

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 [IFRS]

Company name:	Konica Minolta, Inc.
Stock exchange listings:	Tokyo (First Section)
Securities code number:	4902
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Scheduled date for submission of securities report:	February 10, 2021
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, 2020 (from April 1, 2020 to December 31, 2020)

(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, 2020	614,891	-17.7	(24,601)	-	(28,454)	-
December 31, 2019	747,036	-3.9	10,579	-79.1	5,559	-88.4

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, 2020	(20,133)	-	(20,643)	-	(22,660)	-
December 31, 2019	2,110	-93.7	2,173	-93.6	(8,071)	-

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2020	(41.69)	(41.69)
December 31, 2019	4.39	4.38

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

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2020	1,287,404	502,342	491,841	38.2
March 31, 2020	1,276,768	533,766	523,745	41.0

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, 2020	—	15.00	—	10.00	25.00
Fiscal year ending March 31, 2021	—	10.00	—		
Fiscal year ending March 31, 2021 (forecast)				15.00	25.00

(Note) Changes from the latest dividend forecasts: None

3. Consolidated forecasts for the fiscal year ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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, 2021	870,000	-12.7	(13,000)	—	(18,000)	—	-36.38

(Note) Changes from the latest consolidated forecasts: None

■ Notes

- (1) Changes in significant subsidiaries for the nine months ended December 31, 2020 (changes in the scope of consolidation): None
- (2) Changes in accounting policies or changes in accounting estimates
- | | |
|---|------|
| a. Changes in accounting policies required by International Financial Reporting Standards (IFRS): | None |
| b. Changes in accounting policies other than the above a.: | None |
| c. Changes in accounting estimates: | None |
- (3) Number of issued and outstanding shares (common stock)
- | | |
|--|--------------------|
| a. Number of issued and outstanding shares (including treasury shares) | |
| As of December 31, 2020: | 502,664,337 shares |
| As of March 31, 2020: | 502,664,337 shares |
| b. Number of treasury shares | |
| As of December 31, 2020: | 9,230,084 shares |
| As of March 31, 2020: | 7,764,241 shares |
| c. Average number of issued and outstanding shares during the period | |
| The nine months ended December 31, 2020: | 495,133,069 shares |
| The nine months ended December 31, 2019: | 494,764,963 shares |

(Note) The Company has established the Board Incentive Plan 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 (2,809,437 shares as of December 31, 2020, and 1,184,094 shares as of March 31, 2020).

- This summary of quarterly consolidated financial results falls outside the scope of quarterly review procedures to be performed by certified public accountants or an audit firm.

- Explanation concerning the appropriate use of the forecasts for results of operations and other special matters

Note on the forecasts for the consolidated financial results

The forecasts for results of operations in this report are based on information currently available to the Company and its subsidiaries (the “Group”) and certain assumptions determined to be reasonable, and are not intended to assure 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, refer to “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2020, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 12.

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

The Company will hold a briefing on the quarterly financial results for institutional investors on Tuesday, February 2, 2021. 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, 2020

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	747.0	614.8	(132.1)	-17.7
Gross profit	354.5	264.2	(90.3)	-25.5
Operating profit (loss)	10.5	(24.6)	(35.1)	—
Profit (loss) before tax	5.5	(28.4)	(34.0)	—
Profit (loss) attributable to owners of the Company	2.1	(20.6)	(22.8)	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	4.39	(41.69)	(46.08)	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	34.2	30.0	(4.2)	-12.4
Depreciation and amortization expenses	57.4	58.2	0.8	1.5
Research and development expenses	57.0	48.4	(8.6)	-15.1
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(26.5)	7.8	34.4	—
	Number	Number	Number	%
Number of employees in the Group	44,767	41,470	(3,297)	-7.4
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	108.67	106.11	(2.56)	-2.4
Euro	121.05	122.38	1.33	1.1

In the nine months ended December 31, 2020 (the “current period”), the Group recorded revenue of 614.8 billion yen, a decrease of 17.7% year-on-year. Although lockdown was re-imposed in certain areas to curb the spread of COVID-19 during the three months ended December 31, 2020, the Group revenue saw continuous signs of improvement after bottoming out in May 2020. The decrease ratio of quarterly revenue year-on-year gradually improved from 28% in the first quarter ended June 30, 2020, to 17% in the second quarter, and even to 8% in the third quarter ended December 31, 2020. Looking by Business units, revenue in Workplace Hub, measuring instruments, performance materials, and imaging-IoT solutions saw an increase year-on-year in the current period. Also, when looking revenue on a quarterly basis, revenue in IT service solutions, healthcare, precision medicine, and visual solutions increased in the third quarter ended December 31, 2020, from a year earlier. By region, although revenue decrease was seen across the globe year-on-year in the first quarter ended June 30, 2020, the situation improved in the second quarter ended September 30, 2020, in which China saw an increase, whereas Europe recovered to a little under 90%, as well as Japan and the United States to slightly under 80% of the level compared to the previous year. Further in the third quarter, not only China but also Japan and other Asian countries saw an increase in revenue from a year earlier. Although seeing some improvements, revenue in Europe during the October-December period was still a little under 90% and the United States a little more than 80% of the level compared to the previous year.

