

Summary of Consolidated Financial Results for the Six Months Ended September 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:	November 11, 2022
Scheduled date for dividends payment:	November 29, 2022
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 six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated results of operations

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

Six months ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	530,743	19.2	(5,138)	-	(3,111)	-
September 30, 2021	445,104	15.7	(1,563)	-	(2,742)	-

Six 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	%
September 30, 2022	(7,035)	-	(6,742)	-	58,881	-
September 30, 2021	(4,254)	-	(4,316)	-	1,548	-

(Note) The change from the same period of the previous fiscal year for the total comprehensive income for the six months ended September 30, 2022 exceeds 1,000% and thus is not shown in the above table.

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2022	(13.66)	(13.66)
September 30, 2021	(8.75)	(8.75)

(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	%
September 30, 2022	1,475,805	605,814	592,757	40.2
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: Yes

■ Notes

- (1) Changes in significant subsidiaries for the six months ended September 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 September 30, 2022: 502,664,337 shares
 - As of March 31, 2022: 502,664,337 shares
 - b. Number of treasury shares
 - As of September 30, 2022: 8,775,600 shares
 - As of March 31, 2022: 8,991,342 shares
 - c. Average number of issued and outstanding shares during the period
 - The six months ended September 30, 2022: 493,745,187 shares
 - The six months ended September 30, 2021: 493,542,043 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 September 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 SIX MONTHS ENDED SEPTEMBER 30, 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 Wednesday, November 2, 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 SIX MONTHS ENDED SEPTEMBER 30, 2022

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	445.1	530.7	85.6	19.2
Gross profit	195.4	226.0	30.5	15.6
Operating profit (loss)	(1.5)	(5.1)	(3.5)	-
Profit (loss) before tax	(2.7)	(3.1)	(0.3)	-
Profit (loss) attributable to owners of the Company	(4.3)	(6.7)	(2.4)	-
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(8.75)	(13.66)	(4.91)	-
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	18.2	17.8	(0.3)	(1.9)
Depreciation and amortization expenses	37.7	37.7	(0.0)	(0.1)
Research and development expenses	31.3	31.1	(0.2)	(0.8)
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	11.9	(25.3)	(37.3)	-
	Number	Number	Number	%
Number of employees in the Group	39,508	39,647	139	0.4
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	109.80	133.97	24.17	22.0
Euro	130.90	138.73	7.83	6.0

During the six months ended September 30, 2022 (the "current period"), the Group's consolidated revenue amounted to 530.7 billion yen, an increase of 19.2% year-on-year. Continuing from the first quarter of the current fiscal year ended June 30, 2022 (the "first quarter"), the Digital Workplace Business, the Professional Print Business, and the Healthcare Business reported year-on-year increases in revenue during the second quarter of the current fiscal year (the "current accounting period") as well. By region, the company achieved revenue growth in North America, Europe, China, and Japan by 33%, 19%, 12%, and 1% year-on-year, respectively, resulting in the increase in revenue in all regions in the current period.

In the Digital Workplace Business and the Professional Print Business, the hardware was in short supply until 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 a certain area in China, delays of procured semiconductors and other materials, and prolonged logistics transportation periods. However, after the restrictions were lifted, as a result of company-wide efforts to secure parts and materials, increase production and supply volume, and shorter logistics transportation period as well, sales volume were increased. As a result, the clearance of the backlog of orders that had accumulated until the first quarter has made progress, resulting in a significant increase in revenue for the current period. 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 slowdown in the display film market.

