

## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 [IFRS]

Company name:	Konica Minolta, Inc.
Stock exchange listings:	Tokyo (First Section)
Securities code number:	4902
URL:	<a href="http://konicaminolta.com">http://konicaminolta.com</a>
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Scheduled date for submission of securities report:	February 7, 2020
Scheduled date for dividends payment:	—
Availability of supplementary information for the quarterly financial results:	Yes
Organization of briefing on the quarterly financial results:	Yes (for institutional investors)

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

### 1. Consolidated financial results for the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

#### (1) Consolidated results of operations

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

Nine months ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	747,036	-3.9	10,579	-79.1	5,559	-88.4
December 31, 2018	777,578	3.6	50,509	73.6	47,957	76.7

  

Nine months ended	Profit for the period		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	2,110	-93.7	2,173	-93.6	(8,071)	—
December 31, 2018	33,671	82.1	33,743	81.2	37,159	-8.8

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2019	4.39	4.38
December 31, 2018	68.23	68.00

(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
	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2019	1,304,330	542,987	533,406	40.9
March 31, 2019	1,218,986	565,983	555,689	45.6

## 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, 2019	—	15.00	—	15.00	30.00
Fiscal Year ending March 31, 2020	—	15.00	—		
Fiscal Year ending March 31, 2020 (forecast)				15.00	30.00

(Note) Changes from the latest dividend forecasts: None

## 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	1,045,000	-1.3	20,000	-68.0	7,500	-82.0	15.16

(Note) Changes from the latest consolidated forecasts: None

■ Notes

- (1) Changes in significant subsidiaries for the nine months ended December 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 stock)
- a. Number of issued and outstanding shares (including treasury shares)
    - As of December 31, 2019: 502,664,337 shares
    - As of March 31, 2019: 502,664,337 shares
  - b. Number of treasury shares
    - As of December 31, 2019: 7,840,897 shares
    - As of March 31, 2019: 8,008,984 shares
  - c. Average number of issued and outstanding shares during the period
    - The nine months ended December 31, 2019: 494,764,963 shares
    - The nine months ended December 31, 2018: 494,551,619 shares

(Note) 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 are accounted for as treasury shares (1,184,094 shares as of December 31, 2019, and 1,250,538 shares as of March 31, 2019).

- 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 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 forecasts above, refer to “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 9.

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 Monday, February 3, 2020. The proceedings and details of the briefing, along with the supplementary information on the quarterly financial results to be presented at the briefing, will be posted on the website of the Group soon after the briefing.

## Supplementary Information

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# 1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

## (1) Qualitative Information on the Consolidated Operating Results

### a. Overview

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	777.5	747.0	(30.5)	-3.9
Gross profit	377.6	354.5	(23.1)	-6.1
Operating profit	50.5	10.5	(39.9)	-79.1
Profit before tax	47.9	5.5	(42.3)	-88.4
Profit attributable to owners of the Company	33.7	2.1	(31.5)	-93.6
	Yen	Yen	Yen	%
Basic earnings per share	68.23	4.39	(63.84)	-93.6
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	33.4	34.2	0.8	2.4
Depreciation and amortization expenses	44.0	57.4	13.3	30.4
Research and development expenses	59.3	57.0	(2.2)	-3.9
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	16.8	(26.5)	(43.4)	-
	Number	Number	Number	%
Number of employees in the Group	44,158	44,767	609	1.4
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	111.14	108.67	(2.47)	-2.2
Euro	129.49	121.05	(8.44)	-6.5

In the nine months ended December 31, 2019 (the “current period”), the Group recorded revenue of 747.0 billion yen, a decrease of 3.9% year-on-year. Shrinking capital investments by customers affected by the United States–China trade friction, a slowdown in the Chinese economy, and continuing uncertainties in the European economy, and the strong yen led to a decline in revenue in the Office Business and the Professional Print Business. With respect to the Industrial Business, revenue from the field of optical systems for industrial use fell due to the effects of a shift in demand, while revenue from the field of materials and components fell slightly due to the effects of the adjustment of supply and demand. Meanwhile, revenue increased in the Healthcare Business and in the new businesses primarily in the field of bio–healthcare, where a new genetic diagnostic service is delivering strong performance.