Operating loss in the current period was 24.6 billion yen, whereas operating profit of 10.5 billion yen was marked in the same period of the previous year. While revenue was picking up, the Company continued to successfully maintain the level of selling and administrative expenses, which were below 100.0 billion yen in the first quarter ended June 30, 2020, to around the same level

in the second quarter, as well as in the third quarter in 2020. As a result, operating loss of 22.6 billion yen in the first quarter gradually improved during the year: in the second quarter ended September 30, 2020, operating loss decreased to 5.2 billion yen; and in the third quarter ended December 31, 2020, it even turned into the black to an operating profit of 3.2 billion yen. Gross profit ratio was sluggish during the six months ended September 30, 2020, due to a plunge in demand and a roll-out of production adjustments with an aim to improve cash flow status. However, the profitability improved in the third quarter ended December 31, 2020, thanks to a more balanced sales mix as projected during the quarter, although it was still negatively affected by a relatively high ratio of low-priced products. Also, in the third quarter, the Company implemented structural reforms mainly within the office unit to build a more profitable structure that can adapt to a foreseeable business environment and to revive and achieve significant growth in its earning power starting from the next fiscal year.

Loss before tax of 28.4 billion yen was marked in the current period, whereas profit before tax of 5.5 billion yen was recorded in the same period of the previous year. Loss attributable to owners of the Company was 20.6 billion yen, whereas profit attributable to owners of the Company was 2.1 billion yen in the same period of the previous year.

The Company continued to secure its capital efficiency and liquidity on hand by shortening the cash conversion cycle mainly through improving days in inventory turnover, which had tentatively increased amid a dramatic plunge in sales volume, and by tightening the capital spending, while investing strategically in growing areas. Also, the Company successfully repaid 30.0 billion yen of the 85.0 billion yen of borrowings originally financed at the beginning of the current period and paid out the dividend accrued as of September 30, 2020.

The Company has newly launched a new medium-term business strategy “DX2022,” which mainly focuses on executing and achieving positive results for projects and plans implemented or still continuing under “SHINKA 2019,” the previous Medium-term Business Plan. The basic policy of “DX2022” is to “leap to highly profitable businesses through DX” and to “evolve into a company clearly committed to solving social issues.” In order to enhance customers’ value, the Company has reassessed the classification of the original three business lines, namely Core Business, Growth Business, and New Business, and also reviewed the existing reportable segments in accordance with the new strategy under DX2022.

As office printing continues to decline along with a change in customers’ work style, the traditional Office Business will implement a profit structural reform in the current fiscal year to maintain its earning power. Further, in order to enhance customer value, the business is transformed into the Digital Workplace Business by integrating IT service solutions and Workplace hub, utilizing the customer base developed in the past. Professional Print Business, Healthcare Business, and Industry Business will become the main pillars for the Company’s growth strategy, aiming to enhance customer value in the fields of measurement, inspection, and diagnosis by combining the Company’s core imaging technology and AI technology.

Segment information for the previous period, which is presented below for comparative analysis purposes, is reclassified based on the new reportable segment. For further detail, refer to “2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information].”

b. Overview by Segment

		Nine months ended December 31, 2019	Nine months ended December 31, 2020	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	413.6	336.2	(77.3)	-18.7
	Operating profit	17.5	(6.2)	(23.7)	-
Professional Print Business	Revenue	158.7	118.7	(39.9)	-25.2
	Operating profit	5.0	(8.7)	(13.8)	-
Healthcare Business	Revenue	85.5	73.5	(11.9)	-14.0
	Operating profit	(3.7)	(7.1)	(3.3)	-
Industry Business	Revenue	88.3	85.4	(2.8)	-3.2
	Operating profit	11.1	9.8	(1.3)	-12.2
Subtotal	Revenue	746.2	614.0	(132.1)	-17.7
	Operating profit	30.0	(12.2)	(42.3)	-
Others and adjustments (Note 2)	Revenue	0.8	0.7	(0.0)	-0.6
	Operating profit	(19.4)	(12.3)	7.1	-
Amount reported in the Condensed Consolidated Statement of Profit or Loss	Revenue	747.0	614.8	(132.1)	-17.7
	Operating profit	10.5	(24.6)	(35.1)	-

(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.
3. The classification of reportable segment is changed from the second quarter ended September 30, 2020. For further detail, refer to "2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information]." Note that the results for the same period last year presented for comparative purposes are reclassified based on this new reportable segment.

i. Digital Workplace Business

In the office unit, sales volume of A3 MFPs in the current period recovered to 85% of the level compared to the same period last year, and to 94% in the October–December period. In China, where color low-speed models and monochrome models are popular, sales volume in the current period and in the October–December period increased year-on-year by 107% and 115%, respectively. In the United States, which is the main market for the Company's profitable high-speed models, an increase in sales volume in the current period and the October–December period remained 70% and 80%, respectively, compared to the same periods last year, although showing steady signs of recovery. As a result, the balance of sales mix shifted more towards low-priced models. Non-hardware revenue, such as consumables and services, were even more sluggish compared to hardware revenue, such as equipment body, given that the number of employees coming into customers' office sites continued to decline during the current period. Further, manufacturing costs tentatively increased as production adjustments were rolled out in response to a plunge in demand; however, the Company successfully reduced the level of inventory as originally scheduled, which contributed to an improvement in cash flows.

