May 13, 2019

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [IFRS]

Company name:	Konica Minolta, Inc.
Stock exchange listings:	Tokyo (First Section)
Securities code number:	4902
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Representative:	Shoei Yamana President and CEO, Representative Executive Officer
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Scheduled date for Ordinary General Meeting of Shareholders:	June 18, 2019
Scheduled date for dividends payment:	May 29, 2019
Scheduled date for submission of securities report:	June 19, 2019
Availability of supplementary information for the financial results:	Yes
Organization of briefing on the 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 fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated results of operations

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

Fiscal year ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	1,059,120	2.7	62,444	16.0	60,138	22.4
March 31, 2018	1,031,256	7.1	53,844	7.4	49,124	−0.4

Fiscal year ended	Profit for the year		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	41,729	29.6	41,705	29.3	41,654	20.2
March 31, 2018	32,207	2.3	32,248	2.2	34,642	36.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the Company	Profit before tax ratio to total assets	Operating profit ratio
	Yen	Yen	%	%	%
March 31, 2019	84.33	84.03	7.7	5.0	5.9
March 31, 2018	65.17	64.96	6.1	4.4	5.2

(Reference) Share of profit (loss) of investments accounted for using the equity method:
Fiscal year ended March 31, 2019: (624) million yen
Fiscal year ended March 31, 2018: (647) million yen

(Note) Basic earnings per share and diluted earnings per share are calculated based on the profit attributable to owners of 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	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2019	1,218,986	565,983	555,689	45.6	1,123.39
March 31, 2018	1,203,907	535,588	524,513	43.6	1,060.72

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2019	57,166	(41,480)	(40,246)	124,830
March 31, 2018	65,367	(133,737)	126,638	149,913

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, 2018	–	15.00	–	15.00	30.00
Fiscal year ended March 31, 2019	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2020 (forecast)	–	15.00	–	15.00	30.00

	Dividends paid (annual)	Dividends payout ratio (consolidated)	Dividends on equity attributable to owners of the Company ratio (consolidated)
	Millions of yen	%	%
Fiscal year ended March 31, 2018	14,872	46.0	2.8
Fiscal year ended March 31, 2019	14,876	35.6	2.7
Fiscal year ending March 31, 2020 (forecast)		32.6	

3. Consolidated forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	1,120,000	5.7	66,000	5.7	45,500	9.1	91.98

■ Notes

(1) Changes in important subsidiaries during the fiscal year ended March 31, 2019 (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): Yes
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 shares)

a. Number of issued and outstanding shares (including treasury shares)
As of March 31, 2019: 502,664,337 shares
As of March 31, 2018: 502,664,337 shares

b. Number of treasury shares
As of March 31, 2019: 8,008,984 shares
As of March 31, 2018: 8,175,975 shares

c. Average number of issued and outstanding shares during the year
The fiscal year ended March 31, 2019: 494,572,664 shares
The fiscal year ended March 31, 2018: 494,865,264 shares

Konica Minolta, Inc. (the "Company") has established the Board Incentive Plan trust in which beneficiaries include Directors, Executive Officers, Group Executives, and Technology Fellows. The shares owned by the trust account relating to this trust of 1,250,538 shares as of March 31, 2019, and 1,274,000 shares as of March 31, 2018, are accounted for as treasury shares.

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Non-consolidated results of operations

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

Fiscal year ended	Revenue		Operating profit		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	452,680	3.8	5,745	–	7,976	4.2
March 31, 2018	436,157	-0.2	82	-97.5	7,655	−51.6

Fiscal year ended	Net income		Net income per share	Net income per share (fully-diluted)
	Millions of yen	%	Yen	Yen
March 31, 2019	7,695	−39.7	15.56	15.50
March 31, 2018	12,756	8.8	25.78	25.70

(2) Non-consolidated financial position

As of	Total assets	Total equity	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2019	766,679	335,001	43.6	675.55
March 31, 2018	792,860	343,086	43.2	691.93

(Reference) Equity:
Fiscal year ended March 31, 2019: 334,165 million yen
Fiscal year ended March 31, 2018: 342,151 million yen

■ This summary of consolidated financial results falls outside the scope of audit 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 assumptions determined to be reasonable, and are not intended to assure achievement of the Group’s operations. Actual results may differ significantly from the forecasts due to various factors. For further details of the assumptions and other factors considered by the Company in preparing the above forecasts, refer to “1. OVERVIEW OF FINANCIAL RESULTS, (1) Overview of Consolidated Operating Results, c. Outlook for the Fiscal Year Ending March 31, 2020” in the attached Supplementary Information on page 13.

Supplementary information for the financial results and briefing on the financial results
The Company will hold a briefing on the financial results for institutional investors on Monday, May 13, 2019. The proceedings and details of the briefing, along with the supplementary information on the 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. OVERVIEW OF FINANCIAL RESULTS

(1) Overview of Consolidated Operating Results

a. Overview

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	1,031.2	1,059.1	27.8	2.7
Gross profit	489.8	508.8	19.0	3.9
Operating profit	53.8	62.4	8.5	16.0
Profit before tax	49.1	60.1	11.0	22.4
Profit attributable to owners of the Company	32.2	41.7	9.4	29.3
	Yen	Yen	Yen	%
Basic earnings per share	65.17	84.33	19.16	29.4
	%	%		
ROE	6.1	7.7	1.6	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	38.7	52.5	13.7	35.6
Depreciation and amortization expenses	56.2	59.0	2.7	4.9
Research and development expenses	77.0	78.3	1.3	1.8
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flow	(68.3)	15.6	84.0	—
	Number	Number	Number	%
Number of employees in the Group	43,299	44,360	1,061	2.5
Foreign exchange rates	Yen	Yen	Yen	%
U.S. dollar	110.85	110.91	0.06	0.1
Euro	129.70	128.41	(1.29)	-1.0

(Note) ROE = Profit attributable to owners of the Company divided by equity attributable to owners of the Company (average of beginning and ending balances)

Looking back at the economic situation during the fiscal year ended March 31, 2019 (hereafter, "the current fiscal year"), economic growth in Europe slowed down because of lower manufacturing exports to China and other countries and continuing uncertainty over Brexit. In the United States, despite a decline in exports to China during the latter half of the current fiscal year, strong consumer spending continued to drive domestic demand growth, and capital expenditures demonstrated steady growth. Meanwhile, in China, economic growth has slowed due to a lower level of capital expenditures in the manufacturing industry affected by the China-United States trade friction. The uncertainty in the global economy slowed down export growth and led to sluggish capital expenditures in Japan; however, Japan was able to sustain moderate growth overall.

