

May 15, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [IFRS]

Company name:	Konica Minolta, Inc.
Stock exchange listings:	Tokyo (Prime Market)
Securities code number:	4902
URL:	http://konicaminolta.com
Representative:	Toshimitsu Taiko President and CEO, Representative Executive Officer
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Scheduled date for Ordinary General Meeting of Shareholders:	June 20, 2023
Scheduled date for dividends payment:	-
Scheduled date for submission of securities report:	June 21, 2023
Availability of supplementary information for the financial results:	Yes
Organization of briefing on the financial results:	Yes (for institutional investors)

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated results of operations

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

Fiscal year ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	1,130,397	24.0	(95,125)	-	(101,872)	-
March 31, 2022	911,426	5.6	(22,297)	-	(23,617)	-

Fiscal year ended	Profit for the year		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	(103,816)	-	(103,153)	-	(59,812)	-
March 31, 2022	(26,206)	-	(26,123)	-	34,786	77.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Profit ratio to equity attributable to owners of the Company	Profit before tax ratio to total assets	Operating profit ratio
	Yen	Yen	%	%	%
March 31, 2023	(208.89)	(208.89)	-19.9	-7.4	-8.4
March 31, 2022	(52.93)	(52.93)	-4.8	-1.8	-2.4

(Reference) Share of profit (loss) of investments accounted for using the equity method:

Fiscal year ended March 31, 2023: (96) million yen

Fiscal year ended March 31, 2022: – million yen

(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	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2023	1,413,777	499,877	487,424	34.5	986.87
March 31, 2022	1,338,124	561,500	549,810	41.1	1,113.71

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	13,319	(37,498)	84,321	180,574
March 31, 2022	37,438	(50,999)	2,125	117,670

2. Dividends per share

	End of the three-month period	End of the six- month period	End of the nine-month period	End of the year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	15.00	–	15.00	30.00
Fiscal year ended March 31, 2023	–	10.00	–	0.00	10.00
Fiscal year ending March 31, 2024 (forecast)	–	0.00	–	5.00	5.00

	Dividends paid (annual)	Dividends payout ratio (consolidated)	Dividends on equity attributable to owners of the Company ratio (consolidated)
	Millions of yen	%	%
Fiscal Year ended March 31, 2022	14,891	–	2.7
Fiscal Year ended March 31, 2023	4,964	–	1.0
Fiscal Year ending March 31, 2024 (forecast)		61.7	

3. Consolidated forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	1,140,000	0.8	18,000	–	4,000	–	8.10

■ Notes

- (1) Changes in significant subsidiaries for the fiscal year ended March 31, 2023 (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: Yes

(Note) For further details, refer to “1. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Consolidated Financial Statements [Change in accounting estimates]” on page 23.

- (3) Number of issued and outstanding shares (common stock)

a. Number of issued and outstanding shares (including treasury shares)	
As of March 31, 2023:	502,664,337 shares
As of March 31, 2022:	502,664,337 shares
b. Number of treasury shares	
As of March 31, 2023:	8,752,824 shares
As of March 31, 2022:	8,991,342 shares
c. Average number of issued and outstanding shares during the year	
The fiscal year ended March 31, 2023:	493,815,580 shares
The fiscal year ended March 31, 2022:	493,580,630 shares

(Note) The Company has established the Board Incentive Plan. The shares owned by the trust account relating to this trust are accounted for as treasury shares (2,567,818 shares as of March 31, 2023, and 2,759,516 shares as of March 31, 2022).

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated results of operations

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

Fiscal year ended	Revenue		Operating profit		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	467,328	25.2	4,317	-18.2	9,059	-44.6
March 31, 2022	373,208	8.4	5,277	–	16,338	61.6

Fiscal year ended	Net income		Net income per share	Net income per share (fully-diluted)
	Millions of yen	%	Yen	Yen
March 31, 2023	1,570	-89.2	3.18	3.17
March 31, 2022	14,476	-12.5	29.33	29.23

(2) Non-consolidated financial position

As of	Total assets	Total equity	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	943,851	319,565	33.8	646.14
March 31, 2022	802,673	332,587	41.4	672.76

(Reference) Equity:

Fiscal year ended March 31, 2023: 319,137 million yen

Fiscal year ended March 31, 2022: 332,123 million yen

- This summary of consolidated financial results falls outside the scope of audit procedures to be performed by certified public accountants or an audit firm.
- Explanation concerning the appropriate use of the forecasts for results of operations and other special matters

Note on the forecasts for the consolidated financial results

The forecasts for results of operations in this report are based on information currently available to the Company and its subsidiaries (the “Group”) and certain assumptions determined to be reasonable, and are not intended to assure any achievement of the Group’s operations. Actual results may differ significantly from the forecasts due to various factors. For further details of the assumptions that form the basis of the forecasts and other related matters when referring to the forecasts, refer to “1. OVERVIEW OF FINANCIAL RESULTS, (1) Overview of Consolidated Operating Results, c. Outlook for the Fiscal Year Ending March 31, 2024” in the attached Supplementary Information on page 9.

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

The Company will hold a briefing on the financial results for institutional investors on Monday, May 15, 2023. The proceedings and details of the briefing, along with the supplementary information on the financial results to be presented at the briefing, will be posted on the website of the Group soon after the briefing.

Supplementary Information

Table of Contents

1. OVERVIEW OF FINANCIAL RESULTS	2
(1) Overview of Consolidated Operating Results	2
(2) Overview of Consolidated Financial Position	11
2. ISSUES TO BE ADDRESSED	13
3. SIGNIFICANT EVENTS REGARDING PREMISE OF GOING CONCERN	14
4. BASIC VIEWS ON SELECTION OF ACCOUNTING STANDARDS	14
5. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES	15
(1) Consolidated Statements of Financial Position	15
(2) Consolidated Statements of Profit or Loss	17
(3) Consolidated Statements of Comprehensive Income	18
(4) Consolidated Statements of Changes in Equity	19
(5) Consolidated Statements of Cash Flows	21
(6) Notes to the Consolidated Financial Statements	23
[Notes Regarding Going Concern Assumptions]	23
[Change in Accounting Estimates]	23
[Other Income]	23
[Other Expenses]	24
[Segment Information]	25
[Earnings per Share]	29
[Events after the Reporting Period]	29