In terms of profit, the Company continues to control selling, general and administrative expenses while expanding gross profit through revenue growth. On the other hand, in order to accelerate the improvement of profitability, mainly in Digital Workplace Business, the Company is implementing structural reforms and recorded approximately 3.6 billion yen of one-time expenses in the current period. As a result of the above, the operating loss for the current period arrived at 5.1 billion yen (an operating loss of 1.5 billion yen in the same period of the

previous fiscal year). While the Company had an operating loss of 11.0 billion yen in the first quarter, it shifted to an operating profit of 5.8 billion yen in the current accounting period. Loss before income taxes marked 3.1 billion yen (loss before income taxes of 2.7 billion yen in the same period of the previous fiscal year), and loss attributable to owners of the Company ended up at 6.7 billion yen (loss attributable to owners of the Company of 4.3 billion yen in the same period of the previous fiscal year). In the first quarter, although the Company recorded loss attributable to owners of the Company of 8.7 billion yen, its result shifted to quarterly profit attributable to owners of the Company of 1.9 billion yen in the current accounting period.

b. Overview by Segment

		Six months ended September 30, 2021	Six months ended September 30, 2022	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	226.1	278.4	52.3	23.2
	Operating profit	(4.3)	(3.3)	0.9	-
Professional Print Business	Revenue	93.5	119.8	26.3	28.2
	Operating profit	1.4	5.0	3.5	241.6
Healthcare Business	Revenue	56.2	63.9	7.7	13.8
	Operating profit	(5.2)	(9.0)	(3.7)	-
Industry Business	Revenue	68.5	67.4	(1.1)	(1.7)
	Operating profit	14.4	10.7	(3.7)	(26.0)
Subtotal	Revenue	444.4	529.7	85.3	19.2
	Operating profit	6.2	3.2	(2.9)	(47.6)
Others and adjustments (Note 2)	Revenue	0.6	0.9	0.2	44.1
	Operating profit	(7.8)	(8.4)	(0.5)	-
Amount reported in the Condensed Consolidated Statement of Profit or Loss	Revenue	445.1	530.7	85.6	19.2
	Operating profit	(1.5)	(5.1)	(3.5)	-

(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, the number of orders of A3 multi-functional peripherals (MFPs) continued to be on a recovery trend. Although, as mentioned above, 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. The hardware sales volume in the current accounting period increased among major regions, including Europe, the United States, and Japan due to the improvement seen in the prolonged transportation period. The sales volumes of both color models and monochrome models significantly increased compared to the first quarter, and the Company achieved to increase the overall sales volume by reaching the sales volumes of color models, monochrome models, and all models in the current period at 130%, 96%, and 115% year-on-year, respectively. Also, the backlog of orders decreased by 14% from approximately 67.0 billion yen at the end of June 2022 to approximately 57.5 billion yen at the end of September (Both, at the end of June and September, 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 take care of the entire IT platform of customers, enjoyed expanded sales volume by the growing number of orders received in the United States and Europe and increased recurring revenue, resulting in revenue growth in the current period year-on-year.

Based on the above, the Digital Workplace Business segment recorded a revenue of 278.4 billion yen, an increase of 23.2% year-on-year, and an operating loss of 3.3 billion yen (an operating loss of 4.3 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 Shanghai, China, similarly to the office unit. As a result, the sales volume of the hardware during the current accounting period grew significantly for both color models and monochrome models compared to the first quarter, and the Company achieved to increase the overall sales volume by reaching the sales volumes of color models, monochrome models, and all models in the current period at 129%, 108% and 122% year-on-year, respectively. Also, the backlog of orders decreased by 9 % from approximately 11.5 billion yen at the end of June 2022 to approximately 10.5 billion yen at the end of September (Both, at the end of June and September, converted to the prevailing exchange rate). As for the non-hardware revenue, the print volume among commercial printing companies is on a recovery trend, despite the slower-than-expected recovery in the print volume mainly in in-house printing. In addition, the sales for dealers were increased due to the recovery in the supply of toners in Europe, resulting in the growth in non-hardware revenue.

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

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

Based on the above, the Professional Print Business recorded a revenue of 119.8 billion yen, an increase of 28.2% year-on-year and an operating profit of 5.0 billion yen, an increase of 241.6% year-on-year.

iii. Healthcare Business

In the healthcare field, the company expanded the sales of digital radiography (DR), used for X-ray diagnosis, in the market of hospitals and clinics in Japan, and a solid growth of sales mainly of X-ray systems was seen in the hospital market in the United States as well. The sales volume of diagnostic ultrasound systems increased in Japan and the Asian region despite the fact that the 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 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 which 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 long-term shortage of medical staff members in the United States. The revenue from the Company's drug discovery support service surpassed the level before the spread of COVID-19, although there were delays in clinical studies conducted by pharmaceutical companies because of the same reason mentioned above. Consequently, revenue of the whole precision medicine field increased year-on-year.