As for profit, the gross profit margin fell due to the effects of a decline in revenue and other factors, such as additional tariffs that came into effect in September 2019 linked to the United States–China trade friction, delay in reduction of manufacturing costs in the Office Business and the Professional Print Business, and a temporary change in the sales composition ratio shifting to low- and medium-speed models. In addition, a temporary gain of 20.2 billion yen generated from the liquidation of assets through sale and leaseback arrangements was recorded in the same period in the previous fiscal year, and consequently, operating profit for the current period fell significantly to 10.5 billion yen, a decrease of 79.1% year-on-year.

As a result, profit before tax was 5.5 billion yen, a decrease of 88.4% year-on-year, while profit attributable to owners of the Company was 2.1 billion yen, a decrease of 93.6% year-on-year.

In the new businesses where the Group continues to invest to develop its future revenue pillars as initiatives for sustainable growth over the medium to long term, the sales area of the Workplace Hub, an edge IoT platform provided by the Company, has expanded from 9 countries to 23 countries during the current period, and measures have been implemented to reinforce sales activities, leading to an expansion of the number of customers. In the bio–healthcare field, the world’s first

commercialization of the ribonucleic acid (RNA) testing that assesses germline mutations to enhance the accuracy of genetic diagnostics dramatically was highly recognized by medical institutions, contributing to an increase in the number of orders for genetic testing. Additionally, preparatory work has commenced to offer full-scale services to imaging centers with an aim to further expand the business. While the Group has continued its investments in the new businesses, it has embarked on a structure reform in the existing businesses to accelerate business transformation and enhance their profitability.

## b. Overview by Segment

		Nine months ended December 31, 2018	Nine months ended December 31, 2019	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Office Business	Revenue	436.4	412.1	(24.2)	-5.6
	Operating profit	34.3	22.5	(11.7)	-34.3
Professional Print Business	Revenue	165.0	158.7	(6.3)	-3.9
	Operating profit	8.7	5.0	(3.7)	-42.4
Healthcare Business	Revenue	61.1	63.1	2.0	3.4
	Operating profit	1.1	0.5	(0.5)	-50.0
Industrial Business	Revenue	88.4	82.9	(5.4)	-6.2
	Operating profit	17.0	15.3	(1.6)	-9.9
Subtotal	Revenue	751.0	717.0	(34.0)	-4.5
	Operating profit	61.2	43.5	(17.7)	-29.0
Others and adjustments (Note 2)	Revenue	26.4	30.0	3.5	13.3
	Operating profit	(10.7)	(32.9)	(22.1)	-
Amount reported in the Condensed Consolidated Statements of Profit or Loss	Revenue	777.5	747.0	(30.5)	-3.9
	Operating profit	50.5	10.5	(39.9)	-79.1

(Notes)

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

### i. Office Business

In the office products business unit, the sales volume of A3 MFPs declined year on year in both color and monochrome models. Regarding the low- and medium-speed color models, the Company commenced the sales of bizhub i-series with a newly designed engine for the first time in seven years, as well as some industry-first robust security features. However, since a switch from the old model to the new model took time and demand of high-speed models showed stagnant growth as new product launch is scheduled in January 2020, overall sales volume declined. During the three months ended December 31, 2019, the sales volume of color models has returned to an increase due to the effects of sales of new products.

In the IT services solution business unit, sales growth plateaued temporarily due to optimization of some of the IT services offered in an effort to increase profit, but measures are undertaken to further enhance profitability through standardization and automation of support services.

As a result of the above, and the effects of the strong yen and tariffs linked to the United States-China trade friction, the Office Business segment recorded revenue of 412.1 billion yen, a decrease of 5.6% year-on-year, and operating profit of 22.5 billion yen, a decrease of 34.3% year-on-year.

### ii. Professional Print Business

In the production print business unit, the sales volume of both color and monochrome models decreased year on year. However, the sales volume of the color models returned to an increase during the three months ended December 31, 2019, reflecting the results of emphasized values of IQ-501 Intelligent Quality Optimizer with an automated color and registration adjustment and

recovery of sales in North America. In particular, low- and medium-speed models, major drivers of the unit, recorded solid sales in the United States and Europe. In growth countries, there was a considerable increase in the sales volume in the ASEAN region, but the sales volume of medium-speed models decreased in China and India. The sales volume of monochrome equipment decreased by a reactionary fall following the large-scale transactions corresponding to demand from customers in Europe seen in the same period in the previous year and a slowdown in demand in China.