1. OVERVIEW OF FINANCIAL RESULTS

(1) Overview of Consolidated Operating Results

a. Overview

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	911.4	1,130.3	218.9	24.0
Gross profit	392.7	485.9	93.2	23.7
Operating profit (loss)	(22.2)	(95.1)	(72.8)	–
Profit (loss) before tax	(23.6)	(101.8)	(78.2)	–
Profit (loss) attributable to owners of the Company	(26.1)	(103.1)	(77.0)	–
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(52.93)	(208.89)	(155.96)	–
	%	%		
ROE	–4.8	–19.9	–15.1	–
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	42.4	43.8	1.3	3.3
Depreciation and amortization expenses	75.7	75.2	(0.4)	–0.6
Research and development expenses	62.6	63.8	1.2	1.9
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(13.5)	(24.1)	(10.6)	–
	Number	Number	Number	%
Number of employees in the Group	39,121	39,775	654	1.7
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	112.38	135.47	23.09	20.5
Euro	130.56	140.97	10.41	8.0

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

During the fiscal year ended March 31, 2023 (the “current fiscal year”), economic activities were on a recovery track from the period of the spread of COVID-19 in the fiscal year ended March 31, 2022 (the “previous fiscal year”); however, the recovery has been at a slow pace due to the global rising costs of living and monetary tightening policies in various countries, particularly in Europe and the United States. In Europe, the economic slowdown came to the surface as energy prices soared because of the situation in Ukraine. Furthermore, in the United States, uncertainty increased and economic recession continued to be concerned with the bankruptcies of some financial institutions in March 2023, although the United States remained strong with solid consumer spending and the employment environment. In China, while the ongoing economic growth slowed down due to local restrictions on activities associated with the Zero Corona policy, economic activities have resumed as a result of the easing of activity restrictions following the lifting of the policy. In Japan, consumer prices are rising, but the economy is on a gradual pickup trend as restrained demand continued to recover against the backdrop of normalization of economic activities.

Amid such business environment, the Group recorded revenue of 1,130.3 billion yen for the current fiscal year, an increase of 24.0 % year-on-year, the highest ever since the business integration of Konica and Minolta in 2003. By regions, the growth in revenue was seen in all areas as North America, Europe, China, and Japan recorded increases of approximately 44%, 27%, 13%, and 1% of the year-before levels, respectively. By businesses, the Digital Workplace Business and the Professional Print Business posted year-on-year increases both in the hardware and non-hardware

revenues as a result of the clearance of backlog orders and an uplift in sales volume. In the Healthcare Business, sales to Japan and the United States in the healthcare field remained strong, and revenue in the precision medicine field went up by 83.1% from the previous fiscal year, led by an increase in the number of genetic tests. In the Industry Business, the performance material unit saw a decline in revenue due to the impact of the adjustments in surplus stock in the market; however, revenue in the sensing field reached a record high. As a result, the overall revenue in the Industry Business declined slightly. In the current fiscal year, the Company has put up a reality-based management policy and aimed to achieve the performance forecasts as we continued to curb selling, general and administrative expenses while increasing gross profit through revenue growth, and implemented structural reforms mainly in the Digital Workplace Business and Professional Print Business.

With the medium-term business plan in mind, which will accelerate selection and concentration on the businesses, the Company examined their investments, particularly past acquisitions, and performed impairment testing in accordance with International Financial Reporting Standards (IFRS); as a result, the Company recognized 116.6 billion yen of impairment losses of goodwill mainly related to the precision medicine field of the Healthcare Business and the imaging IoT solutions unit of the Industry Business in the three months ended March 31, 2023 (the “fourth quarter”). On the other hand, the office unit of the Digital Workplace Business, the Professional Print Business, and the healthcare field of the Healthcare Business, and the IJ component unit and optical component unit of the Industry Business saw an increase in their profits from the previous fiscal year. Operating profit excluding impairment losses was 21.5 billion yen, exceeding the forecast of 15.0 billion yen, indicating that the earning power of the business is steadily recovering.

Based on the above, the consolidated operating loss for the current fiscal year was 95.1 billion yen (whereas in the previous fiscal year, operating loss was 22.2 billion yen). Loss before tax arrived at 101.8 billion yen (whereas in the previous fiscal year, loss before tax was 23.6 billion yen) and loss attributable to owners of the Company marked 103.1 billion yen (whereas in the previous fiscal year, loss attributable to owners of the Company was 26.1 billion yen).

b. Overview by Segment

		Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	465.4	600.2	134.8	29.0
	Operating profit	(6.2)	9.2	15.4	—
Professional Print Business	Revenue	194.7	252.6	57.8	29.7
	Operating profit	1.0	16.6	15.6	—
Healthcare Business	Revenue	109.9	137.8	27.9	25.4
	Operating profit	(20.3)	(112.2)	(91.9)	—
Industry Business	Revenue	139.2	137.5	(1.6)	-1.2
	Operating profit	18.5	10.8	(7.7)	-41.7
Subtotal	Revenue	909.3	1,128.2	218.9	24.1
	Operating profit	(6.9)	(75.5)	(68.5)	—
Others and adjustments (Note 2)	Revenue	2.1	2.1	0	1.0
	Operating profit	(15.3)	(19.6)	(4.2)	—
Amount reported in the Consolidated Statement of Profit or Loss	Revenue	911.4	1,130.3	218.9	24.0
	Operating profit	(22.2)	(95.1)	(72.8)	—

(Notes)

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

i. Digital Workplace Business

In the office unit, although the factory utilization rates declined as a result of the activity restrictions by the Zero Corona policy in China during the three months ended June 30, 2022 (the “first quarter”), the Company has put an effort to recover by boosting the production capacity since June 2022 after restrictions were lifted. There was also an improvement in the prolonged transportation period of products. The sales volume of A3 multi-functional (MFPs) increased among major regions, including Europe, the United States, and Japan, and the sales volumes of color models, monochrome models, and all models turned out to be at 138%, 99%, and 122% year-on-year, respectively. Also, the backlog of orders decreased from 53.7 billion yen at the end of the previous fiscal year and 36.4 billion yen at the end of December 2022 to 15.8 billion yen at the end of the current fiscal year (converted to the prevailing exchange rate). The non-hardware revenue, such as consumables and services, saw an overall increase in revenue, led by recovery of the print volume in client companies which resumed working at the office sites, although there were regional differences. As a result of these factors, the overall revenue in the office unit improved year-on-year.

In the DW-DX unit, which focuses on offering IT services, the Managed IT Services, which is entrusted with the management of the entire IT platform of customers, enjoyed expanded sales volume by the growing number of orders received in Europe and the United States and increased recurring revenue, resulting in revenue growth year-on-year.