As a result, the Healthcare Business recorded a revenue of 63.9 billion yen, an increase of 13.8% year-on-year, and an operating loss of 9.0 billion yen (operating loss of 5.2 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 led to an increase in revenue year-on-year. The demand for object color measurement instruments across China and North America contributed to the continuous 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, the performance materials unit experienced a substantial decline in demand for films in the market, responding to the adjustments in surplus stock the downstream of supply

chains. Even under such circumstances, the steady sales continued for phase difference films for Vertical Alignment (VA), which is one of the Company's main products. Meanwhile, a decline in sales volumes of phase difference films for In Plane Switching (IPS) and thin films for IT and smartphones, affected by the adjustments in market stock, resulted in a decrease in revenue year-on-year. In the inkjet (I) components unit, although the sales in China, a major market, had been negatively affected by the restrictions of activities in Shanghai, the demand has recovered during the current accounting period, 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, 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 steady trend of the sales of lenses for projectors and interchangeable lenses.

In the imaging-IoT solutions field, the sales volume for the monitoring camera solution in Europe, a major market, in the imaging-IoT solutions unit landed at almost the same level as the same period of the previous fiscal year. "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 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 through alliances with strategic partners. During the current accounting period, the Company commenced to provide the abnormal heat detection system that supports prevention of accidents due to a temperature rise, by collaborating with one of the FORXAI partners, i-PRO Co., Ltd. The visual solutions unit had a steady stream of visitors at directly operated planetariums and strong sales of merchandise. Also, the strong sales of digital equipment achieved revenue growth year-on-year. The imaging-IoT solutions field as a whole enjoyed an improvement in revenue year-on-year.

As a result, the Industry Business segment recorded a revenue of 67.4 billion yen, a decrease of 1.7% from a year earlier, and an operating profit of 10.7 billion yen, a decrease of 26.0% year-on-year.

(Reference) Overview of the quarterly consolidated accounting period

	Three months ended September 30, 2021	Three months ended September 30, 2022	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	215.2	282.8	67.6	31.4
Gross profit	94.1	121.2	27.1	28.8
Operating profit (loss)	(4.6)	5.8	10.5	-
Profit (loss) before tax	(5.2)	4.4	9.7	-
Profit (loss) attributable to owners of the Company	(5.2)	1.9	7.2	-
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(10.73)	4.03	14.76	-
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	9.3	9.5	0.1	1.7
Depreciation and amortization expenses	18.7	18.8	0.1	0.6
Research and development expenses	16.0	15.8	(0.2)	(1.3)
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	14.6	(0.5)	(15.1)	-
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	110.11	138.37	28.26	25.7
Euro	129.84	139.34	9.50	7.3

Overview of major segments

		Three months ended September 30, 2021	Three months ended September 30, 2022	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	104.9	149.5	44.6	42.5
	Operating profit	(5.4)	4.1	9.6	-
Professional Print Business	Revenue	45.6	64.7	19.1	42.0
	Operating profit	0.5	4.0	3.5	702.7
Healthcare Business	Revenue	30.9	35.3	4.3	14.0
	Operating profit	(2.0)	(2.5)	(0.4)	-
Industry Business	Revenue	33.3	32.5	(0.8)	(2.4)
	Operating profit	6.5	4.4	(2.0)	(31.2)
Subtotal	Revenue	214.8	282.2	67.3	31.3
	Operating profit	(0.4)	10.2	10.7	-
Others and adjustments (Note 2)	Revenue	0.3	0.6	0.3	90.0
	Operating profit	(4.1)	(4.3)	(0.2)	-
Amount reported in the Condensed Consolidated Statements of Profit or Loss	Revenue	215.2	282.8	67.6	31.4
	Operating profit	(4.6)	5.8	10.5	-

(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.

