

Summary of Consolidated Financial Results for the Six Months Ended September 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 submission of securities report:	November 12, 2021
Scheduled date for dividends payment:	November 29, 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 six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated results of operations

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

Six months ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	445,104	15.7	(1,563)	—	(2,742)	—
September 30, 2020	384,659	-22.7	(27,876)	—	(30,899)	—

Six 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	%
September 30, 2021	(4,254)	—	(4,316)	—	1,548	—
September 30, 2020	(22,085)	—	(22,249)	—	(25,428)	—

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2021	(8.75)	(8.75)
September 30, 2020	(44.93)	(44.93)

(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	%
September 30, 2021	1,251,724	525,744	514,459	41.1
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	—	15.00			
Fiscal year ending March 31, 2022 (forecast)			—	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	%	
March 31, 2022	890,000	3.1	12,000	—	1,500	—	Yen 3.04

(Note) Changes from the latest consolidated forecasts: Yes

■ Notes

- (1) Changes in significant subsidiaries for the six months ended September 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 September 30, 2021: 502,664,337 shares
 - As of March 31, 2021: 502,664,337 shares
 - b. Number of treasury shares
 - As of September 30, 2021: 9,068,199 shares
 - As of March 31, 2021: 9,155,998 shares
 - c. Average number of issued and outstanding shares during the period
 - The six months ended September 30, 2021: 493,542,043 shares
 - The six months ended September 30, 2020: 495,243,161 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 (2,759,516 shares as of September 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 forecasts and other related matters when referring to the forecasts, refer to “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 10.

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

The Company will hold a briefing on the quarterly financial results for institutional investors on Tuesday, November 2, 2021. The proceedings and details of the briefing, along with the supplementary information on the quarterly financial results to be presented at the briefing, will be posted on the website of the Group soon after the briefing.

Supplementary Information

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1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	384.6	445.1	60.4	15.7
Gross profit	160.9	195.4	34.4	21.4
Operating profit (loss)	(27.8)	(1.5)	26.3	—
Profit (loss) before tax	(30.8)	(2.7)	28.1	—
Profit (loss) attributable to owners of the Company	(22.2)	(4.3)	17.9	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(44.93)	(8.75)	36.18	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	21.3	18.2	(3.1)	-14.7
Depreciation and amortization expenses	38.9	37.7	(1.2)	-3.1
Research and development expenses	32.6	31.3	(1.2)	-3.7
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(7.0)	11.9	18.9	—
	Number	Number	Number	%
Number of employees in the Group	42,055	39,508	(2,547)	-6.1
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	106.92	109.80	2.88	2.7
Euro	121.30	130.90	9.60	7.9

In the six months ended September 30, 2021 (the “current period”), the global economy showed signs of recovery mainly in the developed countries due to progress in COVID-19 vaccinations. However, some areas in Europe and the United States were affected by the rebound of mutated strains of COVID-19 during the current period. Also, in China, its economy was affected by restrictions on local movement to avoid spread of mutated strains of COVID-19 and restrictions on use of electricity due to power shortages. In Southeast Asia and other countries and regions, factory production restrictions and delays in procurement of materials occurred due to expansion of COVID-19 and port congestion, respectively. In addition, a shortage of semiconductor supply continues to have an impact on global economic activities.

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 445.1 billion yen, an increase of 15.7% year-on-year during 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 fiscal year. Therefore, the operating loss during the current period was 1.5 billion yen, which means a significant decrease of loss year-on-year since operating loss of 27.8 billion yen was marked in the same period of the previous year. Loss before tax of 2.7 billion yen was marked in the current period, whereas loss before tax of 30.8 billion yen was recorded in the same period of the previous year. Loss attributable to owners of the Company was 4.3 billion yen, whereas loss attributable to owners of the Company was 22.2 billion yen in the same period of the previous year.