In the IT services solutions unit, revenue increased year-on-year in the third quarter ended December 31, 2020, a continuing trend from the second quarter ended September 30, 2020, despite the fact that 90% of its revenue was derived from the United States and Europe that were

significantly impacted by the COVID-19 outbreak. This was mainly due to an increasing demand in various services, including managed IT service, which takes care of the entire IT platform of customers, and security service, which includes vulnerability assessment, as well as digital workflow solution service. Also, online sales negotiations and implementation activities, as well as collaboration with the office unit to increase potential customers successfully contributed to the unit's sales increase.

In the Workplace Hub unit, revenue increased steadily during the current period mainly because a successor model based on the MFP "bizhub-i series," the first full model change in past seven years, was released as "Workplace Hub Smart" in May 2020 in Japan and in November 2020 in the United States and Europe. In addition, the Company successfully provided digital transformation support service to local governments in Japan, including major prefectures and government-designated cities. In detail, the Company conducted research on workload for more than 50 local governments mainly through partnership agreements and analyzed such data using AI to prepare proposals to support their digital transformation initiatives.

As a result of the above, the Digital Workplace Business segment recorded revenue of 336.2 billion yen during the current period, a decrease of 18.7% year-on-year. Operating loss was 6.2 billion yen (operating profit of 17.5 billion yen for the same period in the previous year). On a quarterly basis, operating profit of 0.3 billion yen and 3.1 billion yen were marked in the second quarter ended September 30, 2020, and the third quarter ended December 31, 2020, respectively.

ii. Professional Print Business

In general, the production print unit has a time lag in sales because commercial printing orders usually recover only after their customers see people come back to office and business activities return to normal. On top of that, delay or cancellation of events led to a slow recovery in sales during the period. That said, "AccurioPress C14000" series, the Company's first heavy production model launched in February 2020, successfully received orders from medium- and large-sized printing companies mainly through online demonstrations, contributing to an increase in sales volume. Further, "AccurioPress C4080" series, a new light production model, were released in the October-December period. Amid a decline in overall printing demand, including analog printing, the Company expects that the demand for its digital printing service will continue to grow in the future.

In the industrial print unit, although the Company continued to hold major share in its targeted markets, hardware revenue, such as equipment body, saw a decline as sales volume decreased under limited opportunities to install equipment for customers. On the other hand, despite the spread of COVID-19 pandemic, non-hardware revenue, such as consumables and services, increased year-on-year in the third quarter ended December 31, 2020, a continuing trend from the second quarter ended September 30, 2020. The Company expects non-hardware revenue to be another area that will continue to grow in the future.

In the marketing services unit, revenue from marketing production management service offered in the United States and Europe was negatively affected during the current period due to a decline in marketing-related printing demand among companies. In Japan, Kinko's stores, which offer on-demand printing services, saw a declining trend in customer orders from companies due to delay or cancellation of marketing events and a shift towards online training. Also, the number of customers coming into Kinko's stores decreased.

As a result of the above, the Professional Print Business segment recorded revenue of 118.7 billion yen, a decrease of 25.2% year-on-year. Operating loss was 8.7 billion yen (operating profit of 5.0 billion yen for the same period in the previous year).

iii. Healthcare Business

In the healthcare unit, sales volume of digital radiography (DR) in Japan increased in the third quarter ended December 31, 2020, from a year earlier and showed signs of recovery mainly in the hospital market. Overseas sales increased in the current period mainly in Americas, as well as in China, where dynamic X-ray system was newly released. Sales volume of diagnostic ultrasound systems came back in the third quarter, supported by an increase in obstetrics sales in Japan, as well as an expansion to the Chinese and Asian markets. For medical IT, sales of the

Picture Archiving and Communication System (PACS) were slow in the United States during the current period under the ongoing restrictive environment of sales activities amid the spread of COVID-19 pandemic. On the other hand, sales of “Informity,” an IT service supporting medical image management and collaboration between medical institutions, continued to grow steadily in Japan. As such, on a quarterly basis, revenue in the healthcare unit went up in the third quarter year-on-year. However, revenue declined in the current period due to pandemic-related restrictions in sales activities.

In the precision medicine unit, the number of genetic testing services saw a declining trend in the United States due to a drop in the number of patients coming into hospitals as the pandemic unfolded; however, the number started to pick up in the third quarter ended December 31, 2020, almost back to the level of previous year. Further, the number of COVID-19 testing service started in the second quarter saw an increase in the third quarter, partly due to a newly signed contract with Orange County in California. Revenue from the Company’s drug discovery support service improved to about the same level as in the previous year thanks to a recovery in preclinical trials; however, the number of clinical trial volunteers kept decreasing under the pandemic, causing delays in the commencement of clinical trials to be conducted by pharmaceutical companies and an increase the number of the Company’s backlog. As a result, although an increase in revenue was seen in the precision medicine unit in the third quarter ended December 31, 2020, the overall revenue went down during the current period mainly due to a significant revenue decrease in the six-month period ended September 30, 2020.

