

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 [IFRS]

Company name:	Konica Minolta, Inc.
Stock exchange listings:	Tokyo (First Section)
Securities code number:	4902
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Scheduled date for dividends payment:	-
Scheduled date for submission of securities report:	August 6, 2021
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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated results of operations

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

Three months ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	229,860	32.7	3,103	-	2,549	-
June 30, 2020	173,167	-28.4	(22,639)	-	(23,801)	-

Three 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	%
June 30, 2021	871	-	978	-	3,765	-
June 30, 2020	(17,446)	-	(17,305)	-	(18,259)	-

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2021	1.98	1.98
June 30, 2020	(34.96)	(34.96)

(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	%
June 30, 2021	1,271,449	547,140	536,210	42.2
March 31, 2021	1,299,752	550,703	539,888	41.5

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, 2021	—	10.00	—	15.00	25.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (forecast)		15.00	—	15.00	30.00

(Note) Changes from the latest dividend forecasts: None

3. Consolidated forecasts for the fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(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, 2022	940,000	8.9	36,000	—	19,000	—	38.50

(Note) Changes from the latest consolidated forecasts: None

■ Notes

- (1) Changes in significant subsidiaries for the three months ended June 30, 2021 (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 June 30, 2021: 502,664,337 shares
 - As of March 31, 2021: 502,664,337 shares
 - b. Number of treasury shares
 - As of June 30, 2021: 9,136,639 shares
 - As of March 31, 2021: 9,155,998 shares
 - c. Average number of issued and outstanding shares during the year
 - The three months ended June 30, 2021: 493,516,433 shares
 - The three months ended June 30, 2020: 495,001,762 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 (2,796,017 shares as of June 30, 2021, and 2,809,437 shares as of March 31, 2021).

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

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

Note on the forecasts for the consolidated financial results

The forecasts for results of operations in this report are based on information currently available to the Company and its subsidiaries (the “Group”) and certain assumptions determined to be reasonable, and are not intended to assure any achievement of the Group’s operations. Actual results may differ significantly from the forecasts due to various factors. For further details of the assumptions that form the basis of the of the forecasts and other related matters when referring to the forecasts, see “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2021, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 8.

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

The Company will hold a briefing on the quarterly financial results for institutional investors on Thursday, July 29, 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 THREE MONTHS ENDED JUNE 30, 2021

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	173.1	229.8	56.6	32.7
Gross profit	71.6	101.2	29.5	41.3
Operating profit (loss)	(22.6)	3.1	25.7	—
Profit (loss) before tax	(23.8)	2.5	26.3	—
Profit (loss) attributable to owners of the Company	(17.3)	0.9	18.2	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(34.96)	1.98	36.94	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	6.3	8.8	2.5	40.0
Depreciation and amortization expenses	19.4	18.9	(0.4)	-2.1
Research and development expenses	16.1	15.3	(0.8)	-5.1
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(13.9)	(2.7)	11.1	—
	Number	Number	Number	%
Number of employees in the Group	42,964	40,078	(2,886)	-6.7
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	107.62	109.49	1.87	1.7
Euro	118.48	131.96	13.48	11.4

The United States and Europe derive a little under 60% of the Company's consolidated revenue and saw continuous signs of recovery after the ease of restrictions in economic activities due to COVID-19. Also, a continued economic growth was seen in China. In Japan, the manufacturing industry saw signs of improvement as exports increased thanks to recovery in overseas economic conditions, despite the fact that economic activities in the non-manufacturing industry remained sluggish due to the declaration of the nationwide state of emergency. Meanwhile, economic activities in emerging countries, such as Southeast Asia, are still negatively affected due to rebound of COVID-19.