Under such economic environment, the Group's revenue on a consolidated basis for the current fiscal year was 1,059.1 billion yen, an increase of 2.7% year-on-year. By business segment, revenue in the Office Business grew due to a higher sales volume of color MFPs, primarily sales of high-speed color models, along with a contribution by expansion in revenue from IT services solutions. The Professional Print Business posted growth in revenue, reflecting a higher sales volume of digital printing systems, mainly color and monochrome equipment of high-speed models, and expansion of sales in the industrial printing business unit, which is positioned as a growth business of the Group. In the Healthcare Business, the discontinuation of sales of certain purchased products led to a year-on-year decrease in revenue. Revenue in the Industrial Business remained at the same level as in the previous fiscal year with higher sales in the performance materials business unit and the inkjet component business unit offsetting a decline in revenue due to slowing demand for products in the measuring instruments unit.

Operating profit was 62.4 billion yen, an increase of 16.0% year-on-year. Various initiatives taken to boost the profitability of the Group's core business under the Medium-Term Business Plan contributed to generate the intended performance, and as a result, there was an increase in operating profit in the Office Business and the Professional Print Business, which led to a year-on-year increase in profit overall.

Profit before tax came in at 60.1 billion yen, an increase of 22.4% year-on-year, while profit attributable to owners of the Company amounted to 41.7 billion yen, an increase of 29.3% year-on-year.

With an aim of becoming a high-profit company, the Company is actively engaged in developing businesses in the following three areas under its Medium Term Business Plan, "SHINKA 2019."

1. High value-added services appropriate to an Internet of Things (IoT) era in which things are connected to other things
2. Full-scale promotion of digitization in commercial and industrial printing
3. Full-scale entry into the area of precision medicine

During the current fiscal year, which marks the half-way point of the Medium Term Business Plan, the Company identified the following two focal points to actively play its part in solving its customers' business issues and social issues.

1. Fundamental strengthening of profitability in core businesses
2. Steady business growth in new fields

Regarding the "Fundamental strengthening of profitability in core businesses," the Company's unique approach of value-added sales led to an increase in sales of high-speed models in the Office Business and Professional Business. In addition, by focusing on usability and appealing levels of quality, development and preparation for production of new products that are expected to be released in the fiscal year ending March 31, 2020, made a steady progress. In the Industrial Business, development and preparation for commercial production of new resin films progressed as planned in the performance materials business unit, and it is now ready for their full-scale sales.

Regarding the "Steady business growth in new fields," sales of the Workplace Hub, an edge IoT platform provided by the Company, commenced in Europe and North America. Subsequent to the confirmation of assumed customer values (customer needs) and the acceptability of the price setting, the sales area has now expanded to nine countries. In the precision medicine business field, the Company established a company dedicated to this business field in Japan and commenced business activities, and also established a global headquarter in the United States to execute strategies that will generate synergies through centralized management of the combined businesses, including the two companies acquired in the United States.

As a result of initiatives such as those described above, the foundation of the business activities for the fiscal year ending March 31, 2020, which is the final year of the "SHINKA 2019," and further development of the Group's business in coming years has been firmly established.

b. Overview by Segment

		Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Office Business	Revenue	583.8	587.8	3.9	0.7
	Operating profit	44.9	47.1	2.2	5.1
Professional Print Business	Revenue	214.2	227.7	13.4	6.3
	Operating profit	9.2	13.8	4.5	49.2
Healthcare Business	Revenue	96.5	90.9	(5.5)	-5.8
	Operating profit	5.5	2.3	(3.1)	-57.0
Industrial Business	Revenue	118.2	116.7	(1.5)	-1.3
	Operating profit	23.4	20.9	(2.5)	-10.7
Subtotal	Revenue	1,012.9	1,023.2	10.3	1.0
	Operating profit	83.2	84.3	1.1	1.4
Others and adjustments (Note 2)	Revenue	18.3	35.8	17.4	95.4
	Operating profit	(29.3)	(21.9)	7.4	—
Amount reported in the Consolidated Statement of Profit or Loss	Revenue	1,031.2	1,059.1	27.8	2.7
	Operating profit	53.8	62.4	8.5	16.0

(Notes)
1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "4. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES (6) Notes to the Consolidated Financial Statements [Segment Information]." "Operating profit" is the total of "Others" and "Adjustments" within the same table.

i. Office Business

In the office products business unit, the sales volume of monochrome A3 MFPs declined, but the sales of color models grew considerably, resulting in an overall increase in the sales volume year-on-year. Among color models, in developed countries, such as Europe, the United States, and Japan, sales of the high-speed products launched in the previous fiscal year expanded. In growth countries, such as China, the ASEAN region, and India, there was a considerable increase in the sales of a wide range of models, from low speed to high speed, producing the results as targeted in strategic initiatives undertaken for the current fiscal year, under the Group's regional strategy.

In the IT services solution business unit, in addition to the effects of newly consolidated subsidiaries arising from acquisitions in the United States and Europe, strengthening sales and service delivery capabilities of the managed IT services, as part of efforts to develop a sales structure for the Workplace Hub, an edge IoT platform, achieved the optimum results, driving year-on-year increase in revenue.