Based on above, the Healthcare Business segment recorded revenue of 73.5 billion yen, a decrease of 14.0% year-on-year. Operating loss was 7.1 billion yen (operating loss of 3.7 billion yen for the same period in the previous year).

iv. Industry Business

In the measuring instruments unit of the sensing field, revenue from object color measurement instruments remained steady mainly due to healthy sales in the Chinese market. Also, revenue from light source color measurement instruments increased as demand from major customers continued to grow and the Company successfully took advantage of an increasing demand for displays in Asia. As a result, overall revenue in the measuring instruments unit went up in the current period, as well as in the October-December period on a year-on-year basis. Moreover, in the third quarter ended December 31, 2020, the Company acquired Specim, Spectral Imaging Oy Ltd., a Finland-based leading company with hyperspectral imaging technology, a key technology for the Company to achieve the goal of “making the invisible visible.” The purpose of the acquisition is to expand business to the fields of security, safety, and sanitation under the Company’s new growth strategy.

In the materials and components field, revenue in the performance materials unit went up in the current period from a year earlier. Sales volume increased year-on-year in the third quarter ended December 31, 2020, a continuing trend from the second quarter ended September 30, 2020, as the Company was able to meet the increasing demand in high value-added products for LCD TVs and ultra-thin films for personal computers and smartphones. In the optical components unit, sales of pickup lenses for Blu-ray increased in the current period year-on-year, thanks to an increase in industry use and stay-at-home demand; however, sales of projector lenses and other lenses decreased from the previous year mainly because restrictions on the holding of events continued over the period. In the Inkjet (IJ) components unit, although revenue declined in the current period year-on-year mainly due to lockdown imposed in Europe and other areas, further revenue increase is expected going forward given that a growing demand is seen for industrial use especially in China and India.

In the imaging-IoT solutions field, the imaging-IoT solutions unit saw an increase in revenue year-on-year in the third quarter ended December 31, 2020, a continuing trend from the second quarter ended September 30, 2020, thanks to healthy sales of thermal camera developed by MOBOTIX AG. This solution enables contact-less measurement of body surface temperature, which is expected as one of the solutions to curb the spread of COVID-19. In the third quarter, the Company newly released “FORXAI,” an imaging IoT platform, for the purpose of accelerating digital transformation in the society together with customers and business partners. This platform is developed based on imaging technology, one of the Company’s key technologies,

combined with cutting-edge IoT and AI technologies. Although more restrictions were seen amid the spread of COVID-19, revenue in the visual solutions unit increased in the October-December period due to the followings: directly owned planetariums took strict measures to prevent infection and also held new distribution-type events, which contributed to a recovery in revenue; large-scale orders came in from science museums; and full-dome type video distribution business was launched with an aim to bring in digital transformation to the planetarium industry.

As a result, the Industry Business segment recorded revenue of 85.4 billion yen, a decrease of 3.2% from a year earlier. Operating profit was 9.8 billion yen, a decrease of 12.2% year-on-year.

(Reference)

Overview of the quarterly consolidated accounting period

	Three months ended December 31, 2019	Three months ended December 31, 2020	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	249.5	230.2	(19.3)	-7.7
Gross profit	117.7	103.2	(14.4)	-12.3
Operating profit	5.1	3.2	(1.8)	-36.4
Profit before tax	3.9	2.4	(1.5)	-38.8
Profit attributable to owners of the Company	2.0	1.6	(0.4)	-22.3
	Yen	Yen	Yen	%
Basic earnings per share	4.18	3.24	(0.94)	-22.5
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	10.0	8.6	(1.3)	-13.5
Depreciation and amortization expenses	19.4	19.3	0.1	-0.7
Research and development expenses	18.4	15.8	(2.5)	-13.8
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(8.0)	14.8	22.8	-
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	108.76	104.51	(4.25)	-3.9
Euro	120.32	124.54	4.22	3.5

Overview of major segments

		Three months ended December 31, 2019	Three months ended December 31, 2020	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	139.5	125.0	(14.5)	-10.4
	Operating profit	4.2	3.1	(1.1)	-27.5
Professional Print Business	Revenue	55.4	45.3	(10.1)	-18.3
	Operating profit	2.9	(0.0)	(2.9)	-
Healthcare Business	Revenue	25.8	28.1	2.2	8.8
	Operating profit	(0.4)	(0.5)	(0.1)	-
Industry Business	Revenue	28.4	31.5	3.0	10.7
	Operating profit	4.2	4.7	0.5	12.3
Subtotal	Revenue	249.2	229.9	(19.2)	-7.7
	Operating profit	11.0	7.2	(3.7)	-34.1
Others and adjustments (Note 2)	Revenue	0.2	0.2	0.0	-9.7
	Operating profit	(5.9)	(4.0)	1.9	-
Amount reported in the Condensed Consolidated Statements of Profit or Loss	Revenue	249.5	230.2	(19.3)	-7.7
	Operating profit	5.1	3.2	(1.8)	-36.4

(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.
3. The classification of reportable segment is changed from the second quarter ended September 30, 2020.

For further detail, refer to “2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Condensed Consolidated Financial Statements [Segment Information].” Note that the results for the same period last year presented for comparative purposes are reclassified based on this new reportable segment.

