May 14, 2024

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [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 18, 2024
Scheduled date for dividends payment:	May 29, 2024
Scheduled date for submission of securities report:	June 19, 2024
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, 2024 (from April 1, 2023 to March 31, 2024)**

(1) Consolidated results of operations

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

Fiscal year ended	Revenue		Business contribution profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	1,159,999	2.6	26,019	-12.5	26,091	-
March 31, 2023	1,130,397	24.0	29,739	-	(95,125)	-

Fiscal year ended	Profit before tax		Profit for the year		Profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	13,566	-	4,199	-	4,521	-
March 31, 2023	(101,872)	-	(103,816)	-	(103,153)	-

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, 2024	9.15	9.12	0.9	1.0	2.2
March 31, 2023	(208.89)	(208.89)	–19.9	–7.4	–8.4

(Reference) Share of profit (loss) of investments accounted for using the equity method:
Fiscal year ended March 31, 2024: (236) million yen
Fiscal year ended March 31, 2023: (96) million yen

(Notes)
1. “Business contribution profit” is calculated by deducting the cost of sales and selling, general and administrative expenses from revenue.
2. Total comprehensive income for the fiscal year ended March 31, 2024 and 2023, was 53,778 million yen and (59,812) million yen, respectively.
3. 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, 2024	1,388,052	553,382	539,816	38.9	1,091.68
March 31, 2023	1,413,777	499,877	487,424	34.5	986.87

(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, 2024	83,338	(44,534)	(96,853)	129,631
March 31, 2023	13,319	(37,498)	84,321	180,574

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, 2023	–	10.00	–	0.00	10.00
Fiscal year ended March 31, 2024	–	0.00	–	5.00	5.00
Fiscal year ending March 31, 2025 (forecast)	–	0.00	–	0.00	0.00

	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, 2023	4,964	–	1.0
Fiscal year ended March 31, 2024	2,483	54.6	0.5
Fiscal year ending March 31, 2025 (forecast)		0.0	

3. Consolidated forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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

Fiscal year ending	Revenue		Business contribution profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	1,160,000	0.0	40,000	53.7	13,000	−50.2

Fiscal year ending	Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Yen
March 31, 2025	0	−100.0	0.00

■ Notes

(1) Changes in significant subsidiaries for the fiscal year ended March 31, 2024 (changes in the scope of consolidation): None

(2) Changes in accounting policies or changes in accounting estimates

a. Changes in accounting policies required by International Financial Reporting Standards (IFRS): Yes
b. Changes in accounting policies other than the above a.: None
c. Changes in accounting estimates: Yes

(Note) For further details, refer to "4. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Consolidated Financial Statements [Change in accounting estimates]" on page 24.

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

a. Number of issued and outstanding shares (including treasury shares)
As of March 31, 2024: 502,664,337 shares
As of March 31, 2023: 502,664,337 shares

b. Number of treasury shares
As of March 31, 2024: 8,180,129 shares
As of March 31, 2023: 8,752,824 shares

c. Average number of issued and outstanding shares during the year
The fiscal year ended March 31, 2024: 494,297,126 shares
The fiscal year ended March 31, 2023: 493,815,580 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 (2,223,585 shares as of March 31, 2024, and 2,567,818 shares as of March 31, 2023).

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	425,064	−9.0	315	−92.7	8,413	−7.1
March 31, 2023	467,328	25.2	4,317	−18.2	9,059	−44.6

Fiscal year ended	Net income		Net income per share	Net income per share (fully-diluted)
	Millions of yen	%	Yen	Yen
March 31, 2024	(4,237)	−	(8.57)	(8.55)
March 31, 2023	1,570	−89.2	3.18	3.17

(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, 2024	894,908	312,823	34.9	632.12
March 31, 2023	943,851	319,565	33.8	646.14

(Reference) Equity:
Fiscal year ended March 31, 2024: 312,573 million yen
Fiscal year ended March 31, 2023: 319,137 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, 2025" 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 Tuesday, May 14, 2024. 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

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1. OVERVIEW OF FINANCIAL RESULTS

(1) Overview of Consolidated Operating Results

a. Overview

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	1,130.3	1,159.9	29.6	2.6
Gross profit	485.9	504.6	18.7	3.9
Business contribution profit (Note 1)	29.7	26.0	(3.7)	-12.5
Operating profit (loss)	(95.1)	26.0	121.2	–
Profit (loss) before tax	(101.8)	13.5	115.4	–
Profit (loss) attributable to owners of the Company	(103.1)	4.5	107.6	–
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(208.89)	9.15	218.04	–
	%	%		
ROE (Note 2)	-19.9	0.9	20.8	–
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	43.8	44.4	0.6	1.6
Depreciation and amortization expenses	75.2	75.7	0.4	0.6
Research and development expenses	63.8	65.1	1.2	1.9
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(24.1)	38.8	62.9	–
	Number	Number	Number	%
Number of employees in the Group	39,775	40,015	240	0.6
Foreign exchange rates	Yen	Yen	Yen	%
U.S. dollar	135.47	144.62	9.15	6.8
Euro	140.97	156.80	15.83	11.2