Amid such business environment, the Company saw an increase in revenue in all reportable segments: Digital Workplace Business, Professional Print Business, Healthcare Business, and Industry Business. The Group recorded revenue of 229.8 billion yen, an increase of 32.7% year-on-year during the three months ended June 30, 2021 (the "current period"). While revenue was picking up over the current period, the Company successfully continued to maintain the level of selling and administrative expenses that was curbed in the previous year. As a result, operating profit during the current period was 3.1 billion yen, a substantial increase year-on-year (operating loss of 22.6 billion yen was marked in the same period of the previous fiscal year). Profit before tax of 2.5 billion yen was marked in the current period, whereas loss before tax of 23.8 billion yen was recorded in the same period of the previous year. Profit attributable to owners of the Company was 0.9 billion yen, whereas loss attributable to owners of the Company was 17.3 billion yen in the same period of the previous year.

Compared to the same period of the fiscal year ended March 31, 2020 in the pre-pandemic, the Company boosted revenue up to 95%. In particular, revenue in the Industry Business, which will be one of the main pillars for the Company's growth strategy, increased by 17% from the same period

of the fiscal year ended March 31, 2020.

The Company has been committed to a long-term management vision that looks forward to 2030 and a medium-term business strategy “DX2022” from the fiscal year ended March 31, 2021. However, the Company launched “DX2022” as a medium-term business plan, given that the Board of Directors approved capital policies and priority initiatives for successfully completing the portfolio transformation in the fiscal year ended March 31, 2026. The basic policy is to “leap to highly profitable businesses through digital transformation (or “DX”)” and to “evolve into a company clearly committed to solving social issues.”

As the number of employees coming into office sites decreased due to the effects of COVID-19, printing demand substantially declined. Although such number is expected to grow as economic activities will pick up, the Company rigorously evaluates that printing demand at office sites will see a declining trend in the medium term. The Company will swiftly work on two portfolio transformations, aiming to realize a business structure with less dependence on office printing.

First is the transformation into the Digital Workplace Business by utilizing the customer base in the Office Business. The Company will work to provide greater added value to its businesses by utilizing the customer base in the Office Business developed in the past and supporting implementation of DX in customers’ workflows. Second is the transformation of the business portfolio that accelerate business growth of the whole company in the fields of measurements, inspections, and diagnosis. The Company will promote effective allocation of resources, such as human resources, research and development expenses, and investments and loans, given that the following businesses will become the main pillars of the Company: Professional Print Business, Healthcare Business, and Industry Business. Prompt executions of these plans for transformation during the period of the medium-term business plan, “DX2022” will enable completion of the business portfolio transformation in the fiscal year ended March 31, 2026, and significantly change the operating profit composition by business.

The classification of reportable segment is changed from the six-month period ended September 30, 2021. Segment information for the same period of the previous year, which is presented below for comparative analysis purposes, is reclassified based on the new reportable segment. For further details, refer to “4. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Consolidated Financial Statements [Segment Information].”

b. Overview by Segment

		Three months ended June 30, 2020	Three months ended June 30, 2021	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	94.5	121.1	26.5	28.1
	Operating profit	(9.6)	1.0	10.6	–
Professional Print Business	Revenue	31.7	47.9	16.1	50.9
	Operating profit	(7.0)	0.9	8.0	–
Healthcare Business	Revenue	20.5	25.2	4.6	22.9
	Operating profit	(4.7)	(3.1)	1.5	–
Industry Business	Revenue	26.0	35.2	9.1	35.2
	Operating profit	2.8	7.9	5.1	179.8
Subtotal	Revenue	172.9	229.5	56.6	32.7
	Operating profit	(18.5)	6.7	25.3	–
Others and adjustments (Note 2)	Revenue	0.2	0.3	0	31.2
	Operating profit	(4.0)	(3.6)	0.3	–
Amount reported in the Consolidated Statement of Profit or Loss	Revenue	173.1	229.8	56.6	32.7
	Operating profit	(22.6)	3.1	25.7	–

(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 six-month period ended September 30, 2021. 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 of the previous fiscal 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 significantly recovered to 132%, 117%, and 126% of the year-before levels for color models, monochrome models, and all models, respectively, although some areas in Asia were hit by lockdowns. The improvement was mainly due to a strong recovery of sales of color models in Europe, the United States, and China as each country reopened its economic activities. Non-hardware revenue, such as consumables and services, went up in the current period because employees started coming back into client companies’ office sites and a recovery in print volume was seen in Europe and the United States. Also, sales volume in China continued to grow steadily year-on-year, a continuing trend from the previous year. Based on above, the overall revenue in the office unit increased year-on-year.