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2022	As of September 30, 2022	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,338.1	1,475.8	137.6
Total liabilities	776.6	869.9	93.3
Total equity	561.5	605.8	44.3
Equity attributable to owners of the Company	549.8	592.7	42.9
	%	%	%
Equity ratio attributable to owners of the Company	41.1	40.2	(0.9)

Total assets as of September 30, 2022, were 1,475.8 billion yen, an increase of 137.6 billion yen (10.3%) from March 31, 2022. This is primarily attributed to an increase of 56.5 billion yen in inventories, an increase of 37.9 billion yen in goodwill and intangible assets, an increase of 28.8 billion yen in trade and other receivables, and an increase of 6.4 billion yen in other current assets.

Total liabilities as of September 30, 2022, were 869.9 billion yen, an increase of 93.3 billion yen (12.0%) from March 31, 2022. This is primarily attributed to an increase of 42.8 billion yen in bonds and borrowings, an increase of 26.7 billion yen in trade and other payables, and an increase of 14.3 billion yen in other financial liabilities.

Total equity as of September 30, 2022, was 605.8 billion yen, an increase of 44.3 billion yen (7.9%) from March 31, 2022.

Equity attributable to owners of the Company was 592.7 billion yen as of September 30, 2022, an increase of 42.9 billion yen (7.8%) from March 31, 2022. This is primarily attributed to an increase of 60.5 billion yen in other components of equity (primarily exchange differences on translation of foreign operations), a decrease of 7.5 billion yen in additional paid-in capital, a decrease of 7.4 billion yen in retained earnings due to cash dividends, and the recording of a loss attributable to owners of the Company of 6.7 billion yen.

As a result of the above, the equity ratio attributable to owners of the Company decreased 0.9 percentage points to 40.2%.

b. Analysis of Cash Flows

	Six months ended September 30, 2021	Six months ended September 30, 2022	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	35.8	(7.8)	(43.6)
Cash flows from investing activities	(23.9)	(17.5)	6.3
Total (Free cash flows)	11.9	(25.3)	(37.3)
Cash flows from financing activities	(27.1)	18.8	45.9

For the six months ended September 30, 2022, net cash used in operating activities was 7.8 billion yen, and net cash used in investing activities totaled 17.5 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 25.3 billion yen for the current period.

Net cash provided by financing activities was 18.8 billion yen.

In addition, cash and cash equivalents as of September 30, 2022, decreased by 0.3 billion yen from March 31, 2022, to 117.3 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 7.8 billion yen. On top of the loss before tax of 3.1 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 37.7 billion yen and an increase in trade and other receivables of 6.5 billion yen and cash outflows mainly due to an increase in inventories of 39.2 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 17.5 billion yen, mainly due to purchases of property, plant and equipment of 10.6 billion yen and purchases of intangible assets of 8.8 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 25.3 billion yen (an inflow of 11.9 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was 18.8 billion yen (net cash outflows of 27.1 billion yen for the same period in the previous fiscal year), reflecting proceeds from a net increase in short-term loans payable of 36.7 billion yen, repayments of lease liabilities of 9.9 billion yen, cash dividends paid of 7.4 billion yen, and 1.5 billion yen in redemption of bonds and repayments of long-term loans payable.

(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 current period and the impact on revenue and profit or loss of the revised exchange rates. The exchange rates for the rest of the fiscal year, which are the assumptions for the forecast, present 145 yen to the U.S. dollar and 140 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)	1,020.0	15.0	5.5	11.14
Revised forecast (B)	1,120.0	15.0	5.5	11.14
Change (B-A)	100.0	-	-	-
Percentage change (%)	9.8	-	-	-
(Reference) Actual results for the previous period (Year ended March 31, 2022)	911.4	(22.2)	(26.1)	(52.93)

* 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 SIX MONTHS ENDED SEPTEMBER 30, 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 September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	117,670	117,303
Trade and other receivables	280,214	309,046
Inventories	185,661	242,222
Income tax receivables	3,884	3,324
Other financial assets	970	6,237
Other current assets	30,449	36,864
Total current assets	618,851	714,998
Non-current assets		
Property, plant and equipment	287,749	288,405
Goodwill and intangible assets	354,094	392,048
Investments accounted for using the equity method	9	85
Other financial assets	28,320	24,963
Deferred tax assets	29,570	32,616
Other non-current assets	19,527	22,687
Total non-current assets	719,272	760,807
Total assets	1,338,124	1,475,805