(Notes)

1. "Business contribution profit" is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
2. 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, 2024 (the "current fiscal year"), the growth of the global economic activities has been in a slowing trend, particularly in Europe; this is mainly due to increased uncertainty caused by events, such as the situation in Ukraine, the global rising costs of living and monetary tightening policies in various countries. In the United States, despite a tightening financial environment, solid consumer spending supported by strong employment and income conditions has kept the economy on a steady growth path. In China, the ongoing economic growth has slowed down due to effects of a real estate downturn and subdued consumer spending. In Japan, consumer spending faced stagnation due to rising prices, but the economy has been experiencing a gradual recovery, partly attributed to the rise in inbound demand. Meanwhile, India, as one of the emerging economies, sustains a favorable economic outlook driven by both domestic and foreign investments and domestic demand.

Amid such business environment, the Group recorded revenue of 1,159.9 billion yen for the current fiscal year partially contributed by the continuing depreciation of the yen, an increase of 2.6 %

year-on-year, the highest ever since the management integration of Konica and Minolta in 2003. By regions, Europe, North America, and Asia (excluding China) recorded increases in revenue of approximately 5%, 3%, and 8% of the year-before levels, respectively; meanwhile, Japan and China encountered decreases of approximately 2% and 1%, respectively, in revenue compared to the previous fiscal year. All businesses, including the Digital Workplace Business, the Professional Print Business, the Healthcare Business, and the Industry Business experienced increases in revenue.

Revenue and gross profit increased year-on-year, thanks to the effect of foreign exchange rate, despite the rebound to a temporary increase in sales in the previous fiscal year due to the elimination of backlog orders caused by semiconductor shortages. In addition, by striving to suppress selling, general and administrative expenses, expenses substantially decreased without consideration of the effect of foreign exchange rate; though the business contribution profit decreased by 3.7 billion yen to 26.0 billion yen (down by 12.5% compared to the previous fiscal year). Operating profit, on the other hand, rose significantly to 26.0 billion yen compared to the previous fiscal year, which had recorded a substantial impairment loss (and which also had recorded an operating loss of 95.1 billion yen).

During the current fiscal year, an impairment loss totaling 2.1 billion yen was recognized in the industrial print unit of the Professional Print Business, primarily attributed to MGI Digital Technology, a French printing equipment manufacturer. Additionally, an impairment loss of 1.7 billion yen was recorded in the visual solutions unit of the Industry Business, stemming from factors, such as a decline in the number of visitors of the directly managed planetariums. Also, an impairment loss of 0.2 billion yen was recorded at MOBOTIX AG in Germany in the imaging-IoT solutions unit of the Industry Business.

Meanwhile, the Company recorded 3.6 billion yen as gain on reversal of impairment losses regarding assets held for sale due to evaluation of the fair value of assets held for sale, from the transfer of equity capital of Invicro, LLC, and gain on reversal of impairment losses of 3.4 billion yen relating Ambry Genetics Corporation in the precision medicine unit.

Due to effects such as rising interest rates and foreign exchange rate fluctuation, the financial costs exceeded the financial income by 12.2 billion yen and a profit before tax was recorded at 13.5 billion yen (compared to a loss before tax of 101.8 billion yen in the previous fiscal year). The increased effective tax rate due to the failure to recognize deferred tax assets on the losses of overseas subsidiaries resulted in a profit attributable to the owners of the Company of 4.5 billion yen for the current fiscal year. Comparing to the previous fiscal year (a loss attributable to the owners of the Company of 103.1 billion yen), the profit attributable to the owners of the Company for the current fiscal year significantly increased, and the Group moved into the black ever since the fiscal year ended March 31, 2019.

In consideration of the strategic alignment of our business operations, alongside the need for continued growth investment in the future, during the current fiscal year, the precision medicine unit, positioned as a non-focused business in the Medium-term Business Plan, entered into an agreement in March 2024 to transfer all equity capital of Invicro, LLC to Calyx Services Inc., a drug discovery support services provider; and the transfer was completed in April 2024. The Group also plans to actively pursue third-party capital utilization for the remaining precision medicine unit (genetic testing services). Additionally, in the optical components unit, the Group entered into an agreement in October 2023 to transfer 80% of its equity capital in two Chinese manufacturing subsidiaries to Luxvisions Innovation Technology Limited, with the closing process currently being underway.