In the industrial printing business unit, sales of “AccurioJet KM-1” digital inkjet press through direct sales showed significant growth. The sales of label printers and digital decoration printing equipment showed substantial growth, reflecting the effects of new products and reinforced sales capacity, and maintaining the highest market share in the targeted markets, which drove an increase in revenue.

In the marketing services business unit, despite the continuing efforts into transition as a business that provides high value-added solutions and expanding sales driven by the United States and Asia, revenue fell due to the strong yen.

As a result of the above, and the effects of the strong yen and tariffs linked to the United States-China trade friction, the Professional Print Business segment recorded revenue of 158.7 billion yen, a decrease of 3.9% year-on-year, and operating profit of 5.0 billion yen, a decrease of 42.4% year-on-year.

### **iii. Healthcare Business**

In the healthcare (modality) business unit, sales of the digital radiography for hospitals in Japan remained strong and the sales volume also increased in Asia and Europe. In the United States, while sales for hospitals remained sluggish, sales for clinics were solid and turned to the recovery trend during the three months ended December 31, 2019. The sales volume of diagnostic ultrasound systems increased steadily, supported by the effects of a new product for obstetrics and wide recognition of the Company’s brand in the internal medicine field in Japan. Overseas sales of diagnostic ultrasound systems also grew, primarily in Europe and the United States. As a result, revenue in the healthcare (modality) business unit increased.

In the medical IT business unit, a large-scale order of the Picture Archiving and Communication System (PACS) in North America and solid sales of PACS in Japan contributed to an increase in revenue.

As a result, the Healthcare Business segment recorded revenue of 63.1 billion yen, an increase of 3.4% year-on-year, and operating profit of 0.5 billion yen, a decrease of 50.0% year-on-year, mainly due to the recognition of valuation loss on property, plant and equipment of 0.5 billion yen related to a sale of subsidiaries’ business bases.

### **iv. Industrial Business**

In the field of materials and components, there was growth in sales of high value-added products in the performance materials business unit; however, due to customers’ inventory adjustment, leading to an overall decline in the unit area of panels sold, revenue fell. The optical component business unit posted a marginal decrease in revenue due to a slowdown in economy. In the inkjet component business unit, revenue increased due to strong sales performance mainly in Asia. As a result of the above, for the field of materials and components as a whole, there was a slight decline in revenue.

In the field of optical systems for industrial use, the measuring instruments business unit experienced sluggish growth in sales of object color measurement instruments due to a slowdown in economy. Sales of light source color measurement instruments fell year on year due to shrink in demand derived from diversification of display products. As a result, revenue for the unit fell overall. Nonetheless, the unit showed signs of recovery in the three months ended December 31, 2019, reflecting an increase in the number of sales orders received from customers in China and South Korea.

As a result, the Industrial Business segment recorded revenue of 82.9 billion yen, a decrease of 6.2% year-on-year, and operating profit of 15.3 billion yen, a decrease of 9.9% year-on-year.



(Reference) Overview of the quarterly consolidated accounting period

	Three months ended December 31, 2018	Three months ended December 31, 2019	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	260.4	249.5	(10.9)	-4.2
Gross profit	126.1	117.7	(8.4)	-6.7
Operating profit	15.9	5.1	(10.7)	-67.6
Profit before tax	14.8	3.9	(10.8)	-73.0
Profit attributable to owners of the Company	10.4	2.0	(8.3)	-80.1
	Yen	Yen	Yen	%
Basic earnings per share	21.05	4.18	(16.87)	-80.1
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	13.8	10.0	(3.8)	-27.9
Depreciation and amortization expenses	14.9	19.4	4.5	30.4
Research and development expenses	19.6	18.4	(1.2)	-6.2
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	5.8	(8.0)	(13.8)	-
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	112.90	108.76	(4.14)	-3.7
Euro	128.78	120.32	(8.46)	-6.6