Revenue in office unit stagnated due to the influence on production caused by worldwide delays

in procurement of semiconductors and other material, while receiving stable orders. Additionally, revenue in precision medicine unit also stagnated due to rebound of COVID-19 in the United States. Meanwhile, revenue in the Industry Business, which is one of the main pillars for the Company's growth strategy, increased by 14.6% from the same period of the fiscal year ended March 31, 2020, when the economy was barely affected by COVID-19.

During the current period, explosion accidents occurred in July and August at Tatsuno Factory of Konica Minolta Supplies Manufacturing Co., Ltd., a Group company that manufactures toner. After thoroughly investigating the causes of the accidents, taking countermeasures, and conducting a risk assessment with a third-party organization to ensure a safe production system, it was confirmed that there were no concerns. Thus, the resumption of production is proceeding.

In the previous fiscal year, the Company has started a long-term management vision that looks forward to 2030 and a medium-term business plan "DX2022," which aims at being achieved in 2022. 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." The Company is swiftly working 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 accelerates 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 ending March 31, 2026, and significantly change the operating profit composition by business.

b. Overview by Segment

		Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	211.2	226.1	14.8	7.0
	Operating profit	(9.3)	(4.3)	4.9	—
Professional Print Business	Revenue	73.4	93.5	20.0	27.3
	Operating profit	(8.7)	1.4	10.2	—
Healthcare Business	Revenue	45.4	56.2	10.7	23.7
	Operating profit	(6.5)	(5.2)	1.2	—
Industry Business	Revenue	53.9	68.5	14.6	27.1
	Operating profit	5.0	14.4	9.4	186.2
Subtotal	Revenue	384.1	444.4	60.3	15.7
	Operating profit	(19.5)	6.2	25.8	—
Others and adjustments (Note 2)	Revenue	0.5	0.6	0.1	20.8
	Operating profit	(8.3)	(7.8)	0.4	—
Amount reported in the Condensed Consolidated Statement of Profit or Loss	Revenue	384.6	445.1	60.4	15.7
	Operating profit	(27.8)	(1.5)	26.3	—

(Notes)

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

i. Digital Workplace Business

In the office unit, although the number of orders of A3 MFPs showed signs of recovery for two consecutive periods since the first quarter ended June 30, 2021, sales volumes of color models, monochrome models, and all models in the current period went down to 92%, 98%, and 94% of the year-before levels, respectively, due to delays in production caused by the shortage of semiconductors and other materials, and the increased impact of prolonged transport periods because of congestion at ports during the three-month period ended September 30, 2021. As a result, the order backlog totaled approximately 27.0 billion yen. The overall non-hardware revenue such as consumables and services surpassed year-before levels, while a sluggish delay in recovery was seen as the resurgence of COVID-19 cases in Europe and the United States forced employees to delay coming back into client companies’ office sites. Based on the above, the overall revenue in the office unit increased year-on-year.

In the DW-DX unit, composed of the former IT service solutions unit and the Workplace Hub unit, managed IT services, which take care of the entire IT platform of customers, steadily grew their recurring businesses by meeting the demand for security services in the United States, despite the fact that the field of office solutions was negatively affected by the decline in sales volume of MFPs. Digital workflow solution services, which improve business process efficiency, saw an increase in sales to government-related customers in the United States. The workplace hub increased both the number of orders and the average sales price per customer. As a result, the revenue in the DW-DX unit went up year-on-year.

Based on the above, the Digital Workplace Business segment recorded revenue of 226.1 billion yen in the current period, an increase of 7.0% year-on-year. Operating loss was 4.3 billion yen (operating loss of 9.3 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 103%, 100%, and 102% of the year-before levels for color models, monochrome models, and all models, respectively. Due to the explosion accidents at Tatsuno Factory, undersupply of toner incurred delays of sales activities and shipping. Therefore, the order backlog amounted to 6.0 billion yen. The non-hardware revenue such as consumables and services continued to recover moderately due to the delayed effect of the increasing demand for commercial printing as people return to offices, and business activities normalize. As a result, the production print unit showed a growth in revenue compared to the previous period.