Moreover, the reporting segment has been reclassified from the current fiscal year. For year-on-year comparisons, the figures for the previous fiscal year have been rearranged based on the revised reporting segment classification. Additional details are provided in “4. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Consolidated Financial Statements [Segment Information].”

b. Overview by Segment

		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	600.2	614.9	14.6	2.4
	Business contribution profit	30.6	32.7	2.0	6.6
	Operating profit	21.4	32.9	11.4	53.5
Professional Print Business	Revenue	252.6	263.3	10.7	4.3
	Business contribution profit	15.0	13.8	(1.2)	-8.3
	Operating profit	13.5	11.6	(1.9)	-14.3
Healthcare Business	Revenue	137.8	138.9	1.1	0.8
	Business contribution profit	(7.0)	(6.5)	0.4	—
	Operating profit	(111.5)	(1.2)	110.2	—
Industry Business	Revenue	137.0	139.5	2.5	1.8
	Business contribution profit	21.7	12.3	(9.3)	-43.0
	Operating profit	13.4	9.3	(4.1)	-30.5
Subtotal	Revenue	1,127.7	1,156.8	29.0	2.6
	Business contribution profit	60.4	52.2	(8.1)	-13.4
	Operating profit	(62.9)	52.7	115.7	—
Others and adjustments (Note 2)	Revenue	2.6	3.1	0.5	19.4
	Business contribution profit	(30.6)	(26.2)	4.4	—
	Operating profit	(32.1)	(26.6)	5.5	—
Amount reported in the Consolidated Statement of Profit or Loss	Revenue	1,130.3	1,159.9	29.6	2.6
	Business contribution profit	29.7	26.0	(3.7)	-12.5
	Operating profit	(95.1)	26.0	121.2	—

(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.
3. Effective from the three months ended June 30, 2023, certain businesses previously included in the "Industry Business" have been included in "Others." In addition, in order to evaluate the performance of each reportable segment more appropriately, the Company did not allocate a part of the expenses related to operations at headquarters to each reportable segment, but recorded them as corporate expenses not attributable to the reportable segments; therefore, the Company has changed the measurement method of reportable segment profit or loss. Moreover, the allocation method of expenses common to both the "Digital Workplace Business" and the "Professional Print Business" has been modified. The segment information for the fiscal year ended March 31, 2023, is also disclosed based on the figures after reflecting these changes.

i. Digital Workplace Business

In the office unit, the sales volume of A3 MFPs decreased, with color models, monochrome models, and all models turned out to be at 87%, 80%, and 84% year-on-year, respectively. The decrease was mainly due to the worsening business conditions in China and a rebound to a temporary increase in sales in the previous fiscal year due to the elimination of backlog orders caused by semiconductor shortages in major regions, such as Europe and the United States. The non-hardware revenue, such as consumables and services, saw an overall increase, led by the easing of the decline in color printing volume, the growth in the MFP connected applications and services, as well as the impact of foreign exchange rates, despite the impact of a rebound caused by the elimination of backlog orders in the previous fiscal year. As a result of these factors, the overall revenue in the office unit improved year-on-year. In addition, gross profit and business contribution profit have increased as a result of strengthening direct sales business, cost reductions mainly by reduction of fixed costs through optimization of personnel and expenses for hardware production and reduction of material costs, and lower logistics costs due to the freight normalization and decrease in the Group's use of air transport.

In the DW-DX unit, which focuses on offering IT services, the sales of the operation process management services in Europe, as well as the sales of the in-house developed services utilizing cloud-based products and AI in Japan, grew, resulting in a year-on-year increase in revenue. In addition, restraining selling, general and administrative expenses reduced business contribution loss.

Based on the above, the Digital Workplace Business saw an increase in revenue and profit and recorded a revenue of 614.9 billion yen (an increase of 2.4% year-on-year), a business contribution profit of 32.7 billion yen (an increase of 6.6% year-on-year), and an operating profit of 32.9 billion yen (an increase of 53.5% year-on-year, given the impairment loss and others recorded in the previous fiscal year).

ii. Professional Print Business

In the production print unit, the impact of restrained investment caused by the economic slowdown in Europe and China and a rebound to a temporary increase in sales due to the elimination of backlog orders in the previous fiscal year, along with the office unit, resulted in a decrease in sales volume of digital printing presses. The sales volumes of digital printing presses for color models, monochrome models, and all models in the current fiscal year were at 96%, 84%, and 92% year-on-year, respectively. On the other hand, overall sales of digital printing presses were upward due to the growth in the sales volumes of the Heavy Production Print (HPP) with the fastest print speeds, which the Group focuses on, by 131% year-on-year, as well as the impact of foreign exchange rates. The revenue of non-hardware, such as consumables and services, saw an increase due to the increased printing demands in some regions, such as China and India, and the impact of foreign exchange rates. As a result of these factors, the production print unit posted a year-on-year increase in revenue.

In the industrial print unit, the sales volume of inkjet digital press (AccurioJET KM-1e), label press, and embellishment press increased. The non-hardware revenue went up by the expanded number of presses in operation in the market and the increased proportion of digital printing among customers. As a result, the industrial print unit saw an increase in revenue year-on-year.

In the marketing services unit, gross profit increased year-on-year although revenue decreased year-on-year due to the deconsolidation of domestic sales subsidiary, Konica Minolta Marketing Service Pty Limited.