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Trade and other payables	182,063	208,858
Bonds and borrowings	194,597	201,555
Lease liabilities	17,336	16,848
Income tax payables	4,389	6,286
Provisions	11,319	14,513
Other financial liabilities	45,095	58,075
Other current liabilities	56,192	57,848
Total current liabilities	510,995	563,987
Non-current liabilities		
Bonds and borrowings	159,709	195,610
Lease liabilities	77,012	80,246
Retirement benefit liabilities	10,603	11,016
Provisions	6,685	6,758
Other financial liabilities	4,076	5,460
Deferred tax liabilities	4,719	3,940
Other non-current liabilities	2,821	2,970
Total non-current liabilities	265,628	306,003
Total liabilities	776,623	869,990
Equity		
Share capital	37,519	37,519
Share premium	194,060	186,467
Retained earnings	269,461	259,343
Treasury shares	(9,517)	(9,389)
Share acquisition rights	464	444
Other components of equity	57,822	118,372
Equity attributable to owners of the Company	549,810	592,757
Non-controlling interests	11,690	13,056
Total equity	561,500	605,814
Total liabilities and equity	1,338,124	1,475,805

(2) Condensed Consolidated Statements of Profit or Loss

Six months ended September 30, 2021 and 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Revenue	445,104	530,743
Cost of sales	249,671	304,726
Gross profit	195,432	226,016
Other income	4,732	2,886
Selling, general and administrative expenses	198,362	225,281
Other expenses	3,366	8,759
Operating profit (loss)	(1,563)	(5,138)
Finance income	2,567	6,459
Finance costs	3,745	4,308
Share of profit (loss) of investments accounted for using the equity method	-	(124)
Profit (loss) before tax	(2,742)	(3,111)
Income tax expense (income)	1,511	3,923
Profit (loss) for the period	(4,254)	(7,035)
Profit (loss) attributable to:		
Owners of the Company	(4,316)	(6,742)
Non-controlling interests	62	(292)
Earnings (loss) per share	Yen	Yen
Basic	(8.75)	(13.66)
Diluted	(8.75)	(13.66)

Three months ended September 30, 2021 and 2022

(Millions of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Revenue	215,243	282,894
Cost of sales	121,104	161,635
Gross profit	94,139	121,258
Other income	1,489	1,134
Selling, general and administrative expenses	99,122	114,606
Other expenses	1,173	1,921
Operating profit (loss)	(4,667)	5,864
Finance income	1,415	931
Finance costs	2,039	2,257
Share of profit (loss) of investments accounted for using the equity method	-	(51)
Profit (loss) before tax	(5,291)	4,486
Income tax expense (income)	(166)	2,506
Profit (loss) for the period	(5,125)	1,979
Profit (loss) attributable to:		
Owners of the Company	(5,294)	1,989
Non-controlling interests	169	(9)
Earnings (loss) per share	Yen	Yen
Basic	(10.73)	4.03
Diluted	(10.73)	4.02

(3) Condensed Consolidated Statements of Comprehensive Income

Six months ended September 30, 2021 and 2022

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss) for the period	(4,254)	(7,035)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	21	2,703
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	304	(292)
Total items that will not be reclassified to profit or loss	326	2,410
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	350	6
Exchange differences on translation of foreign operations (net of tax)	5,126	63,499
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	5,476	63,505
Total other comprehensive income (loss)	5,802	65,916
Total comprehensive income (loss)	1,548	58,881
Total comprehensive income (loss) attributable to:		
Owners of the Company	1,086	57,851
Non-controlling interests	461	1,029

Three months ended September 30, 2021 and 2022

(Millions of yen)