Overview of major segments

		Three months ended December 31, 2018	Three months ended December 31, 2019	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Office Business	Revenue	145.7	138.9	(6.7)	-4.6
	Operating profit	11.6	5.4	(6.2)	-53.4
Professional Print Business	Revenue	55.8	55.4	(0.4)	-0.7
	Operating profit	3.3	2.9	(0.3)	-11.4
Healthcare Business	Revenue	20.8	18.1	(2.7)	-13.2
	Operating profit	0.3	0.2	(0.1)	-41.3
Industrial Business	Revenue	28.8	26.8	(1.9)	-6.7
	Operating profit	5.5	5.6	0	1.0
Subtotal	Revenue	251.2	239.4	(11.8)	-4.7
	Operating profit	20.9	14.2	(6.6)	-32.0
Others and adjustments (Note 2)	Revenue	9.2	10.1	0.8	9.7
	Operating profit	(5.0)	(9.0)	(4.0)	-
Amount reported in the Condensed Consolidated Statements of Profit or Loss	Revenue	260.4	249.5	(10.9)	-4.2
	Operating profit	15.9	5.1	(10.7)	-67.6

(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, 2019	As of December 31, 2019	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,218.9	1,304.3	85.3
Total liabilities	653.0	761.3	108.3
Total equity	565.9	542.9	(22.9)
Equity attributable to owners of the Company	555.6	533.4	(22.2)
	%	%	%
Equity ratio attributable to owners of the Company	45.6	40.9	-4.7

Total assets as of December 31, 2019, were 1,304.3 billion yen, an increase of 85.3 billion yen (7.0%) from March 31, 2019. This is primarily attributed to an increase of 101.5 billion yen in property, plant and equipment due mainly to the adoption of IFRS 16 *Leases* ("IFRS 16"), an increase of 28.9 billion yen in inventories, an increase of 7.0 billion yen in other current assets, a decrease of 37.6 billion yen in cash and cash equivalents, a decrease of 6.6 billion yen in trade and other receivables, and a decrease of 6.0 billion yen in goodwill and intangible assets.

Total liabilities as of December 31, 2019, were 761.3 billion yen, an increase of 108.3 billion yen (16.6%) from March 31, 2019. This is primarily attributed to an increase of 113.3 billion yen in lease liabilities due to the adoption of IFRS 16, an increase of 13.8 billion yen in bonds and borrowings, and a decrease of 7.5 billion yen in income tax payables.

Total equity as of December 31, 2019, was 542.9 billion yen, a decrease of 22.9 billion yen (4.1%) from March 31, 2019.

Equity attributable to owners of the Company was 533.4 billion yen as of December 31, 2019, a decrease of 22.2 billion yen (4.0%) from March 31, 2019. This is primarily attributed to a decrease of 14.8 billion yen in retained earnings due to cash dividends and a decrease of 9.1 billion yen in other components of equity (mainly exchange differences on translation of foreign operations).

As a result of the above, the equity ratio attributable to owners of the Company decreased 4.7 percentage points to 40.9%.

## b. Analysis of Cash Flows

	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	36.8	11.6	(25.2)
Cash flows from investing activities	(19.9)	(38.2)	(18.2)
Total (Free cash flows)	16.8	(26.5)	(43.4)
Cash flows from financing activities	(39.1)	(9.1)	29.9

For the nine months ended December 31, 2019, net cash provided by operating activities was 11.6 billion yen, and net cash used in investing activities totaled 38.2 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 26.5 billion yen for the current period.

Net cash used in financing activities was 9.1 billion yen.

In addition, cash and cash equivalents as of December 31, 2019, decreased by 37.6 billion yen from the previous fiscal year-end to 87.2 billion yen, reflecting the effect of exchange rate fluctuations on cash and cash equivalents.

### Cash flows from operating activities

Net cash provided by operating activities was 11.6 billion yen. This is attributable to net effects of cash inflows due mainly to profit before tax of 5.5 billion yen, depreciation and amortization expenses of 57.4 billion yen, and a decrease in trade and other receivables of 1.3 billion yen, and cash outflows due mainly to an increase in inventories of 31.0 billion yen and payment of income taxes of 11.8 billion yen.

### Cash flows from investing activities

Net cash used in investing activities was 38.2 billion yen, due mainly to purchases of property, plant and equipment of 25.9 billion yen, purchases of intangible assets of 8.4 billion yen, and purchases of investments in subsidiaries of 4.2 billion yen.