In the industrial print unit, as for non-hardware, revenue of label printing and textile printing went up due to a steady recovery of the demand of commodities and European apparel market. Meanwhile, with the increasing printing volume at commercial printing companies, the operating rate (printing volume per unit) of highly efficient inkjet digital printer went up. The recovery in printing demand led to a remarkable recovery of demand for large digital embellishment printing equipment, digital textile printer, digital inkjet printer, and label printer. As a result, the revenue of industrial print unit increased year-on-year.

Based on the above, the Professional Print Business segment recorded revenue of 93.5 billion yen, an increase of 27.3% year-on-year. Operating income was 1.4 billion yen (an operating loss of 8.7 billion for the same period in the previous year).

iii. Healthcare Business

The healthcare unit saw an uplift in sales volume of digital radiography (DR), responding to a significant improvement in sales in the market of hospitals and clinics in Japan and meeting the increasing demand for mobile X-ray vehicles to be used for COVID-19 detection in Asia. Sales volume of diagnostic ultrasound systems went up, supported by an increase in sales to orthopedics, obstetrics, and anesthesiology in Japan as well as in the United States and Asia. In addition, sales volume of pulse oximeters for local governments to be lent to people recuperating from COVID-19 at home significantly increased in Japan. For medical IT, sales of "Informity," an IT service supporting medical image management and collaboration between medical institutions, continued to remain solid in Japan. The United States saw continuous signs of recovery in sales of the Picture Archiving and Communication System (PACS). Based on the above, revenue in the healthcare unit went up year-on-year.

In the precision medicine unit, the number of genetic tests continued its upward trend from the three-month period ended September 30, 2020, despite the impact of the drop in the number of patients coming into hospitals due to the resurgence of COVID-19 cases in the United States. Furthermore, the testing numbers of both 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, launched in the previous fiscal year, were steadily increasing. The Company's pharmaceutical development support service continued to struggle as the number of clinical trial volunteers kept decreasing due to the spread of COVID-19, causing delays in the commencement of clinical trials to be conducted by pharmaceutical companies; however, the sales picked up during the current period amid the commencement of clinical trials of therapeutic drugs for Alzheimer and others. As a result, revenue of the precision medicine unit went up year-on-year.

Based on the above, the Healthcare Business segment recorded revenue of 56.2 billion yen, an increase of 23.7% year-on-year. Operating loss was 5.2 billion yen (operating loss of 6.5 billion yen for the same period in the previous year).

iv. Industry Business

In the measuring instruments unit of the sensing field, revenue of light source color measurement instruments went up year-on-year due to receipt of orders from major customers and the response to the demand for displays in Asia. Revenue of object color measurement instruments increased compared with the same period in the previous fiscal year due to the increasing demand driving by the United States market. New orders were also steadily acquired in visual inspection and hyper spectral imaging (HSI) fields. The overall unit revenue increased

year-on-year, even excluding 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 launched a new resin SANUQI film for OLED TVs as an anti-reflection film, which has expanded sales for large-screen LCD TVs. In addition, as expected from the beginning of the current fiscal year, the unit secured strong sales of high-value-added products, including phase difference films for LCD TVs and thin films for personal computers, tablets, and smartphones by capturing the strong demand in large screen TVs and IT applications. As a result, the unit revenue saw an increase year-on-year. In the Inkjet (IJ) components unit, revenue increased year-on-year due to a solid recovery in Europe and the United States, resumption of economic activities in India, expansion in sales of industrial applications as a growth area, and the launch of a new UV ink model printer with the Company's inkjet print head for the sign graphics market. In the optical components unit, revenue increased year-on-year due to strong sales of industrial use lenses, such as in-vehicle lenses for sensor devices, which is the growth area of the market.