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2020	As of December 31, 2020	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,276.7	1,287.4	10.6
Total liabilities	743.0	785.0	42.0
Total equity	533.7	502.3	(31.4)
Equity attributable to owners of the Company	523.7	491.8	(31.9)
	%	%	%
Equity ratio attributable to owners of the Company	41.0	38.2	-2.8

Total assets as of December 31, 2020, were 1,287.4 billion yen, an increase of 10.6 billion yen, or 0.8%, from March 31, 2020. This is primarily attributed to an increase of 34.2 billion yen in cash and cash equivalents and an increase of 12.6 billion yen in income tax receivables, offset by a decrease of 14.1 billion yen in trade and other receivables, a decrease of 9.5 billion yen in property, plant and equipment, a decrease of 6.5 billion yen in inventories, and a decrease of 4.6 billion yen in goodwill and intangible assets.

Total liabilities as of December 31, 2020, were 785.0 billion yen, an increase of 42.0 billion yen, or 5.7%, from March 31, 2020. This is primarily attributed to an increase of 55.9 billion yen in bonds and borrowings, a decrease of 6.9 billion yen in trade and other payables, and a decrease of 4.1 billion yen in other financial liabilities.

Total equity as of December 31, 2020, was 502.3 billion yen, a decrease of 31.4 billion yen, or 5.9%, from March 31, 2020.

Equity attributable to owners of the Company was 491.8 billion yen as of December 31, 2020, a decrease of 31.9 billion yen, or 6.1%, from March 31, 2020. This is primarily attributed to the recording of a loss attributable to owners of the Company of 20.6 billion yen and a decrease of 9.9 billion yen in retained earnings due to cash dividends.

As a result of the above, the equity ratio attributable to owners of the Company decreased 2.8 percentage points to 38.2%.

b. Analysis of Cash Flows

	Nine months ended December 31, 2019	Nine months ended December 31, 2020	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	11.6	40.6	29.0
Cash flows from investing activities	(38.2)	(32.8)	5.3
Total (Free cash flows)	(26.5)	7.8	34.4
Cash flows from financing activities	(9.1)	26.8	36.0

For the nine months ended December 31, 2020, net cash provided by operating activities was 40.6 billion yen, and net cash used in investing activities totaled 32.8 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an inflow of 7.8 billion yen for the current period.

Net cash provided by financing activities was 26.8 billion yen.

In addition, cash and cash equivalents as of December 31, 2020, increased by 34.2 billion yen from March 31, 2020, to 124.1 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 40.6 billion yen. On top of the loss before tax of 28.4 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 58.2 billion yen, a decrease in trade and other receivables of 18.0 billion yen, and a decrease in inventories of 9.0 billion yen, and cash outflows mainly due to a decrease in trade and other payables of 7.9 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 32.8 billion yen, mainly due to purchase of property, plant and equipment of 20.2 billion yen, purchase of intangible assets of 9.8 billion yen, and purchase of investments in subsidiaries of 4.6 billion yen, which were offset by proceeds from sales of property, plant and equipment as well as intangible assets of 3.2 billion yen.

As a result, free cash flows (the sum of cash flows from operating and investing activities) were an inflow of 7.8 billion yen (an outflow of 26.5 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was 26.8 billion yen (net cash outflows of 9.1 billion yen for the same period in the previous fiscal year), reflecting proceeds from net increase in short-term loans payable of 65.6 billion yen and proceeds from bonds issuance and long-term loans payable of 10.7 billion yen, netted with redemption of bonds and repayments of long-term loans payable of 21.2 billion yen, repayments of lease liabilities of 15.1 billion yen, and cash dividends paid of 9.6 billion yen.

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

The Company has decided to keep the full-year forecast released on October 29, 2020, unchanged, given the progress made during the current period. Further, the exchange rates announced on October 29, 2020, which represent 105 yen to the U.S. dollar and 120 yen to the euro, are retained as for the exchange rates to forecast the fourth quarter ending March 31, 2021.

A challenging situation persisted in the third quarter ended December 31, 2020, to curb the spread of COVID-19, such as through reappearance of lockdown in certain regions. At this time, it is uncertain as to when the outbreak will level off, and various risks and opportunities for businesses are still expected. Given such circumstances, the Company foresees that people's behavior will continue to be restricted to some extent due to limited lockdowns and other constraints, while economic activities will pick up at different speed depending on regions or industry/business types. With such business environment assumptions in mind, the Company is ready to proactively enhance the earning power of each business and pursue structural reforms to improve profitability. Thus, the cost of structural reform of 10.5 billion yen is included in the forecasted operating loss of 13.0 billion yen for the fiscal year ending March 31, 2021.

The Company foresees the risks and opportunities for the time being as follows:

In the Digital Workplace Business, although client companies across the globe will still have to deal with telecommuting and certain restrictions in their business activities, printing volume at offices in the fourth quarter ending March 31, 2021, is expected to return to around 90% of the level compared to the same period last year, and product sales will see a recovery. In addition, the Company's IT service solutions and "Workplace Hub," which support people's new working style such as telecommuting, will be able to respond to an increasing demand for document sharing, as well as automated and digitalized operation processes under a secured environment. Particularly, sales opportunities will grow in the area of optical character recognition (OCR) and robotics process automation (RPA), which are supposed to contribute to operational reforms and workload reductions for the following: public sectors, such as the U.S. governmental organizations and Japanese local governments; and medical institutions and other businesses that are essential to the society.