In the DW-DX unit, composed of the former IT services solutions unit and the Workplace Hub unit, revenue increased year-on-year because a large-scale order of managed IT service, which takes care of the entire IT platform of customers, was received in the United States, and sales of digital workflow solution services in Europe surged during the current period.

As a result of the above, the Digital Workplace Business segment recorded revenue of 121.1 billion yen in the current period, an increase of 28.1% year-on-year. Operating profit was 1.0 billion yen (operating loss of 9.6 billion yen for the same period of the previous year).

ii. Professional Print Business

In the production print unit, sales volume in the current period went up to 138%, 122%, and 132% of the year-before levels for color models, monochrome models, and all models, respectively. Sales of color models increased in all categories, mainly due to a substantial growth in sales in Europe and China. The improvement in sales of color models was largely attributable to “AccurioPress C14000” series, a heavy production model, and “AccurioPress C4080” series, a light production model, both launched during the previous fiscal year. Non-hardware revenue increased as a result of recovery in print volume in medium and large-sized printing companies in Europe and the United States, and continuous and steady growth in sales in China since the previous year.

In the industrial print unit, sales volume of digital inkjet press increased, attributed to successful sales in the United States. Sales of digital label press and digital embellishment printing equipment saw a significant improvement, supported by the increased sales volume in the United States and Europe and reopening of operating activities in China by participating in trade shows. Non-hardware revenue has continuously increased since the second period of the previous fiscal year, mainly due to recovery in demand for textile and an increase in the number of printing instruments installed in the market amid an increasing demand for packages and labels for daily necessities.

In the marketing services unit, revenue in Europe showed a growth, reflecting economic recovery due to the ease of restrictions of activities to prevent the spread of COVID-19 and reopening of sales promotion activities by major clients. In Japan, although the state of emergency was issued again, sales volume went up, led by successful sales of digital solution services, including production management of promotional materials offered by Kinko’s.

As a result of the above, the Professional Print Business segment recorded revenue of 47.9 billion yen, an increase of 50.9% year-on-year. Operating profit was 0.9 billion yen (operating loss of 7.0 billion yen for the same period of the previous year).

iii. Healthcare Business

Although operating activities continued to be restricted in some areas in Asia due to the pandemic, the healthcare unit saw a continuous uplift in sales volume of digital radiography (DR), responding to a continuous increase in sales in Japanese markets, the increasing needs on digital mobile X-ray systems to be used for COVID-19 exams in India and Asia, and solid sales in the Americas. Sales volume of diagnostic ultrasound systems went up, mainly supported by an increase in orthopedics and obstetrics sales in Japan. For medical IT, sales of “Informity,” an IT service supporting medical image management and collaboration between medical institutions, continued to grow steadily in Japan. Also, sales of the Picture Archiving and Communication System (PACS) started to pick up in the United States where medical institutions have halted their investment activities amid the spread of COVID-19 pandemic. Based on above, revenue in the healthcare unit increased year-on-year.

In the precision medicine unit, the number of genetic testing services continued its upward trend, particularly in ribonucleic acid (RNA) testing, representing one of the Company’s focus areas that assesses germline mutations, and “CARE Program,” a full scale service for imaging centers. The Company’s drug discovery support service continued to struggle in the current period as the number of clinical trial volunteers kept decreasing in the United States under the pandemic, causing delays in the commencement of clinical trials to be conducted by pharmaceutical companies; however, the Company maintained a high number of order backlog for services provided to pharmaceutical companies, which is contributing to encouraging negotiations for the commencement of clinical trials. As a result, the overall revenue of the precision medicine unit went up year-on-year.