Based on the above, the Digital Workplace Business experienced increased revenue and profit by marking a revenue of 600.2 billion yen, an increase of 29.0 % year-on-year, and an operating profit of 9.2 billion yen (an operating loss of 6.2 billion yen for the previous fiscal year) contributed by the increase in gross profit resulted from the improvement of the hardware sales

and production volume of MFPs in the office unit.

ii. Professional Print Business

In the production print unit, the demand for digital printing presses remained steady and production and shipping recovered after the lifting of activity restrictions by the Zero Corona policy in China, similarly to the office unit. The sales volumes of digital printing systems for color models, monochrome models, and all models in the current fiscal year were at 130%, 115% and 125% year-on-year, respectively. Also, the backlog of orders decreased from 8.7 billion yen at the end of the previous fiscal year and 9.0 billion yen at the end of December 2022 to 3.4 billion yen at the end of the current fiscal year (converted to the prevailing exchange rate). As for the non-hardware revenue such as consumables and services, the print volume among commercial printing companies is on a recovery trend mainly in Europe and the United States, and the demand in India and Asia has also increased.

In the industrial print unit, the sales volume of inkjet press (AccurioJET KM-1e) increased in Europe and Japan. The non-hardware revenue such as consumables, services surged in all areas of general commercial press (inkjet press), label press, embellishment press and textile press, contributed by an increase in the demand for short delivery time to printing companies, a wide variety of products, and small lots.

In the marketing services unit, revenue increased because of the acceleration of the sales promotion activities of major customers in Europe and the United States, as well as the expanded on-demand printing in Japan and South Korea.

Based on the above, the Professional Print Business recorded an increase both in revenue and profit by marking a revenue of 252.6 billion yen, an increase of 29.7% year-on-year, and an operating profit of 16.6 billion yen (an operating profit of 1.0 billion yen for the previous fiscal year) led by the increase in gross profit resulted from the growth in revenue in the production print unit and the industrial print unit.

iii. Healthcare Business

In the healthcare field, the Company expanded the sales volume of digital radiography (DR), used for X-ray diagnosis in the market of clinics in Japan, and the solid growth of sales volume mainly for X-ray systems was seen in the hospital market in the United States as well. The sales volume of the system of Dynamic Digital Radiography has made steady progress primarily in university hospitals in Japan and the United States. The sales volume of diagnostic ultrasound systems for dialysis in Japan went up and that for orthopedics and obstetrics remained strong. For medical IT, sales of “Informity,” an IT service supporting medical image management, telemedicine, and collaboration between hospitals and clinics were expanded in Japan; furthermore, sales of the Picture Archiving and Communication System (PACS) went up in Japan and the United States. As a result of the above, revenue from the healthcare field increased year-on-year.

In the precision medicine field, genetic testing services saw an uplift in the number of genetic tests, mainly in ribonucleic acid (RNA) testing, an assessment of germline mutations that represents one of the Company’s focus areas among genetic tests. For the Company’s drug discovery support service, clinical studies conducted by pharmaceutical companies have been partially delayed due to the effects of shortages of medical staff members during and after the spread of COVID-19 in the United States, but they are on a gradual recovery trend. Revenue from the genetic testing services and the Company’s drug discovery support service surpassed the level before the spread of COVID-19. Consequently, the revenue of the whole precision medicine field increased year-on-year.

In addition, at the beginning of the current fiscal year, the Company shifted its business policy for the business to focus on profitability, and put efforts into headcount optimization and expense reduction, mainly in the first quarter, leading to the recognition of a quarterly profit surplus in Ambry Genetics Corporation and Invicro, LLC on a stand-alone basis in the fourth quarter. However, the Company has reviewed its business plans in light of the following factors: changes in the competitive environment, the significantly-lower-than-expected demand growth for genetic tests in diagnostics and health screenings at hospitals due to a sharp decline in visits for preventive genetic testing during the spread of COVID-19 in the United States and

subsequent shortages of medical staff members, and excessive delays in clinical studies conducted by pharmaceutical companies ever since the acquisition in 2017, as well as current market changes, including delays in proceeding with corporate strategies, such as alliances with other companies. In addition, an increase in the discount rate following the recent rise in interest rates resulted in a significant decrease in the recoverable amount. As a result, the Company recorded 103.5 billion yen of an impairment loss on goodwill and other assets in the fourth quarter.

As a result, the Healthcare Business recorded an increase in revenue and a decrease in profit by marking a revenue of 137.8 billion yen, an increase of 25.4% year-on-year, and an operating loss of 112.2 billion yen (operating loss of 20.3 billion yen for the previous fiscal year) due to the aforementioned recognition of impairment losses, while the profit in the healthcare field was firmly secured and the precision medicine field successfully reduced its losses through the improvement in the collection rate of accounts receivable, personnel optimization, and expense reduction.

iv. Industry Business

In the sensing field, revenue of light source color measurement instruments went up year-on-year by steadily capturing the demand for the full year, despite the impact of display investments entering the early stage of the transitional period in the fourth quarter. The demand for object color measurement instruments across North America and Asia contributed to maintaining an upward trend in revenue. The number of new orders of visual inspections and testing instruments available to utilize hyper-spectral imaging technology expanded steadily, and as a result, the sales volume increased. Based on the above, the field revenue increased year-on-year.

In the materials and components field, while the performance materials unit has continuously made adjustments in stock in the downstream of supply chains since the current fiscal year as a rebound from stay-at-home demand due to the spread of COVID-19 in the previous fiscal year, the sales of phase difference films for TV Vertical Alignment (VA) panels, which are one of the Company's main products, remained strong. On the other hand, the sales of phase difference films for In Plane Switching (IPS) panels and thin films for IT devices and smartphones have been continuously affected by the aforementioned stock adjustments in the market. As a result, the performance materials unit experienced an overall decline in sales volumes of films and saw a decline in revenue year-on-year. The inkjet (IJ) components unit captured the demand generated from the customers' expectation of the market recovery ahead as economic activities in China, a major market, resumed due to the easing of restrictions on activities following the lifting of the Zero Corona policy. The strong sales of printheads for high-definition printers in Europe and the United States also supported the increase in revenue year-on-year. In the optical components unit, the sales of lenses for industrial uses was affected by the negative impact from declines in production in the automotive industry resulted from the shortage of semiconductors; however, the overall revenue of the unit went up year-on-year thanks to the increased number of sales in lenses for semiconductor inspection equipment and the steady trend of sales due to the recovery in the market of lenses for projectors and interchangeable lenses. As a result of the above, the materials and components field saw an overall decrease in revenue year-on-year.