As a result, the Office Business segment recorded revenue of 587.8 billion yen, an increase of 0.7 % year-on-year, and operating profit of 47.1 billion yen, an increase of 5.1% year-on-year.

ii. Professional Print Business

In the production print business unit, the sales volume of both monochrome and color equipment increased considerably year-on-year. Sales of color models were driven by Europe, while there was a considerable increase in sales in growth countries, including China, India, and the ASEAN region. Sales of monochrome models increased in the United States and growth countries.

In the industrial printing business unit, the sales volume of the "AccurioJet KM-1" digital inkjet press significantly increased, while sales of label printers and digital decoration printing equipment made by MGI achieved the highest market share in the targeted markets. As the sales area expanded beyond Europe and the United States over growth countries, such as China, the ASEAN region, and India, the sales structure was strengthened by allocating resources with the right level of expertise.

In the marketing services business unit, in addition to an increase in revenue from recovering demand from major corporate customers, accelerated transition to a business that provides high value-added services had the profitability improved.

As a result, the Professional Print Business segment recorded revenue of 227.7 billion yen, an increase of 6.3% year-on-year, and operating profit of 13.8 billion yen, an increase of 49.2% year-on-year.

iii. Healthcare Business

In the healthcare (modality) business unit, despite the increase in the sales volume of the digital radiography in Japan, sales to hospitals in the United States slightly decreased, leading to a lower volume of sales than that in the previous fiscal year. Dynamic Digital Radiography designed to enhance conventional diagnostic methods using X-ray, released in November 2018, received favorable responses from medical institutions which implemented the system. Diagnostic ultrasound systems continued to hold the top-seller position in the field of orthopedics, and sales from the obstetrics and gynecology business acquired in the previous fiscal year also contributed to an increase in sales of such system. As a result, the sales volume grew steadily mainly in Japan and the United States.

In the medical IT business unit, the sales volume of the Picture Archiving and Communication system (PACS) decreased, but revenue from service solutions grew mainly due to "Informity," a medical IT service platform.

For the business segment as a whole, the discontinuation of sales of low-margin purchased products led to a year-on-year decrease in revenue. In addition, since the temporary income that was generated from the liquidation of assets through sale and leaseback arrangements recorded in the previous fiscal year is not present in the current fiscal year and the sales of DR decreased in the United States, it resulted in lower operating profit compared with the previous fiscal year.

As a result, the Healthcare Business segment recorded revenue of 90.9 billion yen a decrease of 5.8% year-on-year), and operating profit of 2.3 billion yen, a decrease of 57.0% year-on-year.

iv. Industrial Business

In the field of materials and components, the performance materials business unit grew at a steady pace primarily in the growing market, backed by sales of high value-added products, such as phase difference film. As a result, revenue rose significantly year on year. Development of new resin products that will be a key to the Group's future strategy, has progressed significantly, and their market recognition has also enhanced. In the optical component business unit, steady sales of optical materials for projectors and of interchangeable lenses for camera continued to be seen; however, the sales volume of other optical parts fell, resulted in a decrease in revenue compared with the previous year. In the inkjet component business unit, revenue increased year on year due to an increase in orders received from the existing customers in Asia throughout the current fiscal year.

In the field of optical systems for industrial use, while a trend of business-opportunity expansion is still continuing through capturing the surge of demand from customers in the measuring instruments business unit, revenue fell year on year due to the effects of the concentrated display-related investments by customers that drove revenue in the previous fiscal year.

As a result, the Industrial Business segment recorded revenue of 116.7 billion yen, a decrease of 1.3% year-on-year, and operating profit of 20.9 billion yen, a decrease of 10.7% year-on-year, reflecting a decline in revenue in the field of optical systems for industrial use.

(Reference) Overview of the quarterly consolidated accounting period

	Three months ended March 31, 2018	Three months ended March 31, 2019	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	281.0	281.5	0.5	0.2
Gross profit	132.2	131.2	(1.0)	-0.8
Operating profit	24.7	11.9	(12.8)	-51.8
Profit before tax	21.9	12.1	(9.7)	-44.6
Profit attributable to owners of the Company	13.6	7.9	(5.6)	-41.6
	Yen	Yen	Yen	%
Basic earnings per share	27.57	16.10	(11.47)	-41.6
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	13.9	19.0	5.0	36.4
Depreciation and amortization expenses	14.9	14.9	0.0	0.4
Research and development expenses	20.0	19.0	(1.0)	-5.2
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flow	25.6	(1.1)	(26.8)	-
Foreign exchange rates	Yen	Yen	Yen	%
U.S. dollar	108.30	110.20	1.9	1.8
Euro	133.22	125.15	(8.07)	-6.1

Overview of major segments

		Three months ended March 31, 2018	Three months ended March 31, 2019	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Office Business	Revenue	156.1	151.3	(4.7)	-3.1
	Operating profit	14.9	12.8	(2.1)	-14.2
Professional Print Business	Revenue	59.2	62.6	3.4	5.8
	Operating profit	4.2	5.1	0.8	21.3
Healthcare Business	Revenue	29.6	29.8	0.1	0.7
	Operating profit	1.6	1.2	(0.4)	-28.0
Industrial Business	Revenue	28.1	28.2	0.1	0.5
	Operating profit	5.8	3.8	(1.9)	-33.4
Subtotal	Revenue	273.1	272.1	(1.0)	-0.4
	Operating profit	26.7	23.0	(3.6)	-13.7
Others and adjustments	Revenue	7.8	9.3	1.5	19.7
	Operating profit	(1.9)	(11.1)	(9.1)	-
Amount reported in the Consolidated Statement of Profit or Loss	Revenue	281.0	281.5	0.5	0.2
	Operating profit	24.7	11.9	(12.8)	-51.8

c. Outlook for the Fiscal Year Ending March 31, 2020

With regard to the global economic situation in which the Group operates, while uncertainty over economic recovery remains in Europe, economic growth is expected in the United States, supported by favorable employment conditions, and a movement to deter economic slowdown has been seen in China through review of its fiscal policies. The global economic situation has an impact on Japan; however, Japan's economy is expected to remain on a moderate growth path.