As a result, free cash flows (the sum of cash flows from operating and investing activities) were an outflow of 26.5 billion yen (an inflow of 16.8 billion yen for the same period in the previous fiscal year).

### Cash flows from financing activities

Net cash used in financing activities was 9.1 billion yen (net cash outflows of 39.1 billion yen for the same period in the previous fiscal year), reflecting mainly proceeds, including net increase in short-term loans payable of 25.3 billion yen, redemption of bonds and repayments of long-term loans payable of 8.3 billion yen, repayments of lease liabilities of 14.0 billion yen, and cash dividends paid of 14.7 billion yen.

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

Taking into account the progress made during the current period, the Company has decided to keep the full-year consolidated forecasts the same as released on November 1, 2019.

With regard to the exchange rates that form the basis of the forecasts for the three months ending March 31, 2020, they are left as the U.S. dollar exchange rate assumption at 105 yen and the euro rate at 118 yen, unchanged from those announced on November 1, 2019.

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

Amounts less than 100 million yen are rounded down to the nearest million yen in the “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2019” section.

## 2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

### (1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	124,830	87,222
Trade and other receivables	275,563	268,902
Inventories	144,703	173,691
Income tax receivables	3,305	2,067
Other financial assets	3,406	1,091
Other current assets	27,128	34,189
<b>Total current assets</b>	<b>578,937</b>	<b>567,165</b>
<b>Non-current assets</b>		
Property, plant and equipment	207,138	308,650
Goodwill and intangible assets	346,133	340,060
Investments accounted for using the equity method	913	738
Other financial assets	46,711	48,432
Deferred tax assets	32,505	33,427
Other non-current assets	6,647	5,855
<b>Total non-current assets</b>	<b>640,048</b>	<b>737,164</b>
<b>Total assets</b>	<b>1,218,986</b>	<b>1,304,330</b>

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	175,268	171,190
Bonds and borrowings	24,648	68,788
Lease liabilities	–	12,508
Income tax payables	7,875	299
Provisions	12,260	11,225
Other financial liabilities	463	2,107
Other current liabilities	50,857	46,034
<b>Total current liabilities</b>	<b>271,374</b>	<b>312,154</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	249,088	218,820
Lease liabilities	–	100,870
Retirement benefit liabilities	38,457	40,035
Provisions	15,540	15,335
Other financial liabilities	58,284	55,764
Deferred tax liabilities	12,497	11,708
Other non-current liabilities	7,760	6,652
<b>Total non-current liabilities</b>	<b>381,628</b>	<b>449,188</b>
<b>Total liabilities</b>	<b>653,002</b>	<b>761,342</b>
<b>Equity</b>		
Share capital	37,519	37,519
Share premium	188,333	188,932
Retained earnings	324,628	310,735
Treasury shares	(9,979)	(9,784)
Share acquisition rights	836	772
Other components of equity	14,350	5,231
<b>Equity attributable to owners of the Company</b>	<b>555,689</b>	<b>533,406</b>
Non-controlling interests	10,294	9,581
<b>Total equity</b>	<b>565,983</b>	<b>542,987</b>
<b>Total liabilities and equity</b>	<b>1,218,986</b>	<b>1,304,330</b>

## (2) Condensed Consolidated Statements of Profit or Loss

Nine months ended December 31, 2018 and 2019

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue	777,578	747,036
Cost of sales	399,903	392,476
Gross profit	377,675	354,559
Other income	23,468	2,872
Selling, general and administrative expenses	342,908	336,031
Other expenses	7,725	10,821
Operating profit	50,509	10,579
Finance income	3,591	3,982
Finance costs	5,662	8,851
Share of profit (loss) of investments accounted for using the equity method	(480)	(151)
Profit before tax	47,957	5,559
Income tax expense	14,286	3,448
Profit for the period	33,671	2,110
Profit (loss) attributable to:		
Owners of the Company	33,743	2,173
Non-controlling interests	(72)	(63)
Earnings per share	Yen	Yen
Basic	68.23	4.39
Diluted	68.00	4.38

