operating profit	0.4	11.1	10.6	-
Healthcare Business	Revenue	84.3	96.8	12.5	14.8
	Operating profit	(9.7)	(9.5)	0.2	-
Industry Business	Revenue	101.3	100.6	(0.7)	(0.7)
	Operating profit	19.7	14.0	(5.6)	(28.6)
Subtotal	Revenue	660.3	819.6	159.2	24.1
	Operating profit	1.4	17.1	15.7	-
Others and adjustments (Note 2)	Revenue	1.1	1.3	0.2	22.2
	Operating profit	(11.5)	(13.7)	(2.1)	-
Amount reported in the Condensed Consolidated Statement of Profit or Loss	Revenue	661.5	821.0	159.5	24.1
	Operating profit	(10.1)	3.3	13.5	-

(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 factory utilization rates declined lower as a result of the economic activity restrictions in China during the first quarter, the production has recovered since June 2022 after restrictions were lifted. There was also an improvement in the prolonged logistics transportation period. The hardware sales volume of A3 multi-functional (MFPs) in the current period increased among major regions, including Europe, the United States, and Japan, and the sales volumes of color models, monochrome models, and all models reached at 148%, 97% and 125% year-on-year, respectively. Also, the backlog of orders decreased from 57.5 billion yen at the end of September 2022, to 36.4 billion yen at the end of December 2022 (both, at the end of September and December, converted to the prevailing exchange rate). The non-hardware revenue, such as consumables and services saw an overall increase in revenue, led by the employees of the client companies who resumed working at the office sites, though the recovery of the print volume varies by region. As a result, in the current period, the overall revenue in the office unit improved year-on-year.

In the DW-DX unit, which focuses on offering IT services, the Managed IT Services, which takes care of the entire IT platform of customers, enjoyed expanded sales volume by the growing number of orders received in Europe and the United States and increased recurring revenue, resulting in revenue growth in the current period year-on-year.

Based on the above, the Digital Workplace Business experienced increased revenue and profit by marking a revenue of 437.1 billion yen, an increase of 31.0 % year-on-year, and an operating profit of 1.4 billion yen (an operating loss of 8.9 billion yen for the same period in the previous fiscal year).

ii. Professional Print Business

In the production print unit, the demand for digital printing presses remained steady and production and shipping recovered after the lifting of activity restrictions in China, similarly to the office unit. The sales volumes of color models, monochrome models, and all models in the current period reached at 125%, 110% and 120% year-on-year, respectively. Also, the backlog of orders decreased from 10.5 billion yen at the end of September 2022 to 9.0 billion yen at the end of December 2022 (both, at the end of September and December, converted to the prevailing exchange rate). As for the non-hardware revenue, the print volume among commercial printing companies is on a recovery trend mainly in Europe and the United States, and the demand for China and India has also increased. The steady recovery in the supply of toners following the impact of toner plant accidents that occurred at a Group company in the previous fiscal year resulted in the growth in non-hardware revenue.

In the industrial print unit, the sales volume of inkjet press (AccurioJET KM-1e) increased in Europe. The non-hardware revenue surged in all areas of general commercial press, label press, embellishment press, and textile press, contributed by the growth in demand of textiles and labels and the increased ratio of digital printing among printing companies.

In the marketing services unit, revenue increased because of the continuing acceleration of the sales promotion activities of major customers in Europe and the United States, as well as the expanded on-demand printing in Japan and South Korea.

Based on the above, the Professional Print Business recorded an increase in both revenue and profit by marking a revenue of 184.9 billion yen, an increase of 31.2% year-on-year, and an operating profit of 11.1 billion yen (an operating profit of 0.4 billion yen for the same period in the previous fiscal year).

iii. Healthcare Business

In the healthcare field, the Company expanded the sales volume of digital radiography (DR), used for X-ray diagnosis, in the market of clinics in Japan, and the solid growth of sales mainly for X-ray systems was seen in the hospital market in the United States as well. The sales volume of diagnostic ultrasound systems for orthopedics and obstetrics in Japan remained strong. For medical IT, sales of "Informity," an IT service supporting medical image management, remote medical care, and collaboration between hospitals and clinics were expanded in Japan; furthermore, sales of the Picture Archiving and Communication System (PACS) went up in Japan and the United States. As a result of the above, revenue from the healthcare field increased year-on-year.