In the imaging-IoT solutions field, supply constraints on semiconductors and other materials had affected the imaging IoT solutions unit since the previous fiscal year, but they improved in the fourth quarter. In addition, MOBOTIX AG ("MOBOTIX") and sales companies in Europe and the United States in the Group worked together to establish a sales promotion system and secured large-scale orders through the packaging of monitoring cameras, applications, and services. In addition, the strong sales of the car number verification software of VAXTOR Technologies. S.L., which MOBOTIX acquired during the first quarter, contributed to the increase in revenue of the unit year-on-year. The visual solutions unit continued to enjoy growth in sales, contributed mainly by a stream of visitors at the directly operated planetariums in Nagoya and Yokohama opened in October 2021, and March 2022, respectively. The increase in sales at the planetariums contributed to growth in revenue of the unit year-on-year. Based on the above, the imaging-IoT solutions field as a whole enjoyed an improvement in revenue year-on-year.

Due to the supply constraints of semiconductors and other materials and the effects of the

economic stagnation in our main market, Europe, the carrying amount of goodwill was reduced to its recoverable amount in consideration of recoverability. As a result, an impairment loss of 7.1 billion yen on goodwill arising from the acquisition of MOBOTIX was recorded in the fourth quarter (an impairment loss of 3.7 billion yen on goodwill allocated to a group of cash-generating units comprised of MOBOTIX and its subsidiaries, an impairment loss of 2.2 billion yen on goodwill allocated to the imaging IoT solution field, and an impairment loss of 1.1 billion yen on goodwill allocated to the QOL solutions.) In addition, an impairment loss of 0.9 billion yen on property, plant, and equipment and intangible assets was recorded in the imaging IoT solutions field. In the visual solutions unit, an impairment loss of 0.4 billion yen on the property, plant, and equipment of planetariums was recorded.

As a result, the Industry Business recorded a decrease both in revenue and profit by marking a revenue of 137.5 billion yen, a decrease of 1.2% from a year earlier and an operating profit of 10.8 billion yen, a decrease of 41.7% year-on-year, mainly due to decrease in gross profit by lower sales and soaring prices of raw materials and energy costs in the performance materials unit and the impact of increasing costs because of unfavorable exchange rates.

(Reference) Overview of the quarterly consolidated accounting period

	Three months ended March 31, 2022	Three months ended March 31, 2023	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	249.9	309.3	59.4	23.8
Gross profit	102.5	134.3	31.7	31.0
Operating profit (loss)	(12.1)	(98.5)	(86.3)	—
Profit (loss) before tax	(11.5)	(101.0)	(89.4)	—
Profit (loss) attributable to owners of the Company	(12.8)	(99.8)	(87.0)	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(26.09)	(202.26)	(176.17)	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	14.7	16.8	2.0	14.1
Depreciation and amortization expenses	19.1	18.6	(0.4)	-2.5
Research and development expenses	15.4	16.4	0.9	6.0
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(3.9)	18.6	22.5	—
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	116.20	132.34	16.14	13.9
Euro	130.39	142.10	11.71	9.0

Overview of major segments

		Three months ended March 31, 2022	Three months ended March 31, 2023	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	131.6	163.1	31.4	23.9
	Operating profit	2.7	7.7	4.9	178.2
Professional Print Business	Revenue	53.8	67.6	13.8	25.8
	Operating profit	0.5	5.4	4.9	915.4
Healthcare Business	Revenue	25.5	40.9	15.3	60.2
	Operating profit	(10.5)	(102.6)	(92.1)	—
Industry Business	Revenue	37.8	36.9	(0.9)	-2.6
	Operating profit	(1.1)	(3.2)	(2.0)	—
Subtotal	Revenue	248.9	308.6	59.7	24.0
	Operating profit	(8.3)	(92.6)	(84.3)	—
Others and adjustments	Revenue	0.9	0.7	(0.2)	-24.3
	Operating profit	(3.7)	(5.8)	(2.0)	—
Amount reported in the Consolidated Statements of Profit or Loss	Revenue	249.9	309.3	59.4	23.8
	Operating profit	(12.1)	(98.5)	(86.3)	—

c. Outlook for the Fiscal Year Ending March 31, 2024

In the global economic landscape during the fiscal year ending March 31, 2024 (the “next fiscal year”), the Company expects to continuously face the risks of the economic slowdown due to the price increases, the geopolitical risks and increases of the energy costs mainly in Europe and the United States, and uncertainty in the business environment will increase. Furthermore, as for the market trends in which the Company is involved, in the Industry Business, the display measurement instruments for smartphones in the sensing field will enter the early stage of the transitional period for capital expenditures, while the Company expects the development of new display technologies to progress, and will focus on capturing anticipatory demand. In the performance materials unit, the recovery from the adjustments in surplus stock in the thin film market for IT devices and smartphones is expected to be delayed until the next fiscal year; however, the recovery for TV displays is expected, mainly for large displays, as the adjustments in surplus stock as a result of the rebound from stay-at-home demand will come to an end. In the production print unit and the industrial print unit of the Professional Print Business, the Company expects that the trend of the shift from the offset printing to the digital printing will not change and the market will grow driven by the demand primarily from medium and large-sized printing companies in the medium term. Meanwhile the Company anticipates the risk of prolonged negotiations with some customers due to the impact of the economic slowdown mainly in Europe and the United States. In the healthcare field, the Company expects the use of digital technology to progress to improve the quality and efficiency of medical and IT services. In the office unit, although the Company expects the gradual fall in print volume along with the increase in remote work and the decline in sales volume of MFPs due to the clearance of the order backlog from the previous fiscal year, the Company will improve the asset efficiency and generate cash by providing office solutions, further reduction of costs through manufacturing innovations, reduction of fixed costs, and other factors.

Recognizing these market trends and factoring in the risks, the Company will strive to achieve the management targets set forth in the new medium-term business plan and achieve the return on ROE of 5% in the early phase by making a strong break from the deficit and strengthening the financial base. In addition, the Company will thoroughly reduce costs by shrinking selling, general, and administrative expenses, optimize its management assets to improve the efficiency of the business activities, and execute selection of and concentration on the businesses, aiming to become a highly profitable company.

Based on the comprehensive consideration of the performance forecasts as of the current fiscal year and the business environment, the annual dividend forecast for the next fiscal year will be 5 yen per share per year.