Based on above, the Healthcare Business segment recorded revenue of 25.2 billion yen, an increase of 22.9% year-on-year. Operating loss was 3.1 billion yen (operating loss of 4.7 billion yen for the same period in the previous year).

iv. Industry Business

In the measuring instruments unit of the sensing field, overall revenue went up in the current period due to the following: orders for object color measurement instruments continued to

increase in China and Europe in addition to revenue recovery in North America; and revenue from light source color measurement instruments continued to increase due to additional orders because of an increase in demand from major customers. For visual inspection, orders received in the previous fiscal year led to sales, and new orders were also received steadily. Moreover, the unit achieved its highest quarterly revenue ever, combined with the consolidation effect of Specim, Spectral Imaging Oy Ltd., acquired in the previous fiscal year.

In the materials and components field, the performance materials unit secured strong demand on providing high value-added products, including phase difference films for LCD TVs and thin films for personal computers, tablets, and smartphones. Moreover, sales of new resin SANUQI film expanded for use in large-screen TVs, and saw a significant increase in unit revenue year-on-year. In the optical components unit, although the lenses market for general use, such as those for entertainment use, were still in the process of recovery, it saw a year-on-year increase in sales of industrial use lenses, such as in-vehicle lenses, where market growth was expected, and as a result, the unit revenue was at the same level year-on-year. In the Inkjet (IJ) components unit, the Chinese domestic market, the Company's main targeted market, remained strong and other markets in Europe and in the United States also saw signs of recovery. In addition, the Company expanded its sales in industrial applications as a growth area. As a result, the unit revenue saw an increase year-on-year.

In the imaging-IoT solutions unit, despite the rise in revenue of monitoring camera solutions to Europe during the current period, it saw a decrease in revenue year-on-year due to stabilized demand for the thermal camera solution, which enables contact-less measurement of body surface temperature in response to the COVID-19 pandemic. "FORXAI," an imaging IoT platform launched in the previous fiscal year, has expanded its number of partners, proceeded with full-scale program development, and expanded its sales channels.

In the visual solutions unit, revenue in merchandise went up through tie-up projects in the directly owned planetariums. In addition, despite the impact of the reissuance of the national state of emergency in Japan during the current period, revenue increased year-on-year due to the following: directly owned planetariums continued to take strict measures and made effective announcements to prevent the COVID-19 infection.

As a result, the Industry Business segment recorded revenue of 35.2 billion yen, an increase of 35.2% from a year earlier, driven by the sensing field and the performance materials unit. Operating profit was 7.9 billion yen, an increase of 179.8% year-on-year. A steady growth in operating profit resulted in an increase of 145.1% compared to the same period of the fiscal year ended March 31, 2020 in the pre-pandemic.

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2021	As of June 30, 2021	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,299.7	1,271.4	(28.3)
Total liabilities	749.0	724.3	(24.7)
Total equity	550.7	547.1	(3.5)
Equity attributable to owners of the Company	539.8	536.2	(3.6)
	%	%	%
Equity ratio attributable to owners of the Company	41.5	42.2	0.7

Total assets as of June 30, 2021, were 1,271.4 billion yen, a decrease of 28.3 billion yen, or 2.2%, from March 31, 2021. This is primarily attributed to a decrease of 14.1 billion yen in cash and cash equivalents, a decrease of 13.0 billion yen in trade and other receivables, and a decrease of 4.4 billion yen in inventories, offset by an increase of 4.8 billion yen in other assets.

Total liabilities as of June 30, 2021, were 724.3 billion yen, a decrease of 24.7 billion yen, or 3.3%, from March 31, 2021. This is primarily attributed to a decrease of 18.4 billion yen in trade and other payables and a decrease of 6.7 billion yen in other liabilities.

Total equity as of June 30, 2021, was 547.1 billion yen, a decrease of 3.5 billion yen, or 0.6%, from March 31, 2021.