In the precision medicine field, genetic testing services saw an uplift in the number of genetic tests, mainly in ribonucleic acid (RNA) testing, an assessment of germline mutations that represents one of the Company's focus areas among genetic tests; nevertheless, the growth of the testing number in the overall genetic testing services has been slower pace than expected due to the effect from the prolonged shortage of medical staff in the United States. The revenue from the Company's drug discovery support service is on a gradual recovery trend, although similar effects continue to cause delays in clinical studies conducted by pharmaceutical companies. Revenue from the genetic testing services and the Company's drug discovery support service surpassed the level before the spread of COVID-19. Consequently, the revenue of the whole precision medicine field increased year-on-year.

As a result, the Healthcare Business recorded an increase in both revenue and profit by marking a revenue of 96.8 billion yen, an increase of 14.8% year-on-year, and an operating loss of 9.5 billion yen (operating loss of 9.7 billion yen for the same period in the previous fiscal year).

iv. Industry Business

In the sensing field, the steady growth of the number of orders of light source color measurement instruments from major customers and the steady demand for displays in Asia led to an increase in revenue year-on-year. The demand for object color measurement instruments across North America contributed to maintaining an upward trend in revenue. The number of new orders of visual inspections and testing instruments available to utilize hyper-spectral imaging technology expanded steadily, and as a result, the sales volume increased. As such, the sensing field achieved an improvement in revenue year-on-year.

In the materials and components field, amid the continuing adjustments in stock in the downstream of supply chains, while sales of phase difference films for TV Vertical Alignment (VA) panels, which are one of the Company's main products, remained strong, the sales of phase difference films for In Plane Switching (IPS) panels and thin films for IT and smartphones were greatly affected. As a result, the performance materials unit experienced an overall decline in sales volumes of films and saw a decline in revenue year-

on-year. In the inkjet (IJ) components unit, amid COVID-19 rebound after lifting the restrictions of economic activities in China, a major market, the advanced demand from some customers with the expectation of the market recovery ahead, and the strong sales of heads for high-definition printers in Europe and the United States supported the increase in revenue year-on-year. In the optical components unit, despite the sales of lenses for industrial uses, such as lenses for vehicles, which was negatively affected by the shortage of electronic materials and the restrictions of activities in Shanghai, the overall revenue of the unit went up year-on-year thanks to the increased number of sales in lenses for semiconductor inspection equipment and the steady trend of sales of lenses for projectors and interchangeable lenses. As a result of the above, the materials and components field saw an overall decrease in revenue year-on-year.

In the imaging-IoT solutions field, the growth of the sales volume for the monitoring camera solution in Europe, a major market, and the expansion of sales for the Automated License Plate Recognition solution of Vaxtor Ltd., which MOBOTIX AG acquired during the first quarter resulted in an increase in revenue year-on-year in the imaging-IoT solutions unit. "FORXAI," an imaging IoT platform that combines the latest IoT and AI technology with the base of the Company's competitive imaging technology, is enhancing the co-creation of solutions that will lead to disaster prevention, disaster reduction, and predictive maintenance in the areas of governmental administrations, social infrastructure, and smart factories among food manufacturing industry and printing factories through alliances with strategic partners. The visual solutions unit continued to enjoy growth in sales at the directly operated planetariums, contributed by a steady stream of visitors at planetariums in Nagoya and Yokohama opened in October 2021, and March 2022, respectively. The increase in sales at the planetariums contributed revenue growth year-on-year. Based on the above, the imaging-IoT solutions field as a whole enjoyed an improvement in revenue year-on-year.

As a result, the Industry Business recorded a revenue of 100.6 billion yen, a decrease of 0.7% from a year earlier, and an operating profit of 14.0 billion yen, a decrease of 28.6% year-on-year.