The exchange rate assumptions that form the basis of results forecasts for the next have been set to [¥135 to the U.S. dollar and ¥140 to the euro], with forecasts as follows:

	Fiscal year ended March 31, 2023	Forecast for the fiscal year ending March 31, 2024
	Billions of yen	Billions of yen
Revenue	1,130.3	1,140.0
Business contribution profit (Note 1)	29.7	24.0
Operating profit (loss)	(95.1)	18.0
Profit (loss) attributable to owners of the Company	(103.1)	4.0
	%	%
ROE (Note 2)	-19.9	0.8

(Note)

1. The profit measure that is calculated by deducting cost of sales and selling, general and administrative expenses from revenue
2. Profit (loss) attributable to owners of the Company divided by equity attributable to owners of the Company (average of beginning and ending balances)

* The above operating performance forecasts are based on future-related suppositions, outlooks, and plans at the time this report was released, and they involve risks and uncertainties. It should be noted that actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

(2) Overview of Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2022	As of March 31, 2023	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,338.1	1,413.7	75.6
Total liabilities	776.6	913.8	137.2
Total equity	561.5	499.8	(61.6)
Equity attributable to owners of the Company	549.8	487.4	(62.3)
	Yen	Yen	Yen
Equity per share attributable to owners of the Company	1,113.71	986.87	(126.84)
	%	%	%
Equity ratio attributable to owners of the Company	41.1	34.5	-6.6

Total assets as of March 31, 2023, were 1,413.7 billion yen, an increase of 75.6 billion yen (5.7%) from March 31, 2022. This is primarily attributed to an increase of 62.9 billion yen in cash and cash equivalents, an increase of 56.4 billion yen in inventories, an increase of 33.2 billion yen in trade and other receivables, an increase of 14.1 billion yen in other non-current assets, a decrease of 95.2 billion yen in goodwill and intangible assets, and a decrease of 5.3 billion yen in other financial assets.

Total liabilities as of March 31, 2023, were 913.8 billion yen, an increase of 137.2 billion yen (17.7%) from March 31, 2022. This is primarily attributed to an increase of 114.7 billion yen in bonds and borrowings, an increase of 18.4 billion yen in trade and other payables, and a decrease of 8.5 billion yen in other financial liabilities.

Total equity as of March 31, 2023, was 499.8 billion yen, a decrease of 61.6 billion yen (11.0%) from March 31, 2022.

Equity attributable to owners of the Company was 487.4 billion yen as of March 31, 2023, a decrease of 62.3 billion yen (11.3%) from March 31, 2022. This is primarily attributed to the recording of a loss attributable to owners of the Company of 103.1 billion yen, a decrease of 12.3 billion yen due to cash dividends, an increase of 32.1 billion yen in other components of equity (primarily exchange differences on translation of foreign operations), and an increase of 10.0 billion yen on share premiums.

As a result of the above, the equity per share attributable to owners of the Company was 986.87 yen, and the equity ratio attributable to owners of the Company decreased by 6.6 percentage points to 34.5%.

b. Analysis of Cash Flows

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	37.4	13.3	(24.1)
Cash flows from investing activities	(50.9)	(37.4)	13.5
Total (Free cash flows)	(13.5)	(24.1)	(10.6)
Cash flows from financing activities	2.1	84.3	82.1

For the current fiscal year, net cash provided by operating activities was 13.3 billion yen, and net cash used in investing activities totaled 37.4 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 24.1 billion yen for the current fiscal year.

Net cash provided by financing activities was 84.3 billion yen.

In addition, cash and cash equivalents as of March 31, 2023, increased by 62.9 billion yen from March 31, 2022, to 180.5 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 13.3 billion yen. On top of the loss before tax of 101.8 billion yen, this is attributable to net effects of an increase in cash flows due to impairment losses and reversal of impairment losses of 116.6 billion yen and depreciation and amortization expenses of 75.2 billion yen, and a decrease in cash flows due to an increase in inventories of 46.8 billion yen and an increase in trade and other receivables of 14.0 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 37.4 billion yen, mainly due to purchases of property, plant, and equipment of 21.7 billion yen and purchases of intangible assets of 19.0 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 24.1 billion yen (an outflow of 13.5 billion yen in the previous fiscal year).

Cash flows from financing activities

Net cash provided by financing activities was 84.3 billion yen (net cash inflow of 2.1 billion yen in the previous fiscal year), reflecting proceeds from bonds issuance and long-term payable of 133.8 billion yen and proceeds from a net increase in short-term loans payable of 114.1 billion yen, netted with redemption of bonds and repayments of long-term loans payable of 131.5 billion yen, repayments of lease liabilities of 20.2 billion yen, and cash dividends paid of 12.4 billion yen.

Proceeds from bonds issuance and long-term loans payable of 133.8 billion yen and redemption of bonds and repayments of long-term loans payable of 131.5 billion yen are mainly due to a full repayment of the subordinated term loans (executed on October 31, 2017) of 100.0 billion yen on October 31, 2022 prior to their maturity, and an execution of borrowing funds through a new hybrid loan (subordinated term loan) on the same day.

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

2. ISSUES TO BE ADDRESSED

After 2023, which marked 150 years since the foundation and 20 years since the business integration, with the corporate vision of “Imaging to the People” towards 2030, the Company will continue to aim to deliver values that help solving social issues with the foundation of imaging technology.

The external environment surrounding the Company during its medium-term business plan “DX2022” (from the fiscal year ended March 31, 2021 to the current fiscal year) continued to be severe, and the uncertainties over the business environments, such as decrease in printing volume due to the lowered percentage of working at the office sites among client companies, concerns with economic slowdown mainly in Europe, and soaring materials and energy prices, are still expected to continue for the next fiscal year. As for the internal environment, supply continued to run short due to the accidents at toner factories of a Group company in Japan occurred during the previous fiscal year; however, the Company currently has achieved the stable production and supply with the ensured safety. In addition, the overall result of the businesses that are considered to drive the Company's growth (the sensing field and the materials and components field in the Industry Business, the production print unit, the industrial print unit, and the healthcare field) achieved the profit targets of the medium-term business plan set forth during the period of “DX2022.” On the other hand, the earnings improvement in the strategic new businesses (the precision medicine field, the imaging IoT solutions field, and the DW-DX unit) fell far short of the plan and the Company recognizes this as an important issue.

Under the new management structure introduced in April 2022, the Company has put up a reality-based management policy and aimed to achieve the performance forecasts. A steady improvement of the profitability on the businesses was seen mainly in the office unit and the Professional Print Business. Nevertheless, the Company examined its investments, particularly past acquisitions, and performed impairment testing in accordance with IFRS. As a result, the Company recognized 116.6 billion yen of impairment losses in the fourth quarter. The Group will seriously take the results of the operating losses in the last three consecutive fiscal years and losses attributable to owners of the Company in the last four consecutive fiscal years once again, and will strive to enhance the Company's corporate value by comprehensively evaluating the measures that the Company has implemented, inheriting those that contribute to the enhancement of corporate value, and making prompt decisions on areas that need to be changed.