Equity attributable to owners of the Company was 536.2 billion yen as of June 30, 2021, a decrease of 3.6 billion yen, or 0.7%, from March 31, 2021. This is primarily attributed to the recording of a profit attributable to owners of the Company of 0.9 billion yen, a decrease of 7.4 billion yen in retained earnings due to cash dividends, and an increase of 2.6 billion yen in other components of equity (primarily exchange differences on translation of foreign operations).

As a result of the above, the equity ratio attributable to owners of the Company increased 0.7 percentage points to 42.2%.

b. Analysis of Cash Flows

	Three months ended June 30, 2020	Three months ended June 30, 2021	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	(7.7)	9.1	16.8
Cash flows from investing activities	(6.1)	(11.8)	(5.6)
Total (Free cash flows)	(13.9)	(2.7)	11.1
Cash flows from financing activities	76.7	(11.7)	(88.4)

For the three months ended June 30, 2021, net cash provided by operating activities was 9.1 billion yen, and net cash used in investing activities totaled 11.8 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 2.7 billion yen for the current period.

Net cash used in financing activities was 11.7 billion yen.

In addition, cash and cash equivalents as of June 30, 2021, decreased by 14.1 billion yen from March 31, 2021, to 109.6 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 9.1 billion yen. On top of the profit before tax of 2.5 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 18.9 billion yen, a decrease in trade and other receivables of 14.7 billion yen, and cash outflows mainly due to a decrease in trade and other payables of 14.6 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 11.8 billion yen, mainly due to purchase of property, plant and equipment of 9.2 billion yen and purchase of intangible assets of 4.3 billion yen.

As a result, free cash flows (the sum of cash flows from operating and investing activities) were an outflow of 2.7 billion yen (an outflow of 13.9 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was 11.7 billion yen (net cash inflows of 76.7 billion yen for the same period in the previous fiscal year), reflecting cash dividends paid of 7.0 billion yen and repayments of lease liabilities of 4.7 billion yen.

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

The Company has decided to keep the full year forecast released on May 14, 2021, unchanged, given the progress made during the current period. Further, the exchange rates, which represent 105 yen to the U.S. dollar and 125 yen to the euro, are retained as for the exchange rates to forecast.

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 THREE MONTHS ENDED JUNE 30, 2021" section.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	123,823	109,647
Trade and other receivables	262,849	249,837
Inventories	156,942	152,536
Income tax receivables	7,609	8,025
Other financial assets	3,203	3,196
Other current assets	27,595	32,461
Total current assets	582,024	555,705
Non-current assets		
Property, plant and equipment	292,535	290,123
Goodwill and intangible assets	347,478	347,875
Investments accounted for using the equity method	9	9
Other financial assets	36,997	37,066
Deferred tax assets	36,365	36,334
Other non-current assets	4,342	4,334
Total non-current assets	717,728	715,743
Total assets	1,299,752	1,271,449

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trade and other payables	185,793	167,327
Bonds and borrowings	92,072	92,693
Lease liabilities	18,833	13,524
Income tax payables	2,234	2,874
Provisions	12,270	10,282
Other financial liabilities	34,974	34,512
Other current liabilities	53,487	46,393
Total current liabilities	399,667	367,607
Non-current liabilities		
Bonds and borrowings	223,247	223,195
Lease liabilities	76,547	83,482
Retirement benefit liabilities	18,191	18,646
Provisions	7,054	7,073
Other financial liabilities	5,795	6,088
Deferred tax liabilities	11,219	10,526
Other non-current liabilities	7,327	7,689
Total non-current liabilities	349,382	356,701
Total liabilities	749,049	724,308
Equity		
Share capital	37,519	37,519
Share premium	203,753	203,828
Retained earnings	294,283	287,855
Treasury shares	(9,694)	(9,686)
Share acquisition rights	551	546
Other components of equity	13,475	16,146
Equity attributable to owners of the Company	539,888	536,210
Non-controlling interests	10,814	10,929
Total equity	550,703	547,140
Total liabilities and equity	1,299,752	1,271,449