Three months ended December 31, 2018 and 2019

(Millions of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Revenue	260,491	249,547
Cost of sales	134,347	131,843
Gross profit	126,143	117,703
Other income	6,944	1,720
Selling, general and administrative expenses	114,681	111,477
Other expenses	2,502	2,800
Operating profit	15,904	5,146
Finance income	1,152	1,459
Finance costs	2,065	2,563
Share of profit (loss) of investments accounted for using the equity method	(190)	(44)
Profit before tax	14,800	3,997
Income tax expense	4,397	1,898
Profit for the period	10,403	2,099
Profit (loss) attributable to:		
Owners of the Company	10,409	2,067
Non-controlling interests	(6)	32
Earnings per share	Yen	Yen
Basic	21.05	4.18
Diluted	20.98	4.16



### (3) Condensed Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2018 and 2019

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit for the period	33,671	2,110
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	261	(427)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(1,997)	1,012
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	(0)	—
Total items that will not be reclassified to profit or loss	(1,736)	584
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	1,177	(858)
Exchange differences on translation of foreign operations (net of tax)	4,059	(9,884)
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	(11)	(23)
Total items that may be subsequently reclassified to profit or loss	5,225	(10,766)
Total other comprehensive income (loss)	3,488	(10,181)
Total comprehensive income (loss)	37,159	(8,071)
Total comprehensive income (loss) attributable to:		
Owners of the Company	37,604	(7,350)
Non-controlling interests	(444)	(720)

Three months ended December 31, 2018 and 2019

(Millions of yen)

	Three months ended December 31, 2018	Three months ended December 31, 2019
Profit for the period	10,403	2,099
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(17)	(20)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(2,000)	1,311
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	(0)	—
Total items that will not be reclassified to profit or loss	(2,017)	1,290
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	1,603	257
Exchange differences on translation of foreign operations (net of tax)	(12,541)	11,014
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	9	(7)
Total items that may be subsequently reclassified to profit or loss	(10,928)	11,264
Total other comprehensive income (loss)	(12,946)	12,555
Total comprehensive income (loss)	(2,543)	14,654
Total comprehensive income (loss) attributable to:		
Owners of the Company	(2,615)	14,869
Non-controlling interests	72	(215)

#### (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, 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 as of April 1, 2018	37,519	184,841	298,554	(10,189)	934	13,041	524,701	11,075	535,776
Profit (loss) for the period	–	–	33,743	–	–	–	33,743	(72)	33,671
Other comprehensive income (loss)	–	–	–	–	–	3,860	3,860	(371)	3,488
Total comprehensive income (loss)	–	–	33,743	–	–	3,860	37,604	(444)	37,159
Dividends	–	–	(14,836)	–	–	–	(14,836)	(23)	(14,859)
Acquisition and disposal of treasury shares	–	–	(43)	123	–	–	79	–	79
Share-based payments	–	272	–	–	(59)	–	213	–	213
Changes in non-controlling interests due to changes in subsidiaries	–	–	–	–	–	–	–	20	20
Put options written on non-controlling interests	–	(1,348)	–	–	–	–	(1,348)	–	(1,348)
Transfer from other components of equity to retained earnings	–	–	271	–	–	(271)	–	–	–
Total transactions with owners	–	(1,076)	(14,607)	123	(59)	(271)	(15,891)	(3)	(15,895)
Balance as of December 31, 2018	37,519	183,765	317,690	(10,066)	875	16,630	546,414	10,626	557,041

(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, 2019	37,519	188,333	324,628	(9,979)	836	14,350	555,689	10,294	565,983
Effect of changes in accounting policies	–	–	(744)	–	–	–	(744)	–	(744)
Restated balance as of April 1, 2019	37,519	188,333	323,884	(9,979)	836	14,350	554,944	10,294	565,238
Profit (loss) for the period	–	–	2,173	–	–	–	2,173	(63)	2,110
Other comprehensive income (loss)	–	–	–	–	–	(9,523)	(9,523)	(657)	(10,181)
Total comprehensive income (loss)	–	–	2,173	–	–	(9,523)	(7,350)	(720)	(8,071)
Dividends	–	–	(14,842)	–	–	–	(14,842)	–	(14,842)
Acquisition and disposal of treasury shares	–	–	(75)	194	–	–	119	–	119
Share-based payments	–	45	–	–	(63)	–	(18)	–	(18)
Changes in non-controlling interests due to changes in subsidiaries	–	–	–	–	–	–	–	7	7
Equity and other transactions with non-controlling shareholders	–	(24)	–	–	–	–	(24)	(0)	(24)
Put options written on non-controlling interests	–	577	–	–	–	–	577	–	577
Transfer from other components of equity to retained earnings	–	–	(404)	–	–	404	–	–	–
Total transactions with owners	–	598	(15,322)	194	(63)	404	(14,187)	7	(14,180)
Balance as of December 31, 2019	37,519	188,932	310,735	(9,784)	772	5,231	533,406	9,581	542,987