(Reference) Overview of the quarterly consolidated accounting period

	Three months ended December 31, 2021	Three months ended December 31, 2022	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	216.4	290.2	73.8	34.1
Gross profit	94.7	125.5	30.8	32.6
Operating profit (loss)	(8.5)	8.5	17.1	-
Profit (loss) before tax	(9.3)	2.2	11.5	-
Profit (loss) attributable to owners of the Company	(8.9)	3.4	12.4	-
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(18.09)	7.06	25.15	-
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	9.4	9.0	(0.3)	(3.8)
Depreciation and amortization expenses	18.8	18.8	0.0	0.3
Research and development expenses	15.7	16.3	0.5	3.4
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(21.5)	(17.3)	4.1	-
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	113.71	141.59	27.88	24.5
Euro	130.07	144.30	14.23	10.9

Overview of major segments

		Three months ended December 31, 2021	Three months ended December 31, 2022	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	107.6	158.6	51.0	47.5
	Operating profit	(4.6)	4.8	9.4	-
Professional Print Business	Revenue	47.4	65.0	17.6	37.3
	Operating profit	(0.9)	6.1	7.1	-
Healthcare Business	Revenue	28.1	32.9	4.7	16.8
	Operating profit	(4.5)	(0.5)	3.9	-
Industry Business	Revenue	32.7	33.1	0.4	1.3
	Operating profit	5.2	3.3	(1.8)	(35.9)
Subtotal	Revenue	215.9	289.8	73.9	34.2
	Operating profit	(4.8)	13.8	18.7	-
Others and adjustments (Note 2)	Revenue	0.4	0.4	0.0	(8.9)
	Operating profit	(3.7)	(5.3)	(1.6)	-
Amount reported in the Condensed Consolidated Statements of Profit or Loss	Revenue	216.4	290.2	73.8	34.1
	Operating profit	(8.5)	8.5	17.1	-

(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.

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2022	As of December 31, 2022	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,338.1	1,442.4	104.3
Total liabilities	776.6	864.6	88.0
Total equity	561.5	577.8	16.3
Equity attributable to owners of the Company	549.8	564.9	15.1
	%	%	%
Equity ratio attributable to owners of the Company	41.1	39.2	(1.9)

Total assets as of December 31, 2022, were 1,442.4 billion yen, an increase of 104.3 billion yen (7.8%) from March 31, 2022. This is primarily attributed to an increase of 68.9 billion yen in inventories, an increase of 19.8 billion yen in trade and other receivables, an increase of 17.2 billion yen in goodwill and intangible assets, an increase of 5.2 billion yen in other current assets, a decrease of 7.6 billion yen in cash and cash equivalents and a decrease of 6.1 billion yen in property, plant and equipment.

Total liabilities as of December 31, 2022, were 864.6 billion yen, an increase of 88.0 billion yen (11.3%) from March 31, 2022. This is primarily attributed to an increase of 58.3 billion yen in bonds and borrowings, an increase of 20.7 billion yen in trade and other payables, an increase of 5.7 billion yen in other financial liabilities and a decrease of 6.5 billion yen in other current liabilities.

Total equity as of December 31, 2022, was 577.8 billion yen, an increase of 16.3 billion yen (2.9%) from March 31, 2022.

Equity attributable to owners of the Company was 564.9 billion yen as of December 31, 2022, an increase of 15.1 billion yen (2.8%) from March 31, 2022. This is primarily attributed to an increase of 30.4 billion yen in other components of equity (primarily exchange differences on translation of foreign operations), a decrease of 3.4 billion yen in additional paid-in capital, a decrease of 12.3 billion yen in retained earnings due to cash dividends, and the recording of a loss attributable to owners of the Company of 3.2 billion yen.

As a result of the above, the equity ratio attributable to owners of the Company decreased 1.9 percentage points to 39.2%.

b. Analysis of Cash Flows

	Nine months ended December 31, 2021	Nine months ended December 31, 2022	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	31.4	(16.7)	(48.2)
Cash flows from investing activities	(41.0)	(25.9)	15.0
Total (Free cash flows)	(9.6)	(42.7)	(33.1)
Cash flows from financing activities	(5.7)	33.1	38.8

For the nine months ended December 31, 2022, net cash used in operating activities was 16.7 billion yen, and net cash used in investing activities totaled 25.9 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 42.7 billion yen for the current period.

Net cash provided by financing activities was 33.1 billion yen.