Based on these situations and recognized issues, the Company has formulated a new medium-term business plan which will end in the fiscal year ending March 31, 2026. The following three points are set forth as its policy:

- i. The Company will implement business selection and concentration. In the Industry Business, the core of the strengthening businesses, the Company will launch a division to promote cross-unit business development, and accelerate the growth of existing businesses and development of new businesses in the target areas.
- ii. The Company will thoroughly cut costs through structural reforms, sorting of indirect functions, and squeezing selling, general, and administrative expenses, as well as optimize management assets and improve the efficiency of business activities.
- iii. The Company will reorganize cross-company functions to clarify the performance of each business and accelerate ongoing business selection and concentration.

Regarding the first point, each business was newly positioned as a “strengthening business,” “protecting profit business,” “non-focused business,” and “direction-changing business.” The Company will focus on allocating its management resources to the Industry Business, the Professional Print Business, and the healthcare field, which the Company positioned as its strengthening businesses, in order to improve profit margins and achieve further growth.

In particular, in the Industry Business, the target areas were defined as displays, mobility, and semiconductors and others. The Company will strengthen its “core technologies” such as materials, optics, microfabrication, and imaging, which are its strengths, by utilizing AI and integrating technologies across businesses, and the Company will further enhance existing businesses and promote new business development through “co-creation with customers.” The office unit in the Digital Workplace Business will be a protecting profit business that will be responsible for continuous

cash generation by maximizing the business value through lowering the break-even point and other measures, in anticipation of a shrinking market over the medium term. The precision medicine field, which we have positioned as a non-focused business considering its strategic fit with the Company, has great social value of the business and is an area with the long-term growth potential. Nevertheless, in recognition of the need for the continuing investment for growth in the future, as well as in consideration of the current financial situation, we will proceed to consider strategic options that include transferring the business to a third party to accelerate the growth of the business in addition to the listing on the United States stock market, which we have been preparing for. In addition, for businesses that are changing direction, such as the DW-DX unit and the imagining IoT solution field, we will redefine the strategic direction for each business in light of the challenges we have faced to date and work to change the business structure.

Regarding the second point, we aim to improve profitability by reducing expenses, mainly selling, general and administrative expenses, as a result of reconsideration of R&D topics, utilization of human capital, and functions and structures of business sites. In addition, reinforcing the management of inventories and trade receivables along with the selected capital investments and reorganization of business sites will be executed with the aim to improve the asset efficiency. Based on the above, we aim to strengthen our financial base.

Regarding the third point, we aim to visualize and rigorously assess the outcome of invested capital for each business, and we will continuously judge the selection and concentration of corporate resources. By improving the total asset turnover rate and reinforcing capital, the Company aims to build a business structure, which is resistant to environmental changes, and a management base which enables continuous profit growth. Based on the above, the Company has set its financial index toward the fiscal year ending March 31, 2026 of ROE at 5% or more, and strives to enhance the corporate value.

We will continue to place “sustainability” at the core of our management. Based on the long-term perspective that contributing to the realization of a sustainable society, or a society where everyone can live with purpose in life, is the very way to achieve the sustainable growth of the Company, we will create values in our five material issues, “Improving fulfillment in work and corporate dynamism,” “Supporting healthy, high-quality living,” “Ensuring social safety and security,” “Using limited resources effectively,” and “Addressing climate change” through our businesses, and realize long-term returns to various stakeholders.

3. SIGNIFICANT EVENTS REGARDING PREMISE OF GOING CONCERN

As a result of recording significant impairment losses for the current fiscal year, the Company recorded operating losses for three consecutive fiscal years as of the end of the current fiscal year and breached financial covenants stipulated in some of the syndicated loan agreements and other agreements executed between the Company and multiple financial institutions, which stipulate that the Company shall not record operating losses for two consecutive fiscal years. The Company has, after the end of the year, obtained the consent from all relevant financial institutions not to request the Company to forfeit the benefit of time due to this breach, thus, the Company believe there is no significant uncertainties regarding the premise of going concern.

4. BASIC VIEWS ON SELECTION OF ACCOUNTING STANDARDS

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

5. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	117,670	180,574
Trade and other receivables	280,214	313,494
Inventories	185,661	242,108
Income tax receivables	3,884	4,444
Other financial assets	970	2,481
Other current assets	30,449	34,487
Total current assets	618,851	777,590
Non-current assets		
Property, plant and equipment	287,749	289,127
Goodwill and intangible assets	354,094	258,886
Investments accounted for using the equity method	9	391
Other financial assets	28,320	21,444
Deferred tax assets	29,570	32,648
Other non-current assets	19,527	33,688
Total non-current assets	719,272	636,187
Total assets	1,338,124	1,413,777

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	182,063	200,508
Bonds and borrowings	194,597	284,220
Lease liabilities	17,336	17,985
Income tax payables	4,389	3,323
Provisions	11,319	14,910
Other financial liabilities	45,095	39,079
Other current liabilities	56,192	59,661
Total current liabilities	510,995	619,688
Non-current liabilities		
Bonds and borrowings	159,709	184,874
Lease liabilities	77,012	81,211
Retirement benefit liabilities	10,603	8,839
Provisions	6,685	7,456
Other financial liabilities	4,076	1,533
Deferred tax liabilities	4,719	4,960
Other non-current liabilities	2,821	5,335
Total non-current liabilities	265,628	294,211
Total liabilities	776,623	913,899
Equity		
Share capital	37,519	37,519
Share premium	194,060	204,154
Retained earnings	269,461	164,682
Treasury shares	(9,517)	(9,358)
Share acquisition rights	464	427
Other components of equity	57,822	89,999
Equity attributable to owners of the Company	549,810	487,424
Non-controlling interests	11,690	12,453
Total equity	561,500	499,877
Total liabilities and equity	1,338,124	1,413,777