In the Professional Print Business, the Company foresees that sales of digital printing equipment which enables automated, manpower-saving, and skill-less work will increase going forward given the following circumstances: the printing market will shift more towards medium- and large-sized printing companies, while central reprographics departments and small- and medium-sized printing companies will see a shrink in demand; digital printing in the area of label and packaging, whose printing volume keeps growing amid the pandemic, will keep expanding; and many client printing companies will continue to be forced to work remotely and conduct daily operation with less human contact.

In the Healthcare Business, it is unlikely that the number of outpatients will return to the same level before the COVID-19 outbreak by the end of the fiscal year ending March 31, 2021. Also, it may take some more time for investments on diagnostic equipment to recover. That said, the Company is convinced that its valuable services are more in demand under such hard time. Particularly, sales opportunities will increase in the following solution areas that support a sustainable medical environment, including infection control measures: remote medical solutions; community collaboration solutions; dynamic X-ray systems and AI image reading support solutions; and nursing support solutions which integrate vital sensing technology. As for genetic testing service, the Company expects that DNA testing will see a recovery at first because it is a saliva testing that can be conducted outside clinics, whereas ribonucleic acid (RNA) testing, a blood testing that requires people to come into clinics, will pick up later as the number of outpatients come back. Regarding drug discovery support service, the Company expects that its backlog will start decreasing once clinical trials conducted by pharmaceutical companies restart, which shall contribute to the Company's revenue increase.

In the Industry Business, the Company expects that the market will continue growing and sales opportunities will increase going forward for its measuring instruments and high-value-added functional films, provided that more variety in types of flat panel displays (FPD) will be seen in the market. In addition, more sales are expected in measuring instruments that support labor saving at

customers' production lines through automated inspection systems.

With regard to the financial foundation, the Company entered into another commitment line agreement in May 2020 in order to prepare for a possible deterioration in future cash flows amid the spread of COVID-19. The total balance of credit lines is 300 billion yen as of December 31, 2020, all of which remains untapped, securing the Company's liquidity on hand at a sufficient level. Moreover, the Company is committed to streamline its business operations through strictly tightening inventory at a minimum level, strengthening its cash flow management by sorting and reducing the level of capital spending as well as investment and lending transactions, and pursuing the cost-benefit mindset.

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

Amounts less than one hundred million yen are rounded down to the nearest million yen in the "1.QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2020" section.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	89,901	124,180
Trade and other receivables	260,850	246,717
Inventories	162,575	155,986
Income tax receivables	4,775	17,413
Other financial assets	6,113	2,777
Other current assets	26,938	28,190
Total current assets	551,154	575,265
Non-current assets		
Property, plant and equipment	309,457	299,882
Goodwill and intangible assets	337,785	333,085
Investments accounted for using the equity method	644	9
Other financial assets	38,394	42,071
Deferred tax assets	34,562	32,591
Other non-current assets	4,770	4,497
Total non-current assets	725,614	712,139
Total assets	1,276,768	1,287,404

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trade and other payables	162,886	155,910
Bonds and borrowings	59,267	133,377
Lease liabilities	18,456	12,876
Income tax payables	286	2,119
Provisions	12,028	10,464
Other financial liabilities	2,927	39,551
Other current liabilities	47,556	45,591
Total current liabilities	303,409	399,890
Non-current liabilities		
Bonds and borrowings	230,027	211,840
Lease liabilities	95,760	99,549
Retirement benefit liabilities	33,840	35,166
Provisions	15,205	15,541
Other financial liabilities	46,381	5,654
Deferred tax liabilities	11,973	10,618
Other non-current liabilities	6,404	6,800
Total non-current liabilities	439,593	385,172
Total liabilities	743,002	785,062
Equity		
Share capital	37,519	37,519
Share premium	196,135	197,597
Retained earnings	307,179	273,602
Treasury shares	(9,684)	(9,792)
Share acquisition rights	728	611
Other components of equity	(8,133)	(7,696)
Equity attributable to owners of the Company	523,745	491,841
Non-controlling interests	10,020	10,501
Total equity	533,766	502,342
Total liabilities and equity	1,276,768	1,287,404

(2) Condensed Consolidated Statements of Profit or Loss

Nine months ended December 31, 2019 and 2020

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Revenue	747,036	614,891
Cost of sales	392,476	350,682
Gross profit	354,559	264,208
Other income	2,872	8,969
Selling, general and administrative expenses	336,031	289,383
Other expenses	10,821	8,395
Operating profit (loss)	10,579	(24,601)
Finance income	3,982	3,381
Finance costs	8,851	7,247
Share of profit (loss) of investments accounted for using the equity method	(151)	12
Profit (loss) before tax	5,559	(28,454)
Income tax expense (income)	3,448	(8,320)
Profit (loss) for the period	2,110	(20,133)
Profit (loss) attributable to:		
Owners of the Company	2,173	(20,643)
Non-controlling interests	(63)	509
Earnings (loss) per share	Yen	Yen
Basic	4.39	(41.69)
Diluted	4.38	(41.69)

Three months ended December 31, 2019 and 2020

(Millions of yen)