Based on the above, the Professional Print Business recorded a revenue of 263.3 billion yen (an increase of 4.3% year-on-year) and a business contribution profit of 13.8 billion yen (a decrease of 8.3% year-on-year) due to an increase in selling, general and administrative expenses affected by soaring labor costs. An impairment loss of MGI Digital Technology, a France-based manufacturer of printing equipment during this fourth quarter and other factors led to an operating profit of 11.6 billion yen (a decrease of 14.3% year-on-year), resulting in an increase in revenue and a decrease in profit in the Professional Print Business as a whole.

iii. Healthcare Business

In the healthcare unit, the sales of digital radiography (DR), used for X-ray diagnosis, declined significantly from the previous fiscal year because of a slowdown in the growth of the hospital market due to a rebound to an increase in orders received in the previous fiscal year as a result of the government's supplementary budget in Japan and restraints in capital investments against the backdrop of soaring interest rates and labor costs in the United States. In addition, sales of purchased products for the hospital market decreased in Japan as well. On the other hand, the sales of the Dynamic Digital Radiography system, which the Company is focusing on, have steadily expanded primarily in the hospital market in the United States. As a result of the above, revenue from the healthcare unit as a whole declined significantly year-on-year. In addition to the decreased gross profit due to the decline in the sales of DR, the impact of the deterioration in the utilization rate led by the decrease in production volume resulted in a significant decrease in the business contribution profit of the healthcare unit from the previous fiscal year.

In the precision medicine unit, genetic testing services saw an uplift in the number of genetic tests year-on-year, mainly in ribonucleic acid (RNA) testing, an assessment of germline mutations, supported by the market recovery in the United States. Ambry Genetics Corporation, which provides genetic testing services in the United States, continued to stay profitable on a quarterly basis, thanks to an increase in gross profit as a result of an increase in revenue, an improved collection rate of accounts receivable, and higher laboratory utilization. The revenue from the Company's drug discovery support services saw an increase year-on-year for both clinical studies and preclinical studies, because of the improvement in the implementation status of clinical trials in the United States. As mentioned above, the transfer of all equity capital of Invicro, LLC, which provides drug discovery support services in the United States, to Calyx Services Inc. was completed in April 2024. Due to the evaluation of the fair value of assets held for sale, from the transfer of equity capital of Invicro, LLC, gain on reversal of impairment losses regarding assets held for sale of 3.6 billion yen was recorded. Furthermore, gain on reversal of impairment losses of 3.4 billion yen was recorded due to the steady growth of Ambry Genetics Corporation's business.

As a result, the Healthcare Business recorded a revenue of 138.9 billion yen, an increase of 0.8% year-on year. Though the precision medicine unit narrowed its loss, the decrease in gross profit resulting from decline in revenue in the healthcare unit led to a business contribution loss of 6.5 billion yen (business contribution loss of 7.0 billion yen for the previous fiscal year) and an operating loss of 1.2 billion yen (operating loss of 111.5 billion yen for the previous fiscal year due to the impact of an impairment loss of 103.5 billion yen on goodwill and others), resulting in an increase in revenue and a reduction in losses.

iv. Industry Business

In the sensing unit, the revenue from object color measurement instruments and testing equipment for automotive visual inspections increased steadily. On the other hand, the demand for light source color measurement instruments continued to decline, due to the impact of restrained capital investments in displays mainly by major customers. As such, the whole sensing unit marked a decline in revenue year-on-year.

In the performance materials unit, the sales volume of phase difference films for TV Vertical Alignment (VA) panels, which are one of the Company's main products, remained steady, partly due to an increase in the demand for panels by set manufacturers on an area basis. In particular, the unit expanded sales of "SANUQI" films for large TVs due to increased demand. Stock in supply chains of thin films for IT devices and smartphones is reducing, and the demand showed a recovery trend. Especially, sales of thin films for smartphones remained strong, resulting in an increase in revenue from the previous fiscal year. In addition to starting sales of new high-performance films for smartphones, the Company approached ICT brand owners across the Industry Business and received orders for and started mass production of functional films for next generation displays other than those for polarizing plates.

In the inkjet components unit, sales of printheads for printers for sign graphics were strong and sales increased especially due to the boom of the world's largest sign graphics exhibition held in Shanghai, China. In growth areas, the sales increased year-on-year due to an increase in the number of cases adopted for new markets.

In the optical components unit, sales of products for semiconductor manufacturing equipment as industrial application remained steady; however, sales of lenses for projectors were sluggish due to market conditions in China and Europe; as a result, the revenue decreased year-on-year.

The revenue in the imaging-IoT solutions unit improved year-on-year as sales of the monitoring camera solution progressed steadily in Europe and the United States, and sales of the Automated License Plate Recognition solution of VAXTOR Technologies, S.L. (headquartered in Spain), which the Company acquired in the previous fiscal year, continued to remain strong.

The visual solutions unit saw an increase in revenue year-on-year as the number of visitors at the directly managed planetariums was lower than planned, but it was at the same level as the previous fiscal year, and sales were strong, mainly in RSA Cosmos S.A. (headquartered in France), a global leading manufacturer of digital planetariums, which the Company acquired in 2019.