(2) Condensed Consolidated Statements of Profit or Loss

Three months ended June 30, 2020 and 2021

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue	173,167	229,860
Cost of sales	101,468	128,566
Gross profit	71,699	101,293
Other income	3,113	3,242
Selling, general and administrative expenses	93,675	99,239
Other expenses	3,777	2,193
Operating profit (loss)	(22,639)	3,103
Finance income	1,407	1,268
Finance costs	2,639	1,822
Share of profit (loss) of investments accounted for using the equity method	71	-
Profit (loss) before tax	(23,801)	2,549
Income tax expense (income)	(6,354)	1,677
Profit (loss) for the year	(17,446)	871
Profit (loss) attributable to:		
Owners of the Company	(17,305)	978
Non-controlling interests	(140)	(107)
Earnings (loss) per share	Yen	Yen
Basic	(34.96)	1.98
Diluted	(34.96)	1.98

(3) Condensed Consolidated Statements of Comprehensive Income

Three months ended June 30, 2020 and 2021

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit (loss) for the period	(17,446)	871
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	1,120	(58)
Total items that will not be reclassified to profit or loss	1,120	(58)
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	388	119
Exchange differences on translation of foreign operations (net of tax)	(2,337)	2,832
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	15	0
Total items that may be subsequently reclassified to profit or loss	(1,933)	2,952
Total other comprehensive income (loss)	(812)	2,894
Total comprehensive income (loss)	(18,259)	3,765
Total comprehensive income (loss) attributable to:		
Owners of the Company	(17,793)	3,649
Non-controlling interests	(465)	115

(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, 2020	37,519	196,135	307,179	(9,684)	728	(8,133)	523,745	10,020	533,766
Profit (loss) for the year	—	—	(17,305)	—	—	—	(17,305)	(140)	(17,446)
Other comprehensive income (loss)	—	—	—	—	—	(488)	(488)	(324)	(812)
Total comprehensive income (loss)	—	—	(17,305)	—	—	(488)	(17,793)	(465)	(18,259)
Dividends	—	—	(4,949)	—	—	—	(4,949)	—	(4,949)
Acquisition and disposal of treasury shares	—	—	(175)	326	—	—	150	—	150
Share-based payments	—	(4)	—	—	(48)	—	(53)	—	(53)
Equity and other transactions with non-controlling shareholders	—	(0)	—	—	—	—	(0)	—	(0)
Put options written on non-controlling interests	—	409	—	—	—	—	409	—	409
Transfer from other components of equity to retained earnings	—	—	(617)	—	—	617	—	—	—
Total transactions with owners	—	404	(5,742)	326	(48)	617	(4,441)	—	(4,441)
Balance as of June 30, 2020	37,519	196,540	284,131	(9,357)	680	(8,003)	501,510	9,555	511,065

(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 March 31, 2021	37,519	203,753	294,283	(9,694)	551	13,475	539,888	10,814	550,703
Profit (loss) for the period	—	—	978	—	—	—	978	(107)	871
Other comprehensive income (loss)	—	—	—	—	—	2,671	2,671	222	2,894
Total comprehensive income (loss)	—	—	978	—	—	2,671	3,649	115	3,765
Dividends	—	—	(7,402)	—	—	—	(7,402)	—	(7,402)
Acquisition and disposal of treasury shares	—	—	(3)	8	—	—	4	—	4
Share-based payments	—	34	—	—	(5)	—	28	—	28
Equity and other transactions with non-controlling shareholders	—	3	—	—	—	—	3	—	3
Put options written on non-controlling interests	—	38	—	—	—	—	38	—	38
Transfer from other components of equity to retained earnings	—	—	0	—	—	(0)	—	—	—
Total transactions with owners	—	75	(7,406)	8	(5)	(0)	(7,327)	—	(7,327)
Balance as of June 30, 2021	37,519	203,828	287,855	△9,686	546	16,146	536,210	10,929	547,140