	Three months ended September 30, 2021	Three months ended September 30, 2022
Profit (loss) for the period	(5,125)	1,979
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	21	2,703
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	363	(310)
Total items that will not be reclassified to profit or loss	384	2,392
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	230	119
Exchange differences on translation of foreign operations (net of tax)	2,293	21,545
Total items that may be subsequently reclassified to profit or loss	2,524	21,664
Total other comprehensive income (loss)	2,908	24,057
Total comprehensive income (loss)	(2,216)	26,036
Total comprehensive income (loss) attributable to:		
Owners of the Company	(2,562)	25,518
Non-controlling interests	346	518

(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	-	-	(4,316)	-	-	-	(4,316)	62	(4,254)
Other comprehensive income (loss)	-	-	-	-	-	5,403	5,403	399	5,802
Total comprehensive income (loss)	-	-	(4,316)	-	-	5,403	1,086	461	1,548
Dividends	-	-	(7,402)	-	-	-	(7,402)	-	(7,402)
Acquisition and disposal of treasury shares	-	-	(23)	75	-	-	51	-	51
Share-based payments	-	26	-	-	(27)	-	(1)	-	(1)
Changes in ownership interests in subsidiaries	-	(9)	-	-	-	-	(9)	9	-
Equity and other transactions with non-controlling shareholders	-	(38)	-	-	-	-	(38)	-	(38)
Put options written on non-controlling interests	-	(19,116)	-	-	-	-	(19,116)	-	(19,116)
Transfer from other components of equity to retained earnings	-	-	186	-	-	(186)	-	-	-
Total transactions with owners	-	(19,137)	(7,239)	75	(27)	(186)	(26,516)	9	(26,507)
Balance as of September 30, 2021	37,519	184,615	282,727	(9,619)	524	18,692	514,459	11,285	525,744

(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	-	-	(6,742)	-	-	-	(6,742)	(292)	(7,035)
Other comprehensive income (loss)	-	-	-	-	-	64,593	64,593	1,322	65,916
Total comprehensive income (loss)	-	-	(6,742)	-	-	64,593	57,851	1,029	58,881
Dividends	-	-	(7,405)	-	-	-	(7,405)	-	(7,405)
Acquisition and disposal of treasury shares	-	-	(13)	127	-	-	114	-	114
Share-based payments	-	(89)	-	-	(19)	-	(109)	-	(109)
Changes in ownership interests in subsidiaries	-	196	-	-	-	-	196	336	533
Equity and other transactions with non-controlling shareholders	-	(16)	-	-	-	-	(16)	-	(16)
Put options written on non-controlling interests	-	(7,683)	-	-	-	-	(7,683)	-	(7,683)
Transfer from other components of equity to retained earnings	-	-	4,043	-	-	(4,043)	-	-	-
Total transactions with owners	-	(7,593)	(3,374)	127	(19)	(4,043)	(14,903)	336	(14,566)
Balance as of September 30, 2022	37,519	186,467	259,343	(9,389)	444	118,372	592,757	13,056	605,814

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before tax	(2,742)	(3,111)
Depreciation and amortization expenses	37,756	37,715
Share of (profit) loss of investments accounted for using the equity method	-	124
Interest and dividends income	(1,731)	(1,686)
Interest expenses	3,293	3,964
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	563	358
(Increase) decrease in trade and other receivables	21,846	1,135
(Increase) decrease in inventories	1,526	(39,219)
Increase (decrease) in trade and other payables	(14,325)	6,588
Decrease due to transfer of rental assets	(1,758)	(1,973)
Increase (decrease) in retirement benefit liabilities	694	(160)
Others	(8,330)	(6,158)
Subtotal	36,792	(2,422)
Dividends received	366	254
Interest received	1,291	1,383
Interest paid	(3,279)	(3,860)
Income taxes (paid) refunded	696	(3,178)
Net cash provided by (used in) operating activities	35,866	(7,823)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,332)	(10,604)
Purchase of intangible assets	(8,881)	(8,828)
Proceeds from sales of property, plant and equipment, and intangible assets	541	558
Purchase of investments in subsidiaries	-	(662)
Proceeds from sales of investment securities	1,500	2,563
Proceeds from transfer of business	2,027	-
Payments for transfer of business	(38)	(89)
Others	(757)	(509)
Net cash provided by (used in) investing activities	(23,940)	(17,573)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	16,252	36,745
Proceeds from bonds issuance and long-term loans payable	171	544
Redemption of bonds and repayments of long-term loans payable	(26,379)	(1,581)
Repayments of lease liabilities	(9,754)	(9,959)
Cash dividends paid	(7,435)	(7,450)
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	(27,147)	18,847
Effect of exchange rate changes on cash and cash equivalents	670	6,184
Net increase (decrease) in cash and cash equivalents	(14,554)	(367)
Cash and cash equivalents at the beginning of the period	123,823	117,670
Cash and cash equivalents at the end of the period	109,268	117,303