In the imaging-IoT solutions field, imaging-IoT solutions unit, which has major products for image input devices and image analysis systems, 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 a decrease in 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, has acquired partners of 85 companies and is accelerating the deployment of solutions. In the visual solutions unit, revenue increased year-on-year due to the resumption of operation of directly owned planetariums and its recovery in the number of visitors. Preparations for opening of the new directly owned planetarium in Nagoya, scheduled in October 2021, are also progressing as planned. Overall revenue in the imaging-IoT solutions field declined year-on-year.

As a result, the Industry Business segment recorded revenue of 68.5 billion yen, an increase of 27.1% from a year earlier. Operating profit was 14.4 billion yen, an increase of 186.2% year-on-year.

(Reference) Overview of the quarterly consolidated accounting period

	Three months ended September 30, 2020	Three months ended September 30, 2021	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	211.4	215.2	3.7	1.8
Gross profit	89.2	94.1	4.8	5.5
Operating profit (loss)	(5.2)	(4.6)	0.5	—
Profit (loss) before tax	(7.0)	(5.2)	1.8	—
Profit (loss) attributable to owners of the Company	(4.9)	(5.2)	(0.3)	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(9.98)	(10.73)	(0.75)	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	15.0	9.3	(5.6)	-37.7
Depreciation and amortization expenses	19.5	18.7	(0.8)	-4.1
Research and development expenses	16.4	16.0	(0.3)	-2.4
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	6.8	14.6	7.7	113.4
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	106.22	110.11	3.89	3.7
Euro	124.11	129.84	5.73	4.6

Overview of major segments

		Three months ended September 30, 2020	Three months ended September 30, 2021	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	116.6	104.9	(11.7)	-10.1
	Operating profit	0.3	(5.4)	(5.7)	—
Professional Print Business	Revenue	41.6	45.6	3.9	9.4
	Operating profit	(1.6)	0.5	2.2	—
Healthcare Business	Revenue	24.9	30.9	6.0	24.4
	Operating profit	(1.8)	(2.0)	(0.2)	—
Industry Business	Revenue	27.8	33.3	5.4	19.6
	Operating profit	2.2	6.5	4.2	194.6
Subtotal	Revenue	211.1	214.8	3.7	1.8
	Operating profit	(0.9)	(0.4)	0.5	—
Others and adjustments (Note 2)	Revenue	0.3	0.3	0	12.7
	Operating profit	(4.2)	(4.1)	0	—
Amount reported in the Condensed Consolidated Statements of Profit or Loss	Revenue	211.4	215.2	3.7	1.8
	Operating profit	(5.2)	(4.6)	0.5	—

(Notes)

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

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2021	As of September 30, 2021	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,299.7	1,251.7	(48.0)
Total liabilities	749.0	725.9	(23.0)
Total equity	550.7	525.7	(24.9)
Equity attributable to owners of the Company	539.8	514.4	(25.4)
	%	%	%
Equity ratio attributable to owners of the Company	41.5	41.1	-0.4

Total assets as of September 30, 2021, were 1,251.7 billion yen, a decrease of 48.0 billion yen (3.7%) from March 31, 2021. This is primarily attributed to a decrease of 20.4 billion yen in trade and other receivables, a decrease of 14.5 billion yen in cash and cash equivalents, a decrease of 8.7 billion yen in property, plant and equipment, and a decrease of 3.6 billion yen in income tax receivables.

Total liabilities as of September 30, 2021, were 725.9 billion yen, a decrease of 22.1 billion yen (3.1%) from March 31, 2021. This is primarily attributed to a decrease of 22.1 billion yen in trade and other payables, a decrease of 11.0 billion yen in bonds and borrowings, a decrease of 5.8 billion yen in current liabilities, an increase of 18.9 billion yen in other financial liabilities.

Total equity as of September 30, 2021, was 525.7 billion yen, a decrease of 24.9 billion yen (4.5%) from March 31, 2021.