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit (loss) before tax for the period	(23,801)	2,549
Depreciation and amortization expenses	19,407	18,995
Share of (profit) loss of investments accounted for using the equity method	(71)	—
Interest and dividends income	(1,352)	(1,106)
Interest expenses	2,209	1,653
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	157	319
(Increase) decrease in trade and other receivables	35,623	14,708
(Increase) decrease in inventories	(8,389)	5,333
Increase (decrease) in trade and other payables	(25,498)	(14,687)
Decrease due to transfer of rental assets	(1,173)	(946)
Increase (decrease) in retirement benefit liabilities	477	380
Others	(4,023)	(15,266)
Subtotal	(6,434)	11,932
Dividends received	278	345
Interest received	1,235	955
Interest paid	(2,932)	(2,076)
Income taxes (paid) refunded	85	(2,050)
Net cash provided by (used in) operating activities	(7,768)	9,106

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,081)	(9,255)
Purchase of intangible assets	(2,325)	(4,398)
Proceeds from sales of property, plant and equipment, and intangible assets	2,802	336
Purchase of investments in subsidiaries	(244)	—
Proceeds from sales of investments accounted for using the equity method	601	—
Proceeds from transfer of business	—	1,727
Payments for transfer of business	(166)	—
Others	(750)	(269)
Net cash provided by (used in) investing activities	(6,164)	(11,859)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	89,197	254
Proceeds from bonds issuance and long-term loans payable	8,087	48
Redemption of bonds and repayments of long-term loans payable	(10,796)	(192)
Repayments of lease liabilities	(4,977)	(4,795)
Cash dividends paid	(4,809)	(7,050)
Others	(0)	(0)
Net cash provided by (used in) financing activities	76,700	(11,735)
Effect of exchange rate changes on cash and cash equivalents	(203)	314
Net increase (decrease) in cash and cash equivalents	62,561	(14,175)
Cash and cash equivalents at the beginning of the period	89,901	123,823
Cash and cash equivalents at the end of the period	152,462	109,647

(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)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Gain on transfer of business	–	1,519
Subsidy income including compensation for sustaining businesses	2,406	809
Others	707	914
Total	3,113	3,242

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Business structure improvement expenses	2,327	283
Others	1,450	1,910
Total	3,777	2,193

[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.

In the second quarter of the previous fiscal year ended September 30, 2020, the Company reviewed the existing reportable segments in accordance with the medium-term business plan "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 three months ended June 30, 2020, presented below is reclassified based on the new reportable segment changed from the six-month period 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 and solutions; provision of IT solution services
Professional Print Business	Development, manufacture, and sales of digital printing systems and related consumables; provision of various printing services and solutions
Healthcare Business	<u>Healthcare</u> Development, manufacture, and sales of, and provision of services for diagnostic imaging systems (digital X-ray diagnostic imaging, diagnostic ultrasound systems, and others); provision of digitalization, networking, solutions, and services in the medical field
	<u>Precision medicine</u> Genetic testing; provision of services related to primary care; provision of drug discovery support services
Industry Business	<u>Sensing</u> Development, manufacture, and sales of measuring instruments
	<u>Materials and Components</u> Development, manufacture, and sales of products, such as functional film displays, 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.

Three months ended June 30, 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	94,580	31,756	20,527	26,059	172,924	243	—	173,167
Intersegment (Note 1)	542	14	114	584	1,255	3,403	(4,658)	—
Total	95,123	31,771	20,641	26,644	174,180	3,646	(4,658)	173,167
Segment profit (loss)	(9,627)	(7,061)	(4,735)	2,849	(18,575)	(250)	(3,814)	(22,639)

Three months ended June 30, 2021

(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	121,172	47,908	25,220	35,239	229,541	318	—	229,860
Intersegment (Note 1)	551	25	143	1,133	1,853	4,174	(6,027)	—
Total	121,723	47,933	25,364	36,372	231,394	4,493	(6,027)	229,860
Segment profit (loss)	1,053	959	(3,195)	7,971	6,788	(603)	(3,081)	3,103

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