	Three months ended December 31, 2019	Three months ended December 31, 2020
Revenue	249,547	230,231
Cost of sales	131,843	126,987
Gross profit	117,703	103,244
Other income	1,720	1,453
Selling, general and administrative expenses	111,477	98,451
Other expenses	2,800	2,971
Operating profit	5,146	3,275
Finance income	1,459	1,383
Finance costs	2,563	2,182
Share of profit (loss) of investments accounted for using the equity method	(44)	(30)
Profit before tax	3,997	2,445
Income tax expense	1,898	493
Profit for the period	2,099	1,951
Profit attributable to:		
Owners of the Company	2,067	1,605
Non-controlling interests	32	346
Earnings per share	Yen	Yen
Basic	4.18	3.24
Diluted	4.16	3.24

(3) Condensed Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2019 and 2020

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss) for the period	2,110	(20,133)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(427)	(1,658)
Net gain on revaluation of financial assets measured at fair value (net of tax)	1,012	2,645
Total items that will not be reclassified to profit or loss	584	986
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(858)	98
Exchange differences on translation of foreign operations (net of tax)	(9,884)	(3,627)
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	(23)	15
Total items that may be subsequently reclassified to profit or loss	(10,766)	(3,513)
Total other comprehensive income (loss)	(10,181)	(2,526)
Total comprehensive income (loss)	(8,071)	(22,660)
Total comprehensive income (loss) attributable to:		
Owners of the Company	(7,350)	(23,140)
Non-controlling interests	(720)	480

Three months ended December 31, 2019 and 2020

(Millions of yen)

	Three months ended December 31, 2019	Three months ended December 31, 2020
Profit for the period	2,099	1,951
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(20)	(0)
Net gain on revaluation of financial assets measured at fair value (net of tax)	1,311	929
Total items that will not be reclassified to profit or loss	1,290	929
Items that may be subsequently reclassified to profit or loss		
Net gain on derivatives designated as cash flow hedges (net of tax)	257	30
Exchange differences on translation of foreign operations (net of tax)	11,014	(143)
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	(7)	—
Total items that may be subsequently reclassified to profit or loss	11,264	(112)
Total other comprehensive income	12,555	816
Total comprehensive income	14,654	2,767
Total comprehensive income (loss) attributable to:		
Owners of the Company	14,869	2,241
Non-controlling interests	(215)	526

(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, 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

(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, 2020	37,519	196,135	307,179	(9,684)	728	(8,133)	523,745	10,020	533,766
Profit (loss) for the period	—	—	(20,643)	—	—	—	(20,643)	509	(20,133)
Other comprehensive income (loss)	—	—	—	—	—	(2,497)	(2,497)	(29)	(2,526)
Total comprehensive income (loss)	—	—	(20,643)	—	—	(2,497)	(23,140)	480	(22,660)
Dividends	—	—	(9,904)	—	—	—	(9,904)	—	(9,904)
Acquisition and disposal of treasury shares	—	—	(94)	(107)	—	—	(202)	—	(202)
Share-based payments	—	(433)	—	—	(117)	—	(551)	—	(551)
Equity and other transactions with non-controlling shareholders	—	(108)	—	—	—	—	(108)	—	(108)
Put options written on non-controlling interests	—	2,004	—	—	—	—	2,004	—	2,004
Transfer from other components of equity to retained earnings	—	—	(2,933)	—	—	2,933	—	—	—
Total transactions with owners	—	1,461	(12,933)	(107)	(117)	2,933	(8,763)	—	(8,763)
Balance as of December 31, 2020	37,519	197,597	273,602	(9,792)	611	(7,696)	491,841	10,501	502,342

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities		
Profit (loss) before tax	5,559	(28,454)
Depreciation and amortization expenses	57,442	58,292
Impairment losses and reversal of impairment losses	534	603
Share of (profit) loss of investments accounted for using the equity method	151	(12)
Interest and dividends income	(3,728)	(3,381)
Interest expenses	6,622	6,126
Loss on sales and disposals of property, plant and equipment, and intangible assets	3,213	710
(Increase) decrease in trade and other receivables	1,364	18,079
(Increase) decrease in inventories	(31,064)	9,032
Increase (decrease) in trade and other payables	(106)	(7,940)
Decrease due to transfer of rental assets	(5,292)	(3,463)
Increase (decrease) in retirement benefit liabilities	1,433	(466)
Others	(9,415)	(1,034)
Subtotal	26,713	48,091
Dividends received	665	644
Interest received	3,252	3,049
Interest paid	(7,162)	(7,149)
Income taxes (paid) refunded	(11,861)	(3,950)
Net cash provided by (used in) operating activities	11,606	40,684

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,956)	(20,266)
Purchase of intangible assets	(8,435)	(9,806)
Proceeds from sales of property, plant and equipment, and intangible assets	928	3,270
Purchase of investments in subsidiaries	(4,216)	(4,606)
Proceeds from sales of investments accounted for using the equity method	—	663
Payments for transfer of business	(307)	(771)
Others	(215)	(1,340)
Net cash provided by (used in) investing activities	(38,203)	(32,857)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	25,344	65,683
Proceeds from bonds issuance and long-term loans payable	2,543	10,788
Redemption of bonds and repayments of long-term loans payable	(8,328)	(21,227)
Repayments of lease liabilities	(14,028)	(15,176)
Purchase of treasury shares	(2)	(733)
Cash dividends paid	(14,700)	(9,653)
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(2,786)
Others	0	0
Net cash provided by (used in) financing activities	(9,172)	26,894
Effect of exchange rate changes on cash and cash equivalents	(1,840)	(444)
Net increase (decrease) in cash and cash equivalents	(37,608)	34,279
Cash and cash equivalents at the beginning of the period	124,830	89,901
Cash and cash equivalents at the end of the period	87,222	124,180