The demand outlook for the main markets in which the Group operates, in the Office Business, it is expected that demand for high-speed color models to enhance operational productivity will rise in both growth countries, such as China, and developed countries and that needs for IT services from small- to medium-sized companies will rise as their awareness of cyber-security risks heightens. In the Professional Print Business, digitization in commercial and industrial printing is expected to make further advancement. In the Healthcare Business, digitization efforts for medical diagnostic equipment will be continued. In the Industrial Business, in line with innovations and diversified manufacturers in display and automobile industries, demand for the Company's products and solutions with a competitive edge is expected to remain solid.

Taking into account these conditions, the exchange rate assumptions that form the basis of results forecasts for the fiscal year ending March 31, 2020, have been set to [¥110 to the U.S. dollar and ¥125 to the euro, respectively], with forecasts as follows:

	Fiscal year ended March 31, 2019	Forecast for the fiscal year ending March 31, 2020
	Billions of yen	Billions of yen
Revenue	1,059.1	1,120.0
Operating profit	62.4	66.0
Profit attributable to owners of the Company	41.7	45.5
	%	%
ROE (Note)	7.7	8.0

(Note) Profit attributable to owners of the Company divided by equity attributable to owners of the Company (average of beginning and ending balances)

*The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that 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.

(2) Overview of Consolidated Financial Position

a. Analysis of Financial Position

	As of March 31, 2018	As of March 31, 2019	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,203.9	1,218.9	15.0
Total liabilities	668.3	653.0	(15.3)
Total equity	535.5	565.9	30.3
Equity attributable to owners of the Company	524.5	555.6	31.1
	Yen	Yen	Yen
Equity per share attributable to owners of the Company	1,060.72	1,123.39	62.67
	%	%	%
Equity ratio attributable to owners of the Company	43.6	45.6	2.0

Total assets as of March 31, 2019, were 1,218.9 billion yen, an increase of 15.0 billion yen (1.3%) from the previous fiscal year-end. This is primarily attributed to an increase of 14.1 billion yen in property, plant and equipment; an increase of 13.4 billion yen in goodwill and intangible assets; an increase of 12.1 billion yen in trade and other receivables; and a decrease of 25.0 billion yen in cash and cash equivalents.

Total liabilities as of March 31, 2019, were 653.0 billion yen, a decrease of 15.3 billion yen (2.3%) from the previous fiscal year-end. This is primarily attributed to a decrease of 19.9 billion yen in bonds and borrowings, a decrease of 13.1 billion yen in retirement benefit liabilities, and an increase of 15.0 billion yen in provisions.

Total equity as of March 31, 2019, amounted to 565.9 billion yen, an increase of 30.3 billion yen (5.7%) from the previous fiscal year-end.

Equity attributable to owners of the Company totaled 555.6 billion yen, an increase of 31.1 billion yen (5.9%) from the previous fiscal year-end. This is primarily attributed to 41.7 billion yen in profit for the year attributable to owners of the Company, and a decrease of 14.8 billion yen in retained earnings due to cash dividends.

As a result of the above, equity per share attributable to owners of the Company came to 1,123.39 yen, and the equity ratio attributable to owners of the Company increased 2.0 percentage points to 45.6%.

b. Analysis of Cash Flows

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	65.3	57.1	(8.2)
Cash flows from investing activities	(133.7)	(41.4)	92.2
Total (Free cash flows)	(68.3)	15.6	84.0
Cash flows from financing activities	126.6	(40.2)	(166.8)

During the fiscal year ended March 31, 2019, net cash provided by operating activities was 57.1 billion yen, while net cash used in investing activities totaled 41.4 billion yen. As a result, free cash flow (the sum of cash flows from operating and investing activities) was an inflow of 15.6 billion yen.

Net cash used in financing activities was 40.2 billion yen.

In addition, cash and cash equivalents as of March 31, 2019, decreased by 25.0 billion yen from the previous fiscal year-end to 124.8 billion yen, reflecting the effect of exchange rate changes on cash and cash equivalents.

Cash flows from operating activities

Net cash provided by operating activities was 57.1 billion yen. This is attributable to net effects of cash inflows due mainly to profit before tax of 60.1 billion yen, depreciation and amortization expenses of 59.0 billion yen, and an increase in trade and other payables of 3.4 billion yen, and cash outflows attributable due mainly to an adjustment for gain/loss from sales and disposals of property, plant and equipment and intangible assets of 17.3 billion yen, an increase in trade and other receivables of 14.1 billion yen, an increase in inventories of 5.9 billion yen, a decrease in retirement benefit liabilities of 10.3 billion yen, and payment of income taxes of 10.3 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 41.4 billion yen, due mainly to purchases of property, plant and equipment of 35.0 billion yen, purchases of intangible assets of 16.2 billion yen, purchases of investments in subsidiaries of 9.9 billion yen, and 21.5 billion yen in proceeds from sales of property, plant and equipment and intangible assets.

As a result, free cash flow (the sum of cash flows from operating and investing activities) was an inflow of 15.6 billion yen, compared to an outflow of 68.3 billion yen in the previous fiscal year.

Cash flows from financing activities

Net cash used in financing activities was 40.2 billion yen, compared to net cash provided in 126.6 billion yen in the previous fiscal year, reflecting redemptions of bonds and repayments of long-term loans payables of 27.0 billion yen, and cash dividends paid of 14.8 billion yen.

*Amounts less than one hundred million yen in the “1. OVERVIEW OF FINANCIAL RESULTS” section have been omitted.