In addition, cash and cash equivalents as of December 31, 2022, decreased by 7.6 billion yen from March 31, 2022, to 110.0 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 16.7 billion yen. On top of the loss before tax of 0.8 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 56.6 billion yen and an increase in trade and other payables of 14.3 billion yen and cash outflows mainly due to an increase in inventories of 62.4 billion yen and an increase in trade and other receivables of 7.9 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 25.9 billion yen, mainly due to purchase of property, plant and equipment of 15.7 billion yen and purchase of intangible assets of 13.1 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 42.7 billion yen (an outflow of 9.6 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was 33.1 billion yen (net cash outflows of 5.7 billion yen for the same period in the previous fiscal year), reflecting cash outflows of 101.8 billion yen in redemption of bonds and repayments of long-term loans payable, 15.2 billion yen in repayments of lease liabilities, 12.1 billion yen in cash dividends paid, and proceeds from bonds issuance and long-term loans payable of 100.5 billion yen, and a net increase in short-term loans payable of 61.2 billion yen.

Redemption of bonds and repayments of long-term loans payable of 101.8 billion yen and proceeds from bonds issuance and long-term loans payable of 100.5 billion yen are mainly due to a full repayment of the subordinated term loans of 100.0 billion yen executed on October 31, 2017 prior to their maturity, and an execution of borrowing funds through a new hybrid loan (subordinated term loan) on the same day.

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

The Company has decided to leave its full-year forecasts unchanged from those announced on November 2, 2022, taking into account the progress made during the nine months period of the current fiscal year. The exchange rates for the fourth quarter of the current fiscal year, which are the assumptions for the forecast, have been revised from the assumptions announced on November 2, 2022, to a 10 yen appreciation of the yen against the U.S. dollar to 135 yen to the U.S. dollar, and 140 yen to the euro.

* The above forecasts for the 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 NINE MONTHS ENDED DECEMBER 31, 2022” section.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	117,670	110,022
Trade and other receivables	280,214	300,042
Inventories	185,661	254,630
Income tax receivables	3,884	4,295
Other financial assets	970	5,501
Other current assets	30,449	35,690
Total current assets	618,851	710,183
Non-current assets		
Property, plant and equipment	287,749	281,640
Goodwill and intangible assets	354,094	371,331
Investments accounted for using the equity method	9	32
Other financial assets	28,320	23,735
Deferred tax assets	29,570	33,516
Other non-current assets	19,527	22,056
Total non-current assets	719,272	732,312
Total assets	1,338,124	1,442,495

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Trade and other payables	182,063	202,807
Bonds and borrowings	194,597	221,136
Lease liabilities	17,336	15,271
Income tax payables	4,389	6,546
Provisions	11,319	14,709
Other financial liabilities	45,095	50,340
Other current liabilities	56,192	49,605
Total current liabilities	510,995	560,418
Non-current liabilities		
Bonds and borrowings	159,709	191,507
Lease liabilities	77,012	80,315
Retirement benefit liabilities	10,603	10,948
Provisions	6,685	6,695
Other financial liabilities	4,076	4,568
Deferred tax liabilities	4,719	4,865
Other non-current liabilities	2,821	5,339
Total non-current liabilities	265,628	304,240
Total liabilities	776,623	864,658
Equity		
Share capital	37,519	37,519
Share premium	194,060	190,602
Retained earnings	269,461	257,474
Treasury shares	(9,517)	(9,389)
Share acquisition rights	464	444
Other components of equity	57,822	88,280
Equity attributable to owners of the Company	549,810	564,931
Non-controlling interests	11,690	12,904
Total equity	561,500	577,836
Total liabilities and equity	1,338,124	1,442,495

(2) Condensed Consolidated Statements of Profit or Loss

Nine months ended December 31, 2021 and 2022

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Revenue	661,524	821,027
Cost of sales	371,372	469,438
Gross profit	290,152	351,588
Other income	6,156	4,158
Selling, general and administrative expenses	300,665	340,605
Other expenses	5,802	11,753
Operating profit (loss)	(10,159)	3,388
Finance income	3,593	3,069
Finance costs	5,508	7,129
Share of profit (loss) of investments accounted for using the equity method	-	(177)
Profit (loss) before tax	(12,074)	(848)
Income tax expense (income)	1,222	2,694
Profit (loss) for the period	(13,297)	(3,543)
Profit (loss) attributable to:		
Owners of the Company	(13,245)	(3,256)
Non-controlling interests	(51)	(286)
Earnings (loss) per share	Yen	Yen
Basic	(26.84)	(6.60)
Diluted	(26.84)	(6.60)