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

Not applicable.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Subsidy income including compensation for sustaining businesses	—	5,515
Gain on settlement of retirement benefit plans	—	1,218
Others	2,872	2,235
Total	2,872	8,969

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Business structure improvement expenses	2,301	3,541
Loss on sales and disposals of property, plant and equipment, and intangible assets	3,361	835
Others	5,158	4,018
Total	10,821	8,395

[Segment Information]

(a) Reportable segments

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

During the second quarter ended September 30, 2020, the Company developed a new medium-term business strategy "DX2022," which mainly focuses on executing and achieving positive results for projects and plans implemented or still continuing under "SHINKA 2019," the previous Medium-term Business Plan. The basic policy of "DX2022" is to "leap to more highly profitable businesses through DX" and to "evolve into a company clearly committed to solving social issues." In order to enhance customers' value, the Company has reassessed the classification of the original three business lines, namely Core Business, Growth Business, and New Business, and also reviewed the existing reportable segments in accordance with the new strategy under "DX2022." The new reportable segments are as follows:

i. Digital Workplace Business

The former Office Business is now renamed as "Digital Workplace Business," which is dedicated to support customers' DX and value creation. In detail, the Company has combined MFPs and IT service solutions together with "Workplace Hub," which was originally classified into and reported as "Others," to offer valuable services to customers across different industries and businesses, including offices, hospitals, logistic companies, and manufacturing companies, with an aim to solve their day-to-day issues. All the related operating segments are accounted for under this reportable segment.

ii. Professional Print Business

Professional Print Business fully utilizes digital technology to achieve automation and manpower-saving and to support printing companies in their efforts to generate more value-added businesses. The segment plans to expand its business by shifting to the area of mass printing, including label and packaging printing as well as other industrial printing, given that the market is expected to grow going forward. There is no change for the Professional Print Business in its segment classification.

iii. Healthcare Business

Healthcare Business is comprised of original operating segments and new operating segments. The original operating segment is composed of diagnostic imaging, including X-ray and ultrasound, and medical IT services to support such diagnostic imaging. The new operating segment includes genetic diagnostic service and drug discovery support service, which were originally classified into and reported as "Others." By integrating new and original businesses, the Company is dedicated to provide valuable services, such as prevention of disease, early detection of disease, early diagnosis, and new drug development support.

iv. Industry Business

The former Industrial Business is renamed as "Industry Business." On top of the sensing business as well as the materials and components business, the segment now incorporates the imaging-IoT solutions business, including status monitoring solution using imaging-IoT technology, which was originally classified into and reported as "Others." By integrating these businesses, the Company aims to provide safety, security, and other values to people dedicated to manufacturing work across various industries.

Note that segment information for the nine months ended December 31, 2019 and three months ended December 31, 2019, presented below is reclassified based on the new reportable segment changed in the second quarter ended September 30, 2020.

Businesses of each reportable segment are described as follows:

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

(b) Information by reportable segment

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

Nine months ended December 31, 2019

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	413,623	158,727	85,562	88,320	746,234	801	-	747,036
Intersegment (Note 1)	1,740	384	477	2,773	5,377	11,906	(17,284)	-
Total	415,364	159,112	86,040	91,094	751,611	12,708	(17,284)	747,036
Segment profit (loss)	17,563	5,036	(3,755)	11,195	30,040	(1,684)	(17,776)	10,579

Nine months ended December 31, 2020

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	336,267	118,759	73,599	85,466	614,093	797	-	614,891
Intersegment (Note 1)	1,581	119	408	1,796	3,905	11,119	(15,025)	-
Total	337,848	118,879	74,007	87,263	617,999	11,917	(15,025)	614,891
Segment profit (loss)	(6,201)	(8,799)	(7,102)	9,827	(12,276)	(564)	(11,760)	(24,601)

(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 or "Others."

Three months ended December 31, 2019

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	139,520	55,428	25,867	28,463	249,279	267	–	249,547
Intersegment (Note 1)	810	55	182	942	1,990	3,844	(5,835)	–
Total	140,330	55,484	26,049	29,405	251,270	4,111	(5,835)	249,547
Segment profit (loss)	4,288	2,947	(412)	4,247	11,071	(449)	(5,475)	5,146

Three months ended December 31, 2020

(Millions of yen)

	Reportable segments					Others	Adjustments (Note 2) (Note 3)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	125,015	45,305	28,153	31,516	229,990	241	–	230,231
Intersegment (Note 1)	384	67	160	764	1,376	3,747	(5,124)	–
Total	125,399	45,372	28,313	32,280	231,366	3,989	(5,124)	230,231
Segment profit (loss)	3,109	(42)	(539)	4,770	7,298	(82)	(3,940)	3,275

(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 or "Others."