2. ISSUES TO BE ADDRESSED

The Group has expanded its businesses and developed high value-added services through providing products globally in the office, production print, healthcare, and industrial businesses by embedding IT services that enhance those product values by resolving business issues specific to industries and businesses.

Meanwhile, the advance of technologies, such as IoT, artificial intelligence, and robotics, has been accelerating the speed of digital transformations in various industries. At the same time, the expectation and social needs for the Group have also been increasing as an entity that will resolve issues faced by society for realizing the sustainable world.

Under these circumstances, the Group believes that it is necessary to attempt to expand its business size in the new fields within growth and new businesses, in addition to honing the Group’s strength, which is competitive edges and profitability in its existing businesses, to realize further growth of the Group.

In the existing businesses, the Group will strive to improve efficiency and enhance profitability through the following: bringing new and innovative products to market that are tightly focused on usability and appealing levels of quality, and competitiveness; reducing manufacturing costs by promoting automation; reducing service costs through expanded use of predictive maintenance and remote support; and enhancing productivity of administration and indirect operations by utilizing information and digital technology.

In the growth and new businesses, the Group is highly committed to images, which is one of the Group’s strength, and focuses on “make the invisible visible” using the Group’s proprietary digital technologies. Such data and images generated will be accumulated and analyzed to create new values with high-security.

In particular, the Group has made a full-scale effort on working style reforms by ramping the Workplace Hub business, innovating printing processes and enhancing the “genre-top” strategy through industrial printing, inheriting technologies and skills in the manufacturing field as well as ensuring safety, pursuing nursing care based on scientific data, and promoting precision medicines. During the current fiscal year, customer values delivered by the Group received expected response, which provided reassurance that the Group is able to further strengthen its competitive edge. In the fiscal year ending March 31, 2020, the Group will prioritize allocation of management resources in order to expand the size of its growth. As a result, one of the management targets for FY2019, which is the operating profit target of at least 75 billion yen previously announced in the Medium Term Business Plan, “SHINKA 2019,” has been revised to 66 billion yen. That said, the Group is committed to build the solid foundations for growth and new businesses to develop those into the future revenue pillars for the Group.

Through these businesses, the Group aims to support all business person in demonstrating their creativity and contributes to improve the quality of life in an aging society in addition to realizing significant efficiency in operations, leading to the progress in business and human society.

In order to realize the sustainable world, it is vital for companies to continuously create innovations and enhance the human capital that can upgrade such innovations into the values to resolve issues faced by society. The Group will continue to discover and nurture diverse human resources from a global perspective, constantly invest in human capital in younger generations, and spread the awareness of the code of conduct “6 Values” with everyone in the Group, striving together as one, and continue to pursue the corporate philosophy “The Creation of New Value.”

3. BASIC VIEWS ON SELECTION OF ACCOUNTING STANDARDS

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) for its consolidated financial statements in order to unify accounting methods within the Group and improve the international comparability of financial information disclosed to the capital markets.

4. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	149,913	124,830
Trade and other receivables	263,453	275,563
Inventories	139,536	144,703
Income tax receivables	4,327	3,305
Other financial assets	1,427	3,406
Other current assets	23,018	27,128
Total current assets	581,676	578,937
Non-current assets		
Property, plant and equipment	192,941	207,138
Goodwill and intangible assets	332,699	346,133
Investments accounted for using the equity method	3,601	913
Other financial assets	47,507	46,711
Deferred tax assets	37,540	32,505
Other non-current assets	7,942	6,647
Total non-current assets	622,230	640,048
Total assets	1,203,907	1,218,986

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Trade and other payables	173,996	175,268
Bonds and borrowings	33,136	24,648
Income tax payables	5,038	7,875
Provisions	8,472	12,260
Other financial liabilities	1,874	463
Other current liabilities	48,888	50,857
Total current liabilities	271,407	271,374
Non-current liabilities		
Bonds and borrowings	260,530	249,088
Retirement benefit liabilities	51,599	38,457
Provisions	4,288	15,540
Other financial liabilities	59,781	58,284
Deferred tax liabilities	12,558	12,497
Other non-current liabilities	8,152	7,760
Total non-current liabilities	396,911	381,628
Total liabilities	668,318	653,002
Equity		
Share capital	37,519	37,519
Share premium	184,841	188,333
Retained earnings	298,366	324,628
Treasury shares	(10,189)	(9,979)
Share acquisition rights	934	836
Other components of equity	13,041	14,350
Equity attributable to owners of the Company	524,513	555,689
Non-controlling interests	11,075	10,294
Total equity	535,588	565,983
Total liabilities and equity	1,203,907	1,218,986

(2) Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Revenue	1,031,256	1,059,120
Cost of sales	541,453	550,231
Gross profit	489,803	508,888
Other income	24,856	25,402
Selling, general and administrative expenses	443,996	458,194
Other expenses	16,819	13,652
Operating profit	53,844	62,444
Finance income	3,778	6,091
Finance costs	7,851	7,772
Share of profit (loss) of investments accounted for using the equity method	(647)	(624)
Profit before tax	49,124	60,138
Income tax expense	16,916	18,409
Profit for the year	32,207	41,729
Profit attributable to:		
Owners of the Company	32,248	41,705
Non-controlling interests	(41)	24
Earnings per share	Yen	Yen
Basic	65.17	84.33
Diluted	64.96	84.03

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit for the year	32,207	41,729
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	2,985	(1,770)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	1,044	(1,701)
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	0	0
Total items that will not be reclassified to profit or loss	4,030	(3,471)
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	232	977
Exchange differences on translation of foreign operations (net of tax)	(1,854)	2,438
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	26	(18)
Total items that may be subsequently reclassified to profit or loss	(1,595)	3,396
Total other comprehensive income	2,435	(75)
Total comprehensive income	34,642	41,654
Total comprehensive income attributable to:		
Owners of the Company	33,952	42,311
Non-controlling interests	690	(656)