As a result, the Industry Business saw an increase in revenue and a decrease in profit: a revenue of 139.5 billion yen (an increase of 1.8% year-on-year), a business contribution profit of 12.3 billion yen (a decrease of 43.0% year-on-year) due to a decrease in gross profit resulting from a decrease in revenue in the sensing unit. The operating profit was 9.3 billion yen (a decrease of 30.5% year-on-year) due to an impairment loss in the imaging-IoT solutions unit and the visual solutions unit, and an increase in one-time expenses related to the transfer of equity capital in manufacturing subsidiaries in China in the optical components unit.

(Reference) Overview of the quarterly consolidated accounting period

	Three months ended March 31, 2023	Three months ended March 31, 2024	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	309.3	318.0	8.6	2.8
Gross profit	134.3	136.5	2.2	1.6
Business contribution profit (Note)	18.7	13.7	(4.9)	-26.4
Operating profit (loss)	(98.5)	17.5	116.0	—
Profit (loss) before tax	(101.0)	15.2	116.2	—
Profit (loss) attributable to owners of the Company	(99.8)	8.6	108.5	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(202.26)	17.53	219.79	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	16.8	14.0	(2.8)	-16.8
Depreciation and amortization expenses	18.6	18.8	0.1	0.6
Research and development expenses	16.4	16.3	(0.0)	-0.5
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	18.6	25.4	6.8	36.9
Foreign exchange rates	Yen	Yen	Yen	%
U.S. dollar	132.34	148.61	16.27	12.3
Euro	142.10	161.31	19.21	13.5

(Note) "Business contribution profit" is calculated by deducting the cost of sales and selling, general and administrative expenses from revenue.

Overview of major segments

		Three months ended March 31, 2023	Three months ended March 31, 2024	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	163.1	164.3	1.1	0.7
	Business contribution profit	14.0	12.2	(1.7)	-12.7
	Operating profit	10.7	13.3	2.5	23.9
Professional Print Business	Revenue	67.6	73.6	6.0	8.9
	Business contribution profit	5.7	4.9	(0.7)	-12.8
	Operating profit	4.7	2.8	(1.8)	-39.7
Healthcare Business	Revenue	40.9	40.4	(0.4)	-1.2
	Business contribution profit	1.0	(1.1)	(2.2)	—
	Operating profit	(102.5)	4.5	107.1	—
Industry Business	Revenue	36.6	37.9	1.3	3.7
	Business contribution profit	5.4	3.2	(2.1)	-39.9
	Operating profit	(2.6)	2.4	5.0	—
Subtotal	Revenue	308.3	316.4	8.0	2.6
	Business	26.2	19.3	(6.9)	-26.3

	contribution profit				
	Operating profit	(89.7)	23.1	112.8	–
Others and adjustments	Revenue	0.9	1.5	0.6	61.2
	Business contribution profit	(7.5)	(5.5)	1.9	–
	Operating profit	(8.8)	(5.6)	3.1	–
Amount reported in the Consolidated Statements of Profit or Loss	Revenue	309.3	318.0	8.6	2.8
	Business contribution profit	18.7	13.7	(4.9)	-26.4
	Operating profit	(98.5)	17.5	116.0	–

(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.
3. Effective from the three months ended June 30, 2023, certain businesses previously included in the “Industry Business” have been included in “Others.” In addition, in order to evaluate the performance of each reportable segment more appropriately, the Company did not allocate a part of the expenses related to operations at headquarters to each reportable segment, but recorded them as corporate expenses not attributable to the reportable segments; therefore, the Company has changed the measurement method of reportable segment profit or loss. Moreover, the allocation method of expenses common to the “Digital Workplace Business” and the “Professional Print Business” has been modified. The segment information for the three months ended March 31, 2023, is also disclosed based on the figures after reflecting these changes.

c. Outlook for the Fiscal Year Ending March 31, 2025

For the fiscal year ending March 31, 2025 (the “next fiscal year”), the Company expects that the risks of uncertainty in the business environment such as the economic slowdown and the price increases, mainly in Europe and the United States, and the foreign exchange rate fluctuation will increase. Amidst such circumstances, although the Company expects a gradual fall in print volumes in the office unit due to changes in working styles, the Company will strengthen its profitability, while improving asset efficiency and generating cash by further cost reduction through the provision of the MFP connected applications and services and manufacturing innovations, reduction of fixed costs, and other factors. 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. Furthermore, even though the Company anticipates potential demand expected from participation in “drupa 2024,” the world’s largest international printing and media industry exhibition which is being held for the first time in 8 years, the Company also recognizes 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 office and production print units, the Company actively promotes the business partnership with other companies for procurement, toner development, and production with the purpose of improving investment efficiency and cost competitiveness, stable supply, meeting environmental standards, and strengthening business continuity capabilities.

In the healthcare unit, the Company aims to grow the Dynamic Digital Radiography system in addition to the X-ray-related equipment, the Company’s strength. It is also expected that the use of digital technology, such as images and AI to progress to improve the quality and efficiency of medical services.