(2) Consolidated Statements of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Revenue	911,426	1,130,397
Cost of sales	518,689	644,453
Gross profit	392,736	485,943
Other income	10,274	6,533
Selling, general and administrative expenses	404,890	456,204
Other expenses	20,418	131,398
Operating profit (loss)	(22,297)	(95,125)
Finance income	6,892	4,024
Finance costs	8,211	10,675
Share of profit (loss) of investments accounted for using the equity method	—	(96)
Profit (loss) before tax	(23,617)	(101,872)
Income tax expense (income)	2,589	1,944
Profit (loss) for the year	(26,206)	(103,816)
Profit (loss) attributable to:		
Owners of the Company	(26,123)	(103,153)
Non-controlling interests	(83)	(663)
Earnings (loss) per share	Yen	Yen
Basic	(52.93)	(208.89)
Diluted	(52.93)	(208.89)

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss) for the year	(26,206)	(103,816)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	14,140	9,466
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	1,571	(335)
Total items that will not be reclassified to profit or loss	15,711	9,130
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	408	(21)
Exchange differences on translation of foreign operations (net of tax)	44,872	34,894
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	0	—
Total items that may be subsequently reclassified to profit or loss	45,280	34,872
Total other comprehensive income (loss)	60,992	44,003
Total comprehensive income (loss)	34,786	(59,812)
Total comprehensive income (loss) attributable to:		
Owners of the Company	34,397	(60,228)
Non-controlling interests	388	415

(4) Consolidated Statements of Changes in Equity

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2021	37,519	203,753	294,283	(9,694)	551	13,475	539,888	10,814	550,703
Profit (loss) for the year	—	—	(26,123)	—	—	—	(26,123)	(83)	(26,206)
Other comprehensive income (loss)	—	—	—	—	—	60,520	60,520	471	60,992
Total comprehensive income (loss)	—	—	(26,123)	—	—	60,520	34,397	388	34,786
Dividends	—	—	(14,806)	—	—	—	(14,806)	(23)	(14,830)
Acquisition and disposal of treasury shares	—	—	(66)	177	—	—	111	—	111
Share-based payments	—	53	—	—	(87)	—	(34)	—	(34)
Changes in ownership interests in subsidiaries	—	(510)	—	—	—	—	(510)	510	—
Equity and other transactions with non-controlling shareholders	—	(84)	—	—	—	—	(84)	—	(84)
Put options written on non-controlling interests	—	(9,150)	—	—	—	—	(9,150)	—	(9,150)
Transfer from other components of equity to retained earnings	—	—	16,173	—	—	(16,173)	—	—	—
Total transactions with owners	—	(9,692)	1,300	177	(87)	(16,173)	(24,475)	486	(23,988)
Balance as of March 31, 2022	37,519	194,060	269,461	(9,517)	464	57,822	549,810	11,690	561,500

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2022	37,519	194,060	269,461	(9,517)	464	57,822	549,810	11,690	561,500
Profit (loss) for the year	—	—	(103,153)	—	—	—	(103,153)	(663)	(103,816)
Other comprehensive income (loss)	—	—	—	—	—	42,924	42,924	1,079	44,003
Total comprehensive income (loss)	—	—	(103,153)	—	—	42,924	(60,228)	415	(59,812)
Dividends	—	—	(12,343)	—	—	—	(12,343)	—	(12,343)
Acquisition and disposal of treasury shares	—	—	(28)	158	—	—	130	—	130
Share-based payments	—	(90)	—	—	(36)	—	(126)	—	(126)
Changes in ownership interests in subsidiaries	—	187	—	—	—	—	187	347	534
Equity and other transactions with non-controlling shareholders	—	(20)	—	—	—	—	(20)	—	(20)
Put options written on non-controlling interests	—	10,016	—	—	—	—	10,016	—	10,016
Transfer from other components of equity to retained earnings	—	—	10,747	—	—	(10,747)	—	—	—
Total transactions with owners	—	10,093	(1,624)	158	(36)	(10,747)	(2,156)	347	(1,809)
Balance as of March 31, 2023	37,519	204,154	164,682	(9,358)	427	89,999	487,424	12,453	499,877

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before tax	(23,617)	(101,872)
Depreciation and amortization expenses	75,754	75,295
Impairment losses and reversal of impairment losses	10,951	116,668
Share of (profit) loss of investments accounted for using the equity method	—	96
Interest and dividends income	(3,256)	(3,753)
Interest expenses	6,565	9,144
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	1,697	939
(Increase) decrease in trade and other receivables	3,995	(14,007)
(Increase) decrease in inventories	(17,301)	(46,878)
Increase (decrease) in trade and other payables	2,141	2,305
Decrease due to transfer of rental assets	(4,017)	(5,279)
Increase (decrease) in retirement benefit liabilities	(2,748)	(2,646)
Others	(10,112)	(3,685)
Subtotal	40,051	26,326
Dividends received	622	640
Interest received	2,566	3,265
Interest paid	(6,499)	(8,909)
Income taxes (paid) refunded	696	(8,003)
Net cash provided by (used in) operating activities	37,438	13,319

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,261)	(21,770)
Purchase of intangible assets	(19,784)	(19,009)
Proceeds from sales of property, plant and equipment, and intangible assets	1,086	948
Purchase of investments in subsidiaries	—	(806)
Sales of investments in subsidiaries	2,155	—
Proceeds from sales of investment securities	6,162	4,709
Proceeds from transfer of business	2,077	—
Payments for transfer of business	(38)	(89)
Others	(1,398)	(1,481)
Net cash provided by (used in) investing activities	(50,999)	(37,498)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	57,879	114,153
Proceeds from bonds issuance and long-term loans payable	10,670	133,841
Redemption of bonds and repayments of long-term loans payable	(32,314)	(131,546)
Repayments of lease liabilities	(19,206)	(20,251)
Cash dividends paid	(14,877)	(12,424)
Payment of dividends to non-controlling interests	(23)	—
Proceeds from stock issuance to non-controlling interests	—	470
Proceeds from sales of investments in subsidiaries without loss of control	—	78
Others	(1)	(1)
Net cash provided by (used in) financing activities	2,125	84,321
Effect of exchange rate changes on cash and cash equivalents	5,283	2,760
Net increase (decrease) in cash and cash equivalents	(6,152)	62,904
Cash and cash equivalents at the beginning of the year	123,823	117,670
Cash and cash equivalents at the end of the year	117,670	180,574

(6) Notes to the Consolidated Financial Statements

[Notes Regarding Going Concern Assumptions]

Not applicable.