Equity attributable to owners of the Company was 514.4 billion yen as of September 30, 2021, a decrease of 25.4 billion yen (4.7%) from March 31, 2021. This is primarily attributed to a decrease of 19.1 billion yen on share premiums, a decrease of 7.4 billion yen in retained earnings due to cash dividends, the recording of a loss attributable to owners of the Company of 4.3 billion yen and an increase of 5.2 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 decreased 0.4 percentage points to 41.1%.

b. Analysis of Cash Flows

	Six months ended September 30, 2020	Six months ended September 30, 2021	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	9.7	35.8	26.1
Cash flows from investing activities	(16.7)	(23.9)	(7.1)
Total (Free cash flows)	(7.0)	11.9	18.9
Cash flows from financing activities	41.3	(27.1)	(68.5)

For the six months ended September 30, 2021, net cash provided by operating activities was 35.8 billion yen, and net cash used in investing activities totaled 23.9 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an inflow of 11.9 billion yen for the current period.

Net cash used in financing activities was 27.1 billion yen.

In addition, cash and cash equivalents as of September 30, 2021, decreased by 14.5 billion yen from March 31, 2021, to 109.2 billion yen, reflecting the effect of exchange rate fluctuations on cash and cash equivalents.

Cash flows from operating activities

Net cash provided by operating activities was 35.8 billion yen. On top of the loss before tax of 2.7 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 37.7 billion yen and a decrease in trade and other receivables of 21.8 billion yen and cash outflows mainly due to a decrease in trade and other payables of 14.3 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 23.9 billion yen, mainly due to purchases of property, plant and equipment of 18.3 billion yen and purchases of intangible assets of 8.8 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an inflow of 11.9 billion yen (an outflow of 7.0 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was 27.1 billion yen (net cash inflows of 41.3 billion yen for the same period in the previous fiscal year), reflecting netted with redemption of bonds and repayments of long-term loans payable of 26.3 billion yen, repayments of lease liabilities of 9.7 billion yen, cash dividends paid of 7.4 billion yen, and proceeds from net increase in short-term loans payable of 16.2 billion yen.

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

The business environment surrounding the Company during the current period has been greatly affected by the tight supply of semiconductors and other materials, and the Digital Workplace Business is expected to be affected by the supply of the Company's products to customers in the second half of the current fiscal year as it is expected to remain at about 70% of the actual demand. In addition, because of the explosion accident at the Company's toner plant, toner production volume is expected to be about 75% of the actual demand during the period from the plant shutdown to restart of operations under a new production system and the recovery of production capacity. Therefore, especially in the Professional Printing Business, sales of new equipment and non-hardware is expected to be affected since toner will be supplied on a priority basis to existing customers. On the other hand, the Industry Business, which the Company is focusing on, is expected to generate higher revenue than the forecast at the beginning of the current fiscal year.

Given such circumstances, the Company has revised the consolidated financial results for the fiscal year ending March 31, 2022 as follows. The exchange rate which is used for the forecast for the nine months ending December 31, 2021 and beyond is maintained the initial assumption of 105 yen to the U.S dollar and 125 yen to the euro due to the ongoing uncertainty of the external environment.

Regarding the business environment for the fiscal year ending March 31, 2023, the impact of the supply shortage of semiconductors and other materials is expected to continue at least until the first half of the fiscal year ending March 31, 2023. Thus, the Company implements additional measures including fixed cost reductions as a recovery measure. Meanwhile, the toner supply shortage is expected to be resolved at an early stage and is not expected to have an impact on its business for the fiscal year ending March 31, 2023. Moreover, in order to strengthen business growth in the field of measurement, inspection, and diagnosis, the Company will ensure the transformation of business portfolio and enhance the probability of the achievement of the Company's target profit for the fiscal year ending March 31, 2023, the final year of the medium-term business plan "DX2022," by strengthening the business structure in growth businesses such as the Industry Business, and reinforcing and expanding M&A and collaborations.