In the Industry Business, while capital investment by customers in display measurement instruments for smartphones in the sensing unit continued to be curtailed, the Company expects the development of new display technologies to progress and will focus on capturing anticipatory demand. In the performance materials unit, the Company is beginning to see signs of recovery from the adjustments in surplus stock in the thin film market for IT devices and smartphones; and the recovery for TV displays is expected, mainly for large displays, as the adjustments in surplus stock will come to an end.

In recognizing these market trends, the Company will strive to increase its business contribution profit and achieve the management targets set forth in the Medium-term Business Plan and achieve the return on ROE of 5% in the early phase.

In addition, as an additional measure, the Company will implement global structural reforms, including optimizing human capital to improve productivity per employee, and will execute business selection and concentration, aiming to become a highly profitable company. In the full-year outlook for the next fiscal year, the Company expects to record a one-time expense related to the execution of these measures.

Based on the comprehensive consideration of the performance forecasts as of the current fiscal year, various measures, and the business environment, the annual dividend forecast for the next fiscal year will be no dividend.

The exchange rate assumptions that form the basis of results forecasts for the next fiscal year have been set to [¥140 to the U.S. dollar and ¥150 to the euro], with forecasts as follows:

	Fiscal year ended March 31, 2024	Forecast for the fiscal year ending March 31, 2025
	Billions of yen	Billions of yen
Revenue	1,159.9	1,160.0
Business contribution profit (Note 1)	26.0	40.0
Operating profit	26.0	13.0
Profit attributable to owners of the Company	4.5	0.0
	%	%
ROE (Note 2)	0.9	0.0

(Notes)

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, 2023	As of March 31, 2024	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,413.7	1,388.0	(25.7)
Total liabilities	913.8	834.6	(79.2)
Total equity	499.8	553.3	53.5
Equity attributable to owners of the Company	487.4	539.8	52.3
	Yen	Yen	Yen
Equity per share attributable to owners of the Company	986.87	1,091.68	104.81
	%	%	%
Equity ratio attributable to owners of the Company	34.5	38.9	4.4

Total assets as of March 31, 2024, were 1,388.0 billion yen, a decrease of 25.7 billion yen (1.8%) from March 31, 2023. This is primarily attributed to a decrease of 53.4 billion yen in cash and cash equivalents, a decrease of 23.0 billion yen in inventories, a decrease of 6.9 billion yen in property, plant and equipment, an increase of 36.6 billion yen in assets held for sale, an increase of 12.0 billion yen in goodwill and intangible assets, and an increase of 6.0 billion yen in trade and other receivables.

Total liabilities as of March 31, 2024, were 834.6 billion yen, a decrease of 79.2 billion yen (8.7%) from March 31, 2023. This is primarily attributed to a decrease of 42.4 billion yen in bonds and borrowings, a decrease of 34.6 billion yen in other financial liabilities, a decrease of 6.6 billion yen in trade and other payables, a decrease of 5.6 billion yen in lease liabilities, and an increase of 10.7 billion yen in liabilities directly associated with assets held for sale.

Total equity as of March 31, 2024, was 553.3 billion yen, an increase of 53.5 billion yen (10.7%) from March 31, 2023.

Equity attributable to owners of the Company was 539.8 billion yen as of March 31, 2024, an increase of 52.3 billion yen (10.7%) from March 31, 2023. This is primarily attributed to an increase of 48.0 billion yen in other components of equity (primarily exchange differences on translation of foreign operations).

As a result of the above, the equity per share attributable to owners of the Company was 1,091.68 yen, and the equity ratio attributable to owners of the Company increased by 4.4 percentage points to 38.9%.

b. Analysis of Cash Flows

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	13.3	83.3	70.0
Cash flows from investing activities	(37.4)	(44.5)	(7.0)
Total (Free cash flows)	(24.1)	38.8	62.9
Cash flows from financing activities	84.3	(96.8)	(181.1)

For the current fiscal year, net cash provided by operating activities was 83.3 billion yen, and net cash used in investing activities totaled 44.5 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an inflow of 38.8 billion yen for the current fiscal year.

Net cash used in financing activities was 96.8 billion yen.

In addition, cash and cash equivalents as of March 31, 2024, decreased by 50.9 billion yen from March 31, 2023, to 129.6 billion yen, reflecting the effect of exchange rate fluctuations on cash and cash equivalents.

Cash flows from operating activities

Net cash provided by operating activities was 83.3 billion yen. On top of the profit before tax of 13.5 billion yen, this is attributable to net effects of an increase in cash flows due to depreciation and amortization expenses of 75.7 billion yen and a decrease in inventories of 38.8 billion yen, and a decrease in trade and other payables of 24.2 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 44.5 billion yen, due to the purchases of property, plant and equipment of 27.2 billion yen and the purchases of intangible assets of 17.8 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an inflow of 38.8 billion yen (an outflow of 24.1 billion yen in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was 96.8 billion yen (net cash inflow of 84.3 billion yen in the previous fiscal year), reflecting cash outflows of a net decrease in short-term loans payable of 55.5 billion yen, 32.0 billion yen in acquisition of interests in subsidiaries from non-controlling interests, 27.7 billion yen in the redemption of bonds and repayments of long-term loans payable, and cash inflows of bonds issuance and long-term payable of 40.2 billion yen.