[Change in Accounting Estimates]

The Company recognized an impairment loss of 116,668 million yen during the fiscal year ended March 31, 2023. The carrying amounts of the cash-generating units or the group of cash-generating units to which the goodwill is allocated were reduced to its recoverable amounts. The details are as follows:

The lower-than-expected demand growth on genetic testing, excessive delays in clinical trials conducted by pharmaceutical companies, delays in proceeding with corporate strategies, such as alliances with other companies, and other factors have continuously caused the revision of the business plans. These circumstances as well as the increase in the discount rate used for impairment testing because of the rise in interest rates led to the recognition of an impairment loss of 103,568 million yen on goodwill and related non-current assets in the precision medicine field as a result of reducing the carrying amounts to the recoverable amounts in consideration of the recoverability (the impairment losses of goodwill and intangible assets of 99,058 million yen and 4,509 million yen, respectively).

Of the goodwill arose from the acquisition of MOBOTIX (including goodwill arose from the acquisition by MOBOTIX, after the acquisition of MOBOTIX by the Company; the same shall apply hereinafter) which belongs to the Industry Business, an impairment loss of 3,722 million yen was recorded on goodwill allocated to the MOBOTIX Group (a group of cash-generating units comprised of MOBOTIX and its subsidiaries) as a result of reducing the carrying amounts to the recoverable amounts in consideration of the recoverability mainly due to the restriction on the supply of semiconductors and other materials and the impact of the economic downturn in Europe, which is a major market.

Of the goodwill arose from the acquisition of MOBOTIX which belongs to the Industry Business, an impairment loss of 3,156 million yen was recorded on goodwill allocated to the imaging- IoT solutions field and related non-current assets (the impairment losses of goodwill, intangible assets, property, plant and equipment, and other non-current assets of 2,249 million yen, 776 million yen, 124 million yen, and 5 million yen, respectively) as a result of reducing the carrying amounts to the recoverable amounts in consideration of the recoverability mainly due to the time required to achieve results in North America where we focus our efforts on sales, and the geopolitical impacts in Eastern Europe.

Of the goodwill arose from the acquisition of MOBOTIX, an impairment loss of 1,202 million yen was recorded on goodwill allocated to the business related to QOL solutions and related non-current assets (the impairment losses of goodwill, intangible assets, and property, plant and equipment of 1,135 million yen, 62 million yen, and 5 million yen, respectively) as a result of reducing the carrying amounts to the recoverable amounts due to the revision of the business plans amid continued operating losses since the commencement of the business.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Insurance income	2,473	2,084
Subsidy income including compensation for sustaining businesses	2,081	34
Gain on transfer of business	1,811	—
Others	3,907	4,414
Total	10,274	6,533

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Impairment losses	10,951	116,668
Business structure improvement expenses	893	4,453
Settlement payments	—	3,223
Loss on sales and disposals of property, plant and equipment, and intangible assets	1,881	1,108
Toner supply measures expenses	1,990	986
Others	4,701	4,959
Total	20,418	131,398

[Segment Information]

(a) Reportable segments

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

Businesses of each reportable segment are described as follows:

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

(b) Information by reportable segment

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

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4) (Note 5) (Note 6)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	465,421	194,729	109,930	139,240	909,322	2,103	—	911,426
Intersegment (Note 1)	2,595	122	719	5,088	8,525	17,833	(26,359)	—
Total	468,017	194,851	110,650	144,329	917,847	19,937	(26,359)	911,426
Segment profit (loss)	(6,200)	1,035	(20,330)	18,538	(6,956)	(2,143)	(13,198)	(22,297)
Other items								
Depreciation and amortization expenses	32,975	13,729	10,868	10,965	68,539	175	7,039	75,754
Impairment losses on non- financial assets	8	1,493	—	9,421	10,924	—	27	10,951

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4) (Note 5)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	600,279	252,604	137,841	137,547	1,128,273	2,124	—	1,130,397
Intersegment (Note 1)	4,144	135	666	6,000	10,947	16,075	(27,022)	—
Total	604,423	252,740	138,508	143,547	1,139,220	18,199	(27,022)	1,130,397
Segment profit (loss)	9,262	16,637	(112,230)	10,806	(75,524)	(3,871)	(15,728)	(95,125)
Other items								
Depreciation and amortization expenses	32,484	13,583	11,386	11,420	68,874	161	6,259	75,295
Impairment losses on non- financial assets	2,927	856	103,568	8,113	115,465	1,202	—	116,668

(Notes)

1. Intersegment revenue is based on market prices and others.
2. "Others" include businesses related to QOL solutions not included in any of the reportable segments.
3. Adjustments of revenue are elimination of intersegment transactions.
4. Adjustments of segment profit are elimination of intersegment transactions and corporate expenses, which consist of general and administrative expenses and basic research expenses not attributable to any of the reportable segments or "Others." They include other revenue and other expenses not attributable to any of the reportable segments.
5. Adjustments of depreciation and amortization expenses are mainly related to equipment not attributable to any of the reportable segments.
6. Adjustments of impairment losses on non-financial assets are related to property, plant and equipment not attributable to any of the reportable segments.

(c) Information about geographical areas

Revenues from external customers by geographical area are as follows:

(Millions of yen)

Revenue	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Japan	177,285	179,192
USA	230,141	334,006
Europe	260,860	330,661
China	95,980	108,423
Asia	85,882	98,813
Others	61,276	79,300
Total	911,426	1,130,397

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

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

Non-current assets	As of March 31, 2022	As of March 31, 2023
Japan	246,514	245,516
USA	238,240	150,307
Europe	120,138	117,025
China	19,946	19,039
Asia	15,324	15,202
Others	6,143	5,801
Total	646,307	552,893

(d) Information about major customers

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

[Earnings per Share]

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

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	Millions of yen	Millions of yen
Basis of calculating basic loss per share		
Profit (loss) for the year attributable to owners of the Company	(26,123)	(103,153)
Loss for the year not attributable to owners of the Company	—	—
Profit (loss) for the year to calculate basic loss per share	(26,123)	(103,153)
	Thousands of shares	Thousands of shares
Weighted average number of ordinary shares outstanding during the year	493,580	493,815
	Yen	Yen
Basic earnings (loss) per share	(52.93)	(208.89)
Basis of calculating diluted loss per share	Millions of yen	Millions of yen
Profit (loss) for the year to calculate basic earnings per share	(26,123)	(103,153)
Adjustments of loss for the year	—	—
Profit (loss) for the year to calculate diluted earnings per share	(26,123)	(103,153)
	Thousands of shares	Thousands of shares
Weighted average number of ordinary shares outstanding during the year	493,580	493,815
Impact of dilutive effects	—	—
Weighted average number of diluted ordinary shares outstanding during the year	493,580	493,815
	Yen	Yen
Diluted earnings (loss) per share	(52.93)	(208.89)

[Events after the Reporting Period]

Not applicable.