(4) Consolidated Statement 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 at April 1, 2017	37,519	202,631	276,709	(9,214)	998	15,685	524,331	9,818	534,149
Profit for the year	–	–	32,248	–	–	–	32,248	(41)	32,207
Other comprehensive income	–	–	–	–	–	1,703	1,703	731	2,435
Total comprehensive income	–	–	32,248	–	–	1,703	33,952	690	34,642
Dividends	–	–	(14,850)	–	–	–	(14,850)	–	(14,850)
Acquisition and disposal of treasury shares	–	–	(89)	(975)	–	–	(1,065)	–	(1,065)
Share-based payments	–	144	–	–	(63)	–	80	–	80
Changes in non-controlling interests due to changes in subsidiaries	–	–	–	–	–	–	–	35,924	35,924
Equity and other transactions with non-controlling shareholders	–	(135)	–	–	–	–	(135)	61	(73)
Put options written on non-controlling interests	–	(17,799)	–	–	–	–	(17,799)	(35,419)	(53,218)
Transfer from other components of equity to retained earnings	–	–	4,348	–	–	(4,348)	–	–	–
Total transactions with owners	–	(17,790)	(10,592)	(975)	(63)	(4,348)	(33,770)	566	(33,203)
Balance at March 31, 2018	37,519	184,841	298,366	(10,189)	934	13,041	524,513	11,075	535,588

(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 at March 31, 2018	37,519	184,841	298,366	(10,189)	934	13,041	524,513	11,075	535,588
Effect of changes in accounting policies	—	—	188	—	—	—	188	—	188
Restated balance at March 31, 2018	37,519	184,841	298,554	(10,189)	934	13,041	524,701	11,075	535,776
Profit for the year	—	—	41,705	—	—	—	41,705	24	41,729
Other comprehensive income	—	—	—	—	—	605	605	(681)	(75)
Total comprehensive income	—	—	41,705	—	—	605	42,311	(656)	41,654
Dividends	—	—	(14,836)	—	—	—	(14,836)	(46)	(14,882)
Acquisition and disposal of treasury shares	—	—	(91)	210	—	—	118	—	118
Share-based payments	—	342	—	—	(98)	—	243	—	243
Changes in non-controlling interests due to changes in subsidiaries	—	—	—	—	—	—	—	20	20
Equity and other transactions with non-controlling shareholders	—	(33)	—	—	—	—	(33)	(97)	(130)
Put options written on non-controlling interests	—	3,183	—	—	—	—	3,183	—	3,183
Transfer from other components of equity to retained earnings	—	—	(703)	—	—	703	—	—	—
Total transactions with owners	—	3,492	(15,631)	210	(98)	703	(11,323)	(123)	(11,447)
Balance at March 31, 2019	37,519	188,333	324,628	(9,979)	836	14,350	555,689	10,294	565,983

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before tax	49,124	60,138
Depreciation and amortization expenses	56,257	59,039
Impairment losses and reversal of impairment losses	592	942
Share of (profit) loss of investments accounted for using the equity method	647	624
Interest and dividends income	(3,201)	(4,544)
Interest expenses	5,043	6,642
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	(19,889)	(17,395)
(Increase) decrease in trade and other receivables	(7,665)	(14,113)
(Increase) decrease in inventories	(169)	(5,954)
Increase (decrease) in trade and other payables	11,546	3,472
Decrease due to transfer of lease assets	(6,856)	(7,333)
Increase (decrease) in retirement benefit liabilities	(4,786)	(10,335)
Others	139	(1,482)
Subtotal	80,783	69,698
Dividends received	605	640
Interest received	2,041	3,787
Interest paid	(4,010)	(6,586)
Income taxes (paid) refund	(14,052)	(10,373)
Net cash provided by (used in) operating activities	65,367	57,166

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,941)	(35,064)
Purchase of intangible assets	(11,014)	(16,281)
Proceeds from sales of property, plant and equipment, and intangible assets	23,486	21,576
Purchase of investments in subsidiaries	(116,942)	(9,957)
Purchase of investments accounted for using the equity method	(741)	(250)
Proceeds from sales of investments accounted for using the equity method	—	2,341
Purchase of investment securities	(1,610)	(143)
Proceeds from sales of investment securities	2,357	2,227
Payments for loans receivable	(46)	(112)
Collection of loans receivable	122	65
Payments for transfer of business	(1,060)	(3,062)
Others	(1,345)	(2,817)
Net cash provided by (used in) investing activities	(133,737)	(41,480)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(15,187)	1,301
Proceeds from bonds issuance and long-term loans payable	145,712	375
Redemption of bonds and repayments of long-term loans payable	(23,325)	(27,039)
Purchase of treasury shares	(1,164)	(5)
Cash dividends paid	(14,848)	(14,831)
Payment of dividends to non-controlling shareholders	—	(46)
Proceeds from share issuance to non-controlling shareholders	35,419	—
Others	32	0
Net cash provided by (used in) financing activities	126,638	(40,246)
Effect of exchange rate changes on cash and cash equivalents	(980)	(522)
Net increase (decrease) in cash and cash equivalents	57,285	(25,083)
Cash and cash equivalents at the beginning of the year	92,628	149,913
Cash and cash equivalents at the end of the year	149,913	124,830

(6) Notes to the Consolidated Financial Statements

[Notes Regarding Going Concern Assumptions]

Not applicable.

[Changes in Accounting Policies]

The Group has changed the following accounting policies effective from the fiscal year ended March 31, 2019. Other than these policies, there is no change in the significant accounting policies applied to the Group's consolidated financial statements from those applied to the consolidated financial statements of the fiscal year ended March 31, 2018.