Three months ended December 31, 2021 and 2022

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Revenue	216,420	290,283
Cost of sales	121,700	164,711
Gross profit	94,719	125,572
Other income	1,424	1,272
Selling, general and administrative expenses	102,303	115,323
Other expenses	2,436	2,993
Operating profit (loss)	(8,595)	8,526
Finance income	1,134	914
Finance costs	1,871	7,125
Share of profit (loss) of investments accounted for using the equity method	-	(52)
Profit (loss) before tax	(9,332)	2,262
Income tax expense (income)	(289)	(1,229)
Profit (loss) for the period	(9,043)	3,491
Profit (loss) attributable to:		
Owners of the Company	(8,929)	3,485
Non-controlling interests	(113)	6
Earnings (loss) per share	Yen	Yen
Basic	(18.09)	7.06
Diluted	(18.09)	7.04

(3) Condensed Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2021 and 2022

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit (loss) for the period	(13,297)	(3,543)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	21	2,619
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	675	415
Total items that will not be reclassified to profit or loss	697	3,035
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	148	176
Exchange differences on translation of foreign operations (net of tax)	15,671	32,028
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	15,820	32,204
Total other comprehensive income (loss)	16,517	35,239
Total comprehensive income (loss)	3,220	31,696
Total comprehensive income (loss) attributable to:		
Owners of the Company	3,015	30,828
Non-controlling interests	204	867

Three months ended December 31, 2021 and 2022

(Millions of yen)

	Three months ended December 31, 2021	Three months ended December 31, 2022
Profit (loss) for the period	(9,043)	3,491
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	-	(83)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	371	707
Total items that will not be reclassified to profit or loss	371	624
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(202)	170
Exchange differences on translation of foreign operations (net of tax)	10,545	(31,471)
Total items that may be subsequently reclassified to profit or loss	10,343	(31,301)
Total other comprehensive income (loss)	10,714	(30,676)
Total comprehensive income (loss)	1,671	(27,184)
Total comprehensive income (loss) attributable to:		
Owners of the Company	1,928	(27,022)
Non-controlling interests	(257)	(162)

(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	-	-	(13,245)	-	-	-	(13,245)	(51)	(13,297)
Other comprehensive income (loss)	-	-	-	-	-	16,261	16,261	255	16,517
Total comprehensive income (loss)	-	-	(13,245)	-	-	16,261	3,015	204	3,220
Dividends	-	-	(14,806)	-	-	-	(14,806)	-	(14,806)
Acquisition and disposal of treasury shares	-	-	(29)	86	-	-	57	-	57
Share-based payments	-	47	-	-	(33)	-	13	-	13
Changes in ownership interests in subsidiaries	-	(510)	-	-	-	-	(510)	510	-
Equity and other transactions with non-controlling shareholders	-	(82)	-	-	-	-	(82)	-	(82)
Put options written on non-controlling interests	-	(20,553)	-	-	-	-	(20,553)	-	(20,553)
Transfer from other components of equity to retained earnings	-	-	450	-	-	(450)	-	-	-
Total transactions with owners	-	(21,099)	(14,385)	86	(33)	(450)	(35,882)	510	(35,372)
Balance as of December 31, 2021	37,519	182,653	266,651	(9,607)	518	29,286	507,021	11,529	518,551

(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	-	-	(3,256)	-	-	-	(3,256)	(286)	(3,543)
Other comprehensive income (loss)	-	-	-	-	-	34,085	34,085	1,154	35,239
Total comprehensive income (loss)	-	-	(3,256)	-	-	34,085	30,828	867	31,696
Dividends	-	-	(12,343)	-	-	-	(12,343)	-	(12,343)
Acquisition and disposal of treasury shares	-	-	(13)	127	-	-	114	-	114
Share-based payments	-	(88)	-	-	(19)	-	(108)	-	(108)
Changes in ownership interests in subsidiaries	-	187	-	-	-	-	187	347	534
Equity and other transactions with non-controlling shareholders	-	(23)	-	-	-	-	(23)	-	(23)
Put options written on non-controlling interests	-	(3,533)	-	-	-	-	(3,533)	-	(3,533)
Transfer from other components of equity to retained earnings	-	-	3,627	-	-	(3,627)	-	-	-
Total transactions with owners	-	(3,457)	(8,730)	127	(19)	(3,627)	(15,707)	347	(15,359)
Balance as of December 31, 2022	37,519	190,602	257,474	(9,389)	444	88,280	564,931	12,904	577,836