(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)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Insurance income	77	1,178
Subsidy income including compensation for sustaining businesses	1,207	15
Gain on transfer of business	1,811	-
Others	1,635	1,691
Total	4,732	2,886

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Business structure improvement expenses	387	3,649
Settlement payments	-	1,587
Others	2,978	3,523
Total	3,366	8,759

[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.

Six months ended September 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	226,113	93,515	56,217	68,585	444,432	671	-	445,104
Intersegment (Note 1)	1,102	46	324	2,421	3,894	9,218	(13,112)	-
Total	227,215	93,561	56,542	71,006	448,326	9,889	(13,112)	445,104
Segment profit (loss)	(4,380)	1,468	(5,273)	14,476	6,291	(1,089)	(6,765)	(1,563)

Six months ended September 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	278,471	119,853	63,997	67,453	529,775	967	-	530,743
Intersegment (Note 1)	1,916	40	317	2,803	5,079	7,742	(12,821)	-
Total	280,388	119,894	64,315	70,256	534,854	8,709	(12,821)	530,743
Segment profit (loss)	(3,398)	5,017	(9,031)	10,712	3,299	(1,196)	(7,240)	(5,138)

(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 September 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	104,940	45,607	30,997	33,346	214,891	352	-	215,243
Intersegment (Note 1)	551	20	180	1,288	2,041	5,043	(7,084)	-
Total	105,492	45,628	31,177	34,634	216,932	5,395	(7,084)	215,243
Segment profit (loss)	(5,433)	509	(2,077)	6,504	(497)	(486)	(3,683)	(4,667)

Three months ended September 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	149,559	64,774	35,345	32,544	282,224	669	-	282,894
Intersegment (Note 1)	1,209	24	177	1,450	2,861	4,125	(6,986)	-
Total	150,768	64,799	35,522	33,995	285,085	4,795	(6,986)	282,894
Segment profit (loss)	4,179	4,092	(2,503)	4,474	10,243	(516)	(3,862)	5,864

(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.

[Significant Subsequent Event]

Funding through hybrid loan (subordinated term loans)

The Company repaid the full amount of the 100,000 million yen hybrid loan (subordinated term loan: the Existing Loan) executed on October 31, 2017, prior to its maturity, on October 31, 2022, and borrowed funds through a new hybrid loan (subordinated term loan: the Loan) on the same day.

- (a) Lenders: A syndicate of lenders managed by MUFG Bank, Ltd.
- (b) Loan amount: 100,000 million yen
- (c) Drawdown date: October 31, 2022
- (d) Maturity date: October 31, 2057

However, unless any of the subordination events has occurred and continues, the Company may prepay all or part of the principal of the Loan on each interest payment date on or after October 29, 2027

- (e) Use of proceeds: Repayment of the Existing Loan
- (f) Applicable loan interest: Floating rate based on six-month Japanese Bankers Association Japanese Yen TIBOR for the first five years. Floating interest rate with 1.0 % step-up after the first five years
- (g) Clause concerning interest payment
The Company may, at its discretion, defer payment of all or part of the interest on the Loan.
- (h) Subordination

The right to request payment under the Loan is subordinated to all senior creditors in the Company's liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings, and civil rehabilitation proceedings.

No terms and conditions of the Loan may be changed in any respect to the disadvantage of any creditor of the Company other than the creditors of the subordinated receivables (meaning the receivables that have substantially equal subordination condition as the Subordinated Loan).