Revision of consolidated forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Revenue	Operating profit	Profit attributable to owners of the Company	Basic earnings per share
	Billions of yen	Billions of yen	Billions of yen	Yen
Forecasts previously announced (A)	940.0	36.0	19.0	38.50
Revised forecasts (B)	890.0	12.0	1.5	3.04
Increase/decrease (B-A)	(50.0)	(24.0)	(17.5)	—
Change (%)	(5.3)	(66.7)	(92.1)	—
(Reference) Results for the fiscal year ended March 31, 2021	863.3	(16.2)	(15.2)	(30.75)

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 SIX MONTHS ENDED SEPTEMBER 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 September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	123,823	109,268
Trade and other receivables	262,849	242,388
Inventories	156,942	156,539
Income tax receivables	7,609	3,941
Other financial assets	3,203	2,517
Other current assets	27,595	27,919
Total current assets	582,024	542,575
Non-current assets		
Property, plant and equipment	292,535	283,758
Goodwill and intangible assets	347,478	348,826
Investments accounted for using the equity method	9	9
Other financial assets	36,997	36,237
Deferred tax assets	36,365	35,891
Other non-current assets	4,342	4,424
Total non-current assets	717,728	709,148
Total assets	1,299,752	1,251,724

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Trade and other payables	185,793	163,663
Bonds and borrowings	92,072	81,981
Lease liabilities	18,833	12,159
Income tax payables	2,234	2,761
Provisions	12,270	10,164
Other financial liabilities	34,974	1,468
Other current liabilities	53,487	47,648
Total current liabilities	399,667	319,847
Non-current liabilities		
Bonds and borrowings	223,247	222,306
Lease liabilities	76,547	83,065
Retirement benefit liabilities	18,191	18,885
Provisions	7,054	7,092
Other financial liabilities	5,795	58,249
Deferred tax liabilities	11,219	8,996
Other non-current liabilities	7,327	7,535
Total non-current liabilities	349,382	406,132
Total liabilities	749,049	725,979
Equity		
Share capital	37,519	37,519
Share premium	203,753	184,615
Retained earnings	294,283	282,727
Treasury shares	(9,694)	(9,619)
Share acquisition rights	551	524
Other components of equity	13,475	18,692
Equity attributable to owners of the Company	539,888	514,459
Non-controlling interests	10,814	11,285
Total equity	550,703	525,744
Total liabilities and equity	1,299,752	1,251,724

(2) Condensed Consolidated Statements of Profit or Loss

Six months ended September 30, 2020 and 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Revenue	384,659	445,104
Cost of sales	223,695	249,671
Gross profit	160,964	195,432
Other income	7,515	4,732
Selling, general and administrative expenses	190,931	198,362
Other expenses	5,424	3,366
Operating profit (loss)	(27,876)	(1,563)
Finance income	2,220	2,567
Finance costs	5,286	3,745
Share of profit (loss) of investments accounted for using the equity method	43	—
Profit (loss) before tax	(30,899)	(2,742)
Income tax expense (income)	(8,813)	1,511
Profit (loss) for the period	(22,085)	(4,254)
Profit (loss) attributable to:		
Owners of the Company	(22,249)	(4,316)
Non-controlling interests	163	62
Earnings (loss) per share	Yen	Yen
Basic	(44.93)	(8.75)
Diluted	(44.93)	(8.75)

Three months ended September 30, 2020 and 2021

(Millions of yen)

	Three months ended September 30, 2020	Three months ended September 30, 2021
Revenue	211,491	215,243
Cost of sales	122,226	121,104
Gross profit	89,264	94,139
Other income	4,402	1,489
Selling, general and administrative expenses	97,256	99,122
Other expenses	1,647	1,173
Operating profit (loss)	(5,237)	(4,667)
Finance income	813	1,415
Finance costs	2,647	2,039
Share of profit (loss) of investments accounted for using the equity method	(28)	—
Profit (loss) before tax	(7,098)	(5,291)
Income tax expense (income)	(2,458)	(166)
Profit (loss) for the period	(4,639)	(5,125)
Profit (loss) attributable to:		
Owners of the Company	(4,944)	(5,294)
Non-controlling interests	304	169
Earnings (loss) per share	Yen	Yen
Basic	(9.98)	(10.73)
Diluted	(9.98)	(10.73)