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit (loss) before tax	(12,074)	(848)
Depreciation and amortization expenses	56,582	56,604
Share of (profit) loss of investments accounted for using the equity method	-	177
Interest and dividends income	(2,702)	(2,686)
Interest expenses	5,009	6,441
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	1,306	545
(Increase) decrease in trade and other receivables	26,536	(7,912)
(Increase) decrease in inventories	(15,878)	(62,497)
Increase (decrease) in trade and other payables	(10,976)	14,367
Decrease due to transfer of rental assets	(2,697)	(3,163)
Increase (decrease) in retirement benefit liabilities	1,044	126
Others	(11,280)	(7,906)
Subtotal	34,870	(6,752)
Dividends received	622	404
Interest received	2,313	2,295
Interest paid	(5,559)	(6,583)
Income taxes (paid) refunded	(792)	(6,151)
Net cash provided by (used in) operating activities	31,454	(16,787)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,444)	(15,716)
Purchase of intangible assets	(13,615)	(13,128)
Proceeds from sales of property, plant and equipment, and intangible assets	936	683
Purchase of investments in subsidiaries	-	(662)
Proceeds from sales of investment securities	2,048	3,777
Proceeds from transfer of business	2,077	-
Payments for transfer of business	(38)	(89)
Others	(1,039)	(862)
Net cash provided by (used in) investing activities	(41,075)	(25,999)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	51,778	61,260
Proceeds from bonds issuance and long-term loans payable	171	100,544
Redemption of bonds and repayments of long-term loans payable	(28,649)	(101,822)
Repayments of lease liabilities	(14,540)	(15,228)
Cash dividends paid	(14,511)	(12,156)
Proceeds from stock issuance to non-controlling interests	-	470
Proceeds from sales of investments in subsidiaries without loss of control	-	78
Others	(1)	(0)
Net cash provided by (used in) financing activities	(5,752)	33,146
Effect of exchange rate changes on cash and cash equivalents	2,071	1,996
Net increase (decrease) in cash and cash equivalents	(13,305)	(7,647)
Cash and cash equivalents at the beginning of the period	123,823	117,670
Cash and cash equivalents at the end of the period	110,517	110,022

(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)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Insurance income	237	1,298
Subsidy income including compensation for sustaining businesses	1,915	22
Gain on transfer of business	1,811	-
Others	2,192	2,837
Total	6,156	4,158

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Business structure improvement expenses	603	3,825
Settlement payments	-	3,223
Loss on sale of property, plant and equipment and intangible assets	1,465	616
Others	3,733	4,087
Total	5,802	11,753

[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 the 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 the operating profit of the segment.

Nine months ended December 31, 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	333,721	140,924	84,380	101,352	660,379	1,144	-	661,524
Intersegment (Note 1)	1,701	101	507	3,841	6,150	13,358	(19,509)	-
Total	335,423	141,025	84,887	105,194	666,530	14,503	(19,509)	661,524
Segment profit (loss)	(8,997)	499	(9,782)	19,715	1,435	(1,540)	(10,054)	(10,159)

Nine months ended December 31, 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	437,140	184,942	96,899	100,646	819,628	1,398	-	821,027
Intersegment (Note 1)	2,922	109	490	4,346	7,870	11,513	(19,383)	-
Total	440,063	185,051	97,390	104,992	827,498	12,912	(19,383)	821,027
Segment profit (loss)	1,481	11,196	(9,576)	14,071	17,172	(1,990)	(11,793)	3,388

(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.

Three months ended December 31, 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	107,608	47,408	28,162	32,767	215,946	473	-	216,420
Intersegment (Note 1)	598	55	182	1,420	2,256	4,140	(6,397)	-
Total	108,207	47,463	28,345	34,187	218,203	4,614	(6,397)	216,420
Segment profit (loss)	(4,617)	(969)	(4,509)	5,239	(4,856)	(450)	(3,289)	(8,595)

Three months ended December 31, 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	158,668	65,088	32,901	33,193	289,852	431	-	290,283
Intersegment (Note 1)	1,006	69	173	1,542	2,790	3,771	(6,561)	-
Total	159,674	65,157	33,074	34,736	292,643	4,202	(6,561)	290,283
Segment profit (loss)	4,880	6,178	(544)	3,359	13,873	(794)	(4,552)	8,526

(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.