(Adoption of IFRS 15 Revenue from Contracts with Customers)

The Group adopted IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014) and *Clarification to IFRS 15* (issued in April 2016) (collectively, "IFRS 15") effective from the fiscal year ended March 31, 2019.

The Group has applied IFRS 15 retrospectively in accordance with the transitional provisions with the cumulative effect of the initial application of IFRS 15 being recognized as an adjustment to the opening balance of retained earnings for the fiscal year ended March 31, 2019, and not restated the comparative information included in the consolidated financial statements.

Under IFRS 15, revenue is recognized based on the following five steps.
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation in the contract
Step 5: Recognize revenue when (or as) a performance obligation is satisfied

Revenue from sales of goods is recognized when control of the goods is transferred to a customer, and revenue is measured at an amount of the consideration promised in a contract with a customer less returns, discounts, rebates, and other similar items.

Revenue from providing services is recognized upon completion of providing services when the performance obligation is satisfied at a point in time, and it is recognized over the term of a contract depending on the progress at the end of each reporting period when the performance obligation is satisfied over time.

The incremental costs of obtaining a contract with a customer, and the costs incurred to fulfill a contract with a customer, are capitalized if they are expected to be recovered. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

Associated with the adoption of IFRS 15, some of the incremental costs for obtaining a contract that were previously recognized as expenses when incurred are recognized as assets effective from the fiscal year ended March 31, 2019. As a result, other current assets and retained earnings increased by 190 million yen and 188 million yen, respectively, in the consolidated statement of financial position at the beginning of the fiscal year ended March 31, 2019, compared with those accounted for under the previous accounting standard. The impact of this change on the consolidated statement of profit or loss is immaterial.

Other than the above, there are no significant changes in accounting policies due to the adoption of IFRS 15.

(Adoption of IFRS 9 (2014) *Financial Instruments*)

The Group adopted IFRS 9 *Financial Instruments* (revised in July 2014) ("IFRS 9") effective from the fiscal year ended March 31, 2019.

As a result of the adoption of IFRS 9, the incurred loss model in IAS 39 is replaced with the expected credit loss model. This new impairment model is applied to financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at fair value through other comprehensive income, but not to equity instruments and financial assets measured at fair value through profit or loss.

The Group previously classified all of its debt instruments as financial assets measured at amortized cost. As a result of the adoption of IFRS 9, debt instruments that meet both of the following conditions are classified as financial assets measured at fair value through other comprehensive income: debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling debt instruments; and the contractual terms of the debt instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Note that the adoption of IFRS 9 has no material effects on the Group's consolidated financial statements in the fiscal year ended March 31, 2019.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Gain on sales of property, plant and equipment, and intangible assets	20,858	20,490
Others	3,998	4,912
Total	24,856	25,402

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Loss on sales and disposals of property, plant and equipment, and intangible assets	968	3,095
Business structure improvement expenses	4,620	2,902
Loss on disposal of mass-produced trial products	1,804	1,777
Special extra retirement payments	5,332	—
Others	4,093	5,877
Total	16,819	13,652

[Segment Information]

(a) Reportable segments

Reportable segments of the Group are its constituent business units for which separate financial data are available and that are examined on a regular basis for the purpose of enabling the Group's management to decide on the allocation of resources and evaluate results of operations. The Group has established business segments 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 category. Since the Group comprises segments organized by products and service category, the Group has established four reportable segments as the "Office Business," "Professional Print Business," "Healthcare Business," and "Industrial Business" after taking into account the primary usage of products of the respective businesses in the markets and their similarities. The new businesses not included in these reportable segments, such as Bio-Healthcare, are reported as the "Others."

The business content of each reportable segment is as follows:

	Business content
Office Business	Development, manufacture, and sales of MFPs and related consumables; provision of related solutions and services
Professional Print Business	Development, manufacture, and sales of digital printing systems and related consumables; provision of various printing services, solutions, and services
Healthcare Business	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
Industrial Business	Materials and Components Development, manufacture, and sales of products, such as TAC film for LCD displays, OLED lighting, Industrial inkjet printheads, and lenses for industrial and professional use
	Optical Systems for Industrial Use Development, manufacture, and sales of measuring instruments and others

(b) Information by reportable segments

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

Fiscal year ended March 31, 2018

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3) (Note 4)	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total			
Revenue								
External	583,886	214,256	96,513	118,247	1,012,904	18,351	—	1,031,256
Intersegment (Note 1)	1,838	349	1,046	4,913	8,148	20,792	(28,940)	—
Total	585,724	214,606	97,560	123,161	1,021,052	39,144	(28,940)	1,031,256
Segment profit (loss)	44,905	9,279	5,572	23,454	83,212	(14,850)	(14,517)	53,844
Other items								
Depreciation and amortization expenses	25,224	9,574	4,038	8,173	47,011	3,487	5,759	56,257
Impairment losses on non-financial assets	9	360	—	—	369	223	—	592

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3) (Note 4)	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total			
Revenue								
External	587,879	227,740	90,944	116,705	1,023,268	35,851	—	1,059,120
Intersegment (Note 1)	2,558	479	839	5,461	9,338	21,267	(30,606)	—
Total	590,437	228,219	91,783	122,166	1,032,607	57,119	(30,606)	1,059,120
Segment profit (loss)	47,177	13,846	2,398	20,933	84,356	(17,854)	(4,058)	62,444
Other items								
Depreciation and amortization expenses	24,247	9,711	4,664	8,099	46,722	6,071	6,245	59,039
Impairment losses on non-financial assets	282	2	—	3	288	635	19	942

(Notes)

1. Intersegment revenue is based on market prices and others.
2. Adjustments of revenue are elimination of intersegment transactions.
3. 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.
4. Adjustments of depreciation and amortization expenses, and impairment losses are mainly related to equipment not attributable to any of the reportable segments.