## (5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from operating activities		
Profit before tax	47,957	5,559
Depreciation and amortization expenses	44,054	57,442
Impairment losses and reversal of impairment losses	298	534
Share of (profit) loss of investments accounted for using the equity method	480	151
Interest and dividends income	(3,430)	(3,728)
Interest expenses	4,993	6,622
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	(18,562)	3,213
(Increase) decrease in trade and other receivables	6,728	1,364
(Increase) decrease in inventories	(19,371)	(31,064)
Increase (decrease) in trade and other payables	(530)	(106)
Decrease due to transfer of rental assets	(4,607)	(5,292)
Increase (decrease) in retirement benefit liabilities	(735)	1,433
Others	(10,663)	(9,415)
Subtotal	46,611	26,713
Dividends received	632	665
Interest received	2,827	3,252
Interest paid	(5,461)	(7,162)
Income taxes (paid) refunded	(7,761)	(11,861)
Net cash provided by (used in) operating activities	36,848	11,606

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,894)	(25,956)
Purchase of intangible assets	(10,628)	(8,435)
Proceeds from sales of property, plant and equipment, and intangible assets	21,393	928
Purchase of investments in subsidiaries	(1,979)	(4,216)
Purchase of investment securities	(143)	(207)
Proceeds from sales of investment securities	44	117
Payments for loans receivable	(98)	(60)
Collection of loans receivable	21	16
Payments for transfer of business	(2,585)	(307)
Others	(2,127)	(80)
Net cash provided by (used in) investing activities	(19,997)	(38,203)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	1,559	25,344
Proceeds from bonds issuance and long-term loans payable	0	2,543
Redemption of bonds and repayments of long-term loans payable	(26,005)	(8,328)
Repayments of lease liabilities	—	(14,028)
Purchase of treasury shares	(4)	(2)
Cash dividends paid	(14,659)	(14,700)
Payment of dividends to non-controlling shareholders	(23)	—
Others	0	0
Net cash provided by (used in) financing activities	(39,132)	(9,172)
Effect of exchange rate changes on cash and cash equivalents	36	(1,840)
Net increase (decrease) in cash and cash equivalents	(22,246)	(37,608)
Cash and cash equivalents at the beginning of the period	149,913	124,830
Cash and cash equivalents at the end of the period	127,667	87,222

## (6) Notes to the Condensed 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 nine months ended December 31, 2019. Other than these policies, there is no change in the significant accounting policies applied to the Group's condensed consolidated financial statements from those applied to the consolidated financial statements of the fiscal year ended March 31, 2019.

(Adoption of IFRS 16)

The Group adopted IFRS 16 *Leases* (issued in January 2016) effective from the three months ended June 30, 2019.

For lease transactions as a lessee, excluding short-term leases and leases of low-value assets, the Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease.

The Group measures lease liabilities at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The Group measures right-of-use assets at the amount of the initial measurement of the lease liability, adjusted by any initial direct costs and adding restoring costs of the underlying asset. After the commencement date, the Group presents the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses. Costs are depreciated over the shorter period of the estimated useful life or the lease term of the underlying asset on a straight-line basis.