(3) Condensed Consolidated Statements of Comprehensive Income

Six months ended September 30, 2020 and 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit (loss) for the period	(22,085)	(4,254)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(1,658)	21
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	1,716	304
Total items that will not be reclassified to profit or loss	57	326
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	68	350
Exchange differences on translation of foreign operations (net of tax)	(3,484)	5,126
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	(3,400)	5,476
Total other comprehensive income (loss)	(3,342)	5,802
Total comprehensive income (loss)	(25,428)	1,548
Total comprehensive income (loss) attributable to:		
Owners of the Company	(25,382)	1,086
Non-controlling interests	(45)	461

Three months ended September 30, 2020 and 2021

(Millions of yen)

	Three months ended September 30, 2020	Three months ended September 30, 2021
Profit (loss) for the period	(4,639)	(5,125)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(1,658)	21
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	596	363
Total items that will not be reclassified to profit or loss	(1,062)	384
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(320)	230
Exchange differences on translation of foreign operations (net of tax)	(1,146)	2,293
Total items that may be subsequently reclassified to profit or loss	(1,467)	2,524
Total other comprehensive income (loss)	(2,529)	2,908
Total comprehensive income (loss)	(7,169)	(2,216)
Total comprehensive income (loss) attributable to:		
Owners of the Company	(7,588)	(2,562)
Non-controlling interests	419	346

(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 period	—	—	(22,249)	—	—	—	(22,249)	163	(22,085)
Other comprehensive income (loss)	—	—	—	—	—	(3,132)	(3,132)	(209)	(3,342)
Total comprehensive income (loss)	—	—	(22,249)	—	—	(3,132)	(25,382)	(45)	(25,428)
Dividends	—	—	(4,949)	—	—	—	(4,949)	—	(4,949)
Acquisition and disposal of treasury shares	—	—	(381)	699	—	—	318	—	318
Share-based payments	—	(427)	—	—	(117)	—	(545)	—	(545)
Equity and other transactions with non-controlling shareholders	—	(102)	—	—	—	—	(102)	—	(102)
Put options written on non-controlling interests	—	1,139	—	—	—	—	1,139	—	1,139
Transfer from other components of equity to retained earnings	—	—	(2,592)	—	—	2,592	—	—	—
Total transactions with owners	—	610	(7,922)	699	(117)	2,592	(4,138)	—	(4,138)
Balance as of September 30, 2020	37,519	196,745	277,007	(8,984)	611	(8,673)	494,225	9,974	504,199

(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 period	—	—	(4,316)	—	—	—	(4,316)	62	(4,254)
Other comprehensive income (loss)	—	—	—	—	—	5,403	5,403	399	5,802
Total comprehensive income (loss)	—	—	(4,316)	—	—	5,403	1,086	461	1,548
Dividends	—	—	(7,402)	—	—	—	(7,402)	—	(7,402)
Acquisition and disposal of treasury shares	—	—	(23)	75	—	—	51	—	51
Share-based payments	—	26	—	—	(27)	—	(1)	—	(1)
Changes in ownership interests in subsidiaries	—	(9)	—	—	—	—	(9)	9	—
Equity and other transactions with non-controlling shareholders	—	(38)	—	—	—	—	(38)	—	(38)
Put options written on non-controlling interests	—	(19,116)	—	—	—	—	(19,116)	—	(19,116)
Transfer from other components of equity to retained earnings	—	—	186	—	—	(186)	—	—	—
Total transactions with owners	—	(19,137)	(7,239)	75	(27)	(186)	(26,516)	9	(26,507)
Balance as of September 30, 2021	37,519	184,615	282,727	(9,619)	524	18,692	514,459	11,285	525,744