(c) Information about geographical areas

Revenues from external customers by geographical area are as follows:

(Millions of yen)

Revenue	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Japan	196,393	197,644
U.S.A.	271,547	293,740
Europe	324,744	318,560
China	80,467	86,700
Asia	79,161	83,366
Others	78,942	79,107
Total	1,031,256	1,059,120

(Note) Revenues are classified based on customers' country of residence; however, when revenues from individual countries are not material, they are categorized by geographical area.

Carrying amounts of non-current assets (excluding financial assets, deferred tax assets, and post-retirement benefit assets) by geographical area are as follows:

(Millions of yen)

Non-current assets	As of March 31, 2018	As of March 31, 2019
Japan	206,108	215,855
U.S.A.	194,027	200,747
Europe	101,845	107,626
China	17,521	17,253
Asia	13,295	15,248
Others	4,229	3,857
Total	537,029	560,590

(d) Information about major customers

There was no revenue from transactions with a single external customer that accounts for 10% or more of the Group's revenues.

[Earnings per Share]

Basic and diluted earnings per share are calculated based on the profit attributable to owners of the Company using the following information:

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Basis of calculating basic earnings per share	Millions of yen	Millions of yen
Profit for the year attributable to owners of the Company	32,248	41,705
Profit for the year not attributable to owners of the Company	—	—
Profit for the year to calculate basic earnings per share	32,248	41,705
	Thousands of shares	Thousands of shares
Weighted average number of ordinary shares outstanding during the year	494,865	494,572
	Yen	Yen
Basic earnings per share	65.17	84.33
Basis of calculating diluted earnings per share	Millions of yen	Millions of yen
Profit for the year to calculate basic earnings per share	32,248	41,705
Adjustments of profit for the year	—	—
Profit for the year to calculate diluted earnings per share	32,248	41,705
	Thousands of shares	Thousands of shares
Weighted average number of ordinary shares outstanding during the year	494,865	494,572
Impact of dilutive effects	1,560	1,756
Weighted average number of diluted ordinary shares outstanding during the year	496,426	496,329
	Yen	Yen
Diluted earnings per share	64.96	84.03

[Business Combinations]

Finalization of the adjustment and allocation of the consideration for the acquisition of Ambry Genetics Corporation

With respect to the acquisition of Ambry Genetics Corporation effected as of October 18, 2017, the Group finalized the consideration for the acquisition and the allocation of the consideration during the fiscal year ended March 31, 2019, which have been reported as a provisional amount in the previous fiscal year. Major changes from the provisional amounts are an increase of 1,616 million yen in intangible assets, an increase of 1,662 million yen in indemnification assets and provisions, an increase of 614 million yen in deferred tax liabilities, and a decrease of 1,277 million yen in goodwill. Details of the final amounts are as follows:

Fair value of the consideration for the acquisition and recognized value of assets acquired and liabilities assumed as of the acquisition date

(Millions of yen)

Fair value of the consideration for the acquisition (Note 1)	
Cash	86,224
Payable amount (Note 2)	2,369
Contingent consideration (Note 3)	1,914
Total	90,509
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	2,162
Trade and other receivables	2,991
Inventories	474
Property, plant and equipment	4,052
Intangible assets	37,110
Indemnification assets (Note 4)	1,662
Other assets	2,711
Trade and other payables	(723)
Bonds and borrowings	(1,995)
Provisions (Note 4)	(1,662)
Deferred tax liabilities	(13,903)
Other liabilities	(2,854)
Total	30,026
Goodwill (Note 5)	60,483

(Notes)

1. The fair value of the consideration for the acquisition includes proceeds from share issuance to non-controlling shareholders. Non-controlling interests are transferred to financial liabilities because put options are attached. The difference between the fair value of such financial liabilities and the transferred amount of 35,419 million yen is recorded as share premium.
2. Payable amount represents the outstanding amount as of the acquisition date. The full amount has been paid as of March 31, 2019.
3. The fair value of the contingent consideration is calculated using the Monte Carlo simulation, and is reversed and paid in full as of March 31, 2019.
4. Indemnification assets and provisions are stated at the amounts of those acquired and assumed as of the acquisition date. The recovery of indemnification assets and settlement of provisions have been completed as of March 31, 2019.
5. Goodwill mainly represents excess earnings power of the acquired company and synergy effect expected from the acquisition, no part of which is expected to be tax deductible.

Finalization of the adjustment and allocation of the consideration for acquisition of equity interest in Invicro, LLC

With respect to the acquisition of Invicro, LLC effected as of November 10, 2017, the Group finalized the consideration for the acquisition and the allocation of the consideration during the fiscal year ended March 31, 2019, which have been reported as a provisional amount in the previous fiscal year. Major changes from the provisional amounts are an increase of 187 million yen in consideration for acquisition, a decrease of 193 million yen in trade and other payables, a decrease of 215 million yen in other liabilities, and a decrease of 193 million yen in goodwill. Details of the final amounts are as follows:

Fair value of the consideration for the acquisition and recognized value of assets acquired and liabilities assumed as of the acquisition date

(Millions of yen)

Fair value of the consideration for the acquisition	
Cash	31,330
Recognized value of assets acquired and liabilities assumed	
Cash and cash equivalents	261
Trade and other receivables	1,755
Inventories	34
Property, plant and equipment	1,296
Intangible assets	10,643
Other assets	405
Trade and other payables	(377)
Bonds and borrowings	(1,564)
Other liabilities	(2,052)
Total	10,402
Non-controlling interests (Note 2)	520
Goodwill (Note 3)	21,447

(Notes)

1. There was no contingent consideration.
2. Non-controlling interests are measured using the ratio of equity attributable to non-controlling shareholders to the fair value of the identifiable net assets of the acquired company.
3. Goodwill mainly represents excess earnings power of the acquired company and synergy effect expected from the acquisition. The estimated amount of goodwill that is expected to be tax deductible is 17,735 million yen.

[Events after the Reporting Period]

Not applicable.