Lease payments relating to short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

The Group has applied IFRS 16 retrospectively in accordance with the transitional provisions and recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings for the three months ended June 30, 2019. The comparative information included in the condensed consolidated financial statements is not restated. With regard to assessing whether a contract contains a lease or not, the Group has selected a practical expedient under IFRS 16 and applied the assessments made under IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

Associated with the adoption of IFRS 16, the Group recognizes right-of-use assets and lease liabilities at the date of initial application of IFRS 16 for leases previously classified as operating leases applying IAS 17, excluding short-term leases and leases of low-value assets. A lease liability is measured at the present value of the remaining lease payments at the commencement date, discounted using the lessee's incremental borrowing rate. A right-of-use asset is measured at either of the following:

- its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application of IFRS 16; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group uses the following practical expedients under IFRS 16 when applying IFRS 16 to leases previously classified as operating leases applying IAS 17:

- relying on its assessment of whether leases are onerous applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review;
- accounting for leases for which the lease term ends within 12 months of the date of initial application in the same way as short-term leases; and
- excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application.

As a result, right-of-use assets, included in property, plant and equipment, and lease liabilities increased by 110,923 million yen and 111,979 million yen, respectively, and retained earnings decreased by 744 million yen in the condensed consolidated statement of financial position at the beginning of the three months ended June 30, 2019, compared with those accounted for under the previous accounting standards. The weighted average incremental borrowing rate applied to the measurement of lease liabilities is 2.44%. The difference between minimum lease payments based on non-cancellable operating lease contracts, which were disclosed by applying IAS 17 at the end of the previous fiscal year, and lease liabilities recognized at the date of initial application of IFRS 16 is due mainly to the recognition of lease liabilities for the lease terms exceeding the non-cancellable period of the leases of buildings and land.

For lease transactions as a lessor, there is no significant change in the accounting policies applied to the previous accounting standards.

#### [Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Loss on sales and disposals of property, plant and equipment, and intangible assets	1,902	3,361
Business structure improvement expenses	1,986	2,301
Others	3,837	5,158
Total	7,725	10,821



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

Operating segments of the Group are its components for which separate financial data is available and that are examined on a regular basis for the purpose of enabling the Group's management to decide on the allocation of resources and evaluate results of operations. The Group has established business 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 product and service category, the Group has established four reportable segments as the "Office Business," "Professional Print Business," "Healthcare Business," and "Industrial Business" based on its operating segments 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 "Others."

The business 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	<u>Materials and Components</u> Development, manufacture, and sales of products, such as functional film for displays, OLED lighting, industrial inkjet printheads, and lenses for industrial and professional use
	<u>Optical Systems for Industrial Use</u> Development, manufacture, and sales of measuring instruments and others

(b) Information by reportable segment

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

Nine months ended December 31, 2018

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total			
Revenue								
External	436,480	165,090	61,105	88,416	751,092	26,486	-	777,578
Intersegment (Note 1)	1,846	252	594	4,208	6,900	14,527	(21,428)	-
Total	438,326	165,342	61,699	92,624	757,992	41,013	(21,428)	777,578
Segment profit (loss)	34,338	8,740	1,175	17,037	61,292	(12,974)	2,192	50,509

Nine months ended December 31, 2019

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total			
Revenue								
External	412,186	158,727	63,195	82,921	717,030	30,005	-	747,036
Intersegment (Note 1)	1,445	384	471	2,523	4,825	12,465	(17,291)	-
Total	413,631	159,112	63,667	85,444	721,856	42,471	(17,291)	747,036
Segment profit (loss)	22,551	5,036	587	15,354	43,530	(15,170)	(17,779)	10,579

(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. They include other revenue and other expenses not attributable to any of the reportable segments.

Three months ended December 31, 2018

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total			
Revenue								
External	145,711	55,846	20,872	28,832	251,263	9,228	-	260,491
Intersegment (Note 1)	968	45	180	1,565	2,759	4,917	(7,677)	-
Total	146,679	55,891	21,053	30,398	254,022	14,145	(7,677)	260,491
Segment profit (loss)	11,649	3,328	342	5,590	20,910	(5,090)	84	15,904

Three months ended December 31, 2019

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Office Business	Professional Print Business	Healthcare Business	Industrial Business	Total			
Revenue								
External	138,971	55,428	18,127	26,894	239,421	10,125	-	249,547
Intersegment (Note 1)	707	55	176	858	1,798	4,036	(5,835)	-
Total	139,679	55,484	18,304	27,752	241,220	14,161	(5,835)	249,547
Segment profit (loss)	5,423	2,947	200	5,644	14,216	(3,594)	(5,475)	5,146

(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. They include other revenue and other expenses not attributable to any of the reportable segments.