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit (loss) before tax	(30,899)	(2,742)
Depreciation and amortization expenses	38,970	37,756
Share of (profit) loss of investments accounted for using the equity method	(43)	—
Interest and dividends income	(2,246)	(1,731)
Interest expenses	4,232	3,293
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	334	563
(Increase) decrease in trade and other receivables	29,844	21,846
(Increase) decrease in inventories	10,138	1,526
Increase (decrease) in trade and other payables	(32,438)	(14,325)
Decrease due to transfer of rental assets	(2,600)	(1,758)
Increase (decrease) in retirement benefit liabilities	(979)	694
Others	(233)	(8,330)
Subtotal	14,079	36,792
Dividends received	394	366
Interest received	1,933	1,291
Interest paid	(4,722)	(3,279)
Income taxes (paid) refunded	(1,951)	696
Net cash provided by (used in) operating activities	9,732	35,866

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,856)	(18,332)
Purchase of intangible assets	(5,662)	(8,881)
Proceeds from sales of property, plant and equipment, and intangible assets	3,019	541
Purchase of investments in subsidiaries	(244)	—
Proceeds from sales of investments accounted for using the equity method	601	—
Proceeds from sales of investment securities	0	1,500
Proceeds from transfer of business	—	2,027
Payments for transfer of business	(771)	(38)
Others	(873)	(757)
Net cash provided by (used in) investing activities	(16,786)	(23,940)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	59,990	16,252
Proceeds from bonds issuance and long-term loans payable	10,297	171
Redemption of bonds and repayments of long-term loans payable	(11,066)	(26,379)
Repayments of lease liabilities	(10,102)	(9,754)
Cash dividends paid	(4,957)	(7,435)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,786)	—
Others	(0)	(0)
Net cash provided by (used in) financing activities	41,373	(27,147)
Effect of exchange rate changes on cash and cash equivalents	(943)	670
Net increase (decrease) in cash and cash equivalents	33,378	(14,554)
Cash and cash equivalents at the beginning of the period	89,901	123,823
Cash and cash equivalents at the end of the period	123,280	109,268

(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)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Gain on transfer of business	—	1,811
Subsidy income including compensation for sustaining businesses	4,578	1,207
Gain on settlement of retirement benefit plans	1,218	—
Others	1,718	1,712
Total	7,515	4,732

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Business structure improvement expenses	2,727	387
Others	2,697	2,978
Total	5,424	3,366

[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 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, 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.

Six months ended September 30, 2020

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	211,252	73,454	45,446	53,950	384,103	555	—	384,659
Intersegment (Note 1)	1,196	52	248	1,032	2,529	7,372	(9,901)	—
Total	212,449	73,506	45,694	54,982	386,632	7,928	(9,901)	384,659
Segment profit (loss)	(9,311)	(8,757)	(6,562)	5,057	(19,574)	(482)	(7,820)	(27,876)

Six months ended September 30, 2021

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	226,113	93,515	56,217	68,585	444,432	671	—	445,104
Intersegment (Note 1)	1,102	46	324	2,421	3,894	9,218	(13,112)	—
Total	227,215	93,561	56,542	71,006	448,326	9,889	(13,112)	445,104
Segment profit (loss)	(4,380)	1,468	(5,273)	14,476	6,291	(1,089)	(6,765)	(1,563)

(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.

Three months ended September 30, 2020

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	116,672	41,697	24,918	27,890	211,178	312	—	211,491
Intersegment (Note 1)	654	37	133	448	1,273	3,968	(5,242)	—
Total	117,326	41,735	25,052	28,338	212,452	4,281	(5,242)	211,491
Segment profit (loss)	315	(1,695)	(1,827)	2,208	(999)	(231)	(4,005)	(5,237)

Three months ended September 30, 2021

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	104,940	45,607	30,997	33,346	214,891	352	—	215,243
Intersegment (Note 1)	551	20	180	1,288	2,041	5,043	(7,084)	—
Total	105,492	45,628	31,177	34,634	216,932	5,395	(7,084)	215,243
Segment profit (loss)	(5,433)	509	(2,077)	6,504	(497)	(486)	(3,683)	(4,667)

(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.