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

2. ISSUES TO BE ADDRESSED

The Company has set a corporate vision, Imaging to the People, and aimed to become a company that is supported and needed by global society by realizing the hopes and desires to “see” of customers.

In a three-year Medium-term Business Plan started from the fiscal year ended March 31, 2024, the Company has comprehensively evaluated the measures that it has implemented and recognized that it is essential to inherit those that contribute to the enhancement of corporate value and make prompt decisions on areas that need to be changed. Aiming to return to a highly profitable company, the Company has worked to get out of the red and strengthen its earnings foundation and cash generation capabilities. As a result, in the current fiscal year, even profit attributable to owners of the Company moved into the black, and the operating cash flow recorded an inflow of 83.3 billion yen, which also shows the improvement in cash generation capabilities. In addition, figures on the balance sheet were improved because of reductions in working capital and other assets through shrink of inventory and other measures, and decrease in interest-bearing debt. The Company has worked on business selection and concentration based on whether these will lead to its future, including the time axis, rather than being bound by history. During the current fiscal year, the Company took a major step towards rebuilding its earnings foundation by transferring all equity capital of Invicro, LLC, which is responsible for drug discovery support services, in the precision medicine unit, previously classified as a non-focused business, and by concluding strategic alliance agreement to transfer 80% of its equity capital in two Chinese manufacturing subsidiaries for the purpose of shifting to high-value-added areas in industrial applications in the optical components unit.

The Company will pursue further growth by focusing on allocating management resources to the Industry Business, Professional Print Business, and healthcare unit in the Healthcare Business, which have been positioned as strengthening businesses for the purpose of improving profit margins. In the Industry Business in particular, the target areas were defined as display, mobility, semiconductor manufacturing, and others. The Company will strengthen its "Core Technologies," such as materials, optics, microfabrication, and imaging, which are its strength, by utilizing AI and integrating technologies across businesses, to further enhance existing businesses with high market shares and promote new business development through "co-creation with customers.”

The office unit, which is positioned as a maintaining profit business, focuses on making a profit and cash contribution. Currently, although the print volume has declined before the spread of COVID-19, gross profit levels have been maintained partially due to the results of the Company’s unique One Rate (Our unique billing model that charges a fixed amount, rather than the traditional multifunction device billing method that charges a variable amount monthly) and other initiatives. In addition, during the current fiscal year, the Company generated more business contribution profit than originally planned through a thorough reduction of production costs. At this point, print volumes remain within the assumptions of the Medium-term Business Plan, and the Company does not see any new factors that would accelerate the decline; however, since the market is expected to shrink in the long term, the Company has determined that it is necessary to improve investment efficiency and will actively execute alliances with other companies in the office and production print units. We are also aware of geopolitical risks and will work to address these issues.

In non-focused and direction-changing businesses, the Company will accelerate actions and aim to complete the business selection and concentration in the fiscal year ending March 31, 2025.

In order to achieve sustainable growth of its business, the Company will also transform itself into an organization with high productivity by pursuing company-wide improvements in productivity and operational efficiency. To this end, the Company will identify obstacles to productivity and efficiency, improve productivity and efficiency by reviewing business processes and introducing tools, such as generative AI, and strengthen the system that enables the appropriate employees in the right places to focus on solving on-site issues. Although business contribution profit will continue to increase as the business grows, the reliable execution of the business selection and concentration and the global structural reforms involve pain; the Company expects to record one-time expenses in the fiscal year ending March 31, 2025.

Through these efforts, the Company will establish a business structure that is resilient to changes in the business environment and a management foundation capable of sustainable profit growth in the fiscal year ending March 2026, the final year of the current Medium-term Business Plan, and achieve the management target of ROE of 5% or more.

For the time being, the Company's priority is to strengthen our financial foundation, but we intend to return to a dividend level acceptable to shareholders and strengthen shareholder returns in conjunction with profit growth, taking into consideration our business performance and cash flow.

The Company will continue to place sustainability at the center of its management. The sustainability the Company aims for is "to create value through its business activities that solve issues faced by customers and society, thereby contributing to the realization of a sustainable society and the growth of the Company." This is made possible by the Company's intangible assets, including its diverse human capital, the integration of imaging technologies, and its relationship with customers.

Among the five material issues that the Company has set forth in anticipation of the challenges that society will face in 2030, especially in "using limited resources effectively" and "addressing climate change," the Company believes that it can leverage its core technologies in sensing, materials/forming, AI, etc. that it has developed and possessed in its existing businesses. The Company will also invest in realizing businesses that are rooted in the environment and decarbonization.

By embodying value creation through its businesses and transforming the Company into a company that grows sustainably with society, the Company will provide long-term returns to its various stakeholders.

3. 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.

4. CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	180,574	127,134
Trade and other receivables	313,494	319,518
Inventories	242,108	219,065
Income tax receivables	4,444	3,642
Other financial assets	2,481	858
Other current assets	34,487	37,316
Subtotal	777,590	707,536
Assets held for sale	—	36,689
Total current assets	777,590	744,225
Non-current assets		
Property, plant and equipment	289,127	282,225
Goodwill and intangible assets	258,886	270,980
Investments accounted for using the equity method	391	88
Other financial assets	21,444	21,781
Deferred tax assets	32,648	32,166
Other non-current assets	33,688	36,585
Total non-current assets	636,187	643,827
Total assets	1,413,777	1,388,052

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Trade and other payables	200,508	193,838
Bonds and borrowings	284,220	198,327
Lease liabilities	17,985	20,418
Income tax payables	3,323	3,543
Provisions	14,910	10,820
Other financial liabilities	39,079	3,625
Other current liabilities	59,661	63,223
Subtotal	619,688	493,796
Liabilities directly associated with assets held for sale	–	10,718
Total current liabilities	619,688	504,515
Non-current liabilities		
Bonds and borrowings	184,874	228,306
Lease liabilities	81,211	75,529
Retirement benefit liabilities	8,839	8,525
Provisions	7,456	7,863
Other financial liabilities	1,533	2,319
Deferred tax liabilities	4,960	3,435
Other non-current liabilities	5,335	4,174
Total non-current liabilities	294,211	330,154
Total liabilities	913,899	834,669
Equity		
Share capital	37,519	37,519
Share premium	204,154	203,831
Retained earnings	164,682	167,927
Treasury shares	(9,358)	(8,886)
Share acquisition rights	427	250
Other components of equity	89,999	139,175
Equity attributable to owners of the Company	487,424	539,816
Non-controlling interests	12,453	13,566
Total equity	499,877	553,382
Total liabilities and equity	1,413,777	1,388,052

(2) Consolidated Statements of Profit or Loss

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Revenue	1,130,397	1,159,999
Cost of sales	644,453	655,322
Gross profit	485,943	504,676
Other income	6,533	15,188
Selling, general and administrative expenses	456,204	478,656
Other expenses	131,398	15,116
Operating profit (loss)	(95,125)	26,091
Finance income	4,024	3,116
Finance costs	10,675	15,405
Share of profit (loss) of investments accounted for using the equity method	(96)	(236)
Profit (loss) before tax	(101,872)	13,566
Income tax expense (income)	1,944	9,366
Profit (loss) for the year	(103,816)	4,199
Profit (loss) attributable to:		
Owners of the Company	(103,153)	4,521
Non-controlling interests	(663)	(321)
Earnings (loss) per share	Yen	Yen
Basic	(208.89)	9.15
Diluted	(208.89)	9.12

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss) for the year	(103,816)	4,199
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	9,466	(1,351)
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	(335)	2,622
Total items that will not be reclassified to profit or loss	9,130	1,271
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(21)	(507)
Exchange differences on translation of foreign operations (net of tax)	34,894	48,814
Total items that may be subsequently reclassified to profit or loss	34,872	48,307
Total other comprehensive income	44,003	49,578
Total comprehensive income (loss)	(59,812)	53,778
Total comprehensive income (loss) attributable to:		
Owners of the Company	(60,228)	52,545
Non-controlling interests	415	1,233

(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, 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

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of March 31, 2023	37,519	204,154	164,682	(9,358)	427	89,999	487,424	12,453	499,877
Profit (loss) for the year	–	–	4,521	–	–	–	4,521	(321)	4,199
Other comprehensive income (loss)	–	–	–	–	–	48,023	48,023	1,555	49,578
Total comprehensive income (loss)	–	–	4,521	–	–	48,023	52,545	1,233	53,778
Dividends	–	–	–	–	–	–	–	(120)	(120)
Acquisition and disposal of treasury shares	–	–	(125)	472	–	–	347	–	347
Share-based payments	–	(86)	–	–	(177)	–	(264)	–	(264)
Changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–
Equity and other transactions with non-controlling shareholders	–	(80)	–	–	–	–	(80)	–	(80)
Put options written on non-controlling interests	–	(155)	–	–	–	–	(155)	–	(155)
Transfer from other components of equity to retained earnings	–	–	(1,151)	–	–	1,151	–	–	–
Total transactions with owners	–	(322)	(1,277)	472	(177)	1,151	(153)	(120)	(273)
Balance as of March 31, 2024	37,519	203,831	167,927	(8,886)	250	139,175	539,816	13,566	553,382

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before tax	(101,872)	13,566
Depreciation and amortization expenses	75,295	75,774
Impairment losses and reversal of impairment losses	116,668	1,231
Share of (profit) loss of investments accounted for using the equity method	96	236
Interest and dividends income	(3,753)	(3,032)
Interest expenses	9,144	12,805
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	939	1,861
(Increase) decrease in trade and other receivables	(14,007)	26,534
(Increase) decrease in inventories	(46,878)	38,820
Increase (decrease) in trade and other payables	2,305	(24,261)
Decrease due to transfer of rental assets	(5,279)	(7,263)
Increase (decrease) in retirement benefit liabilities	(2,646)	(15)
Others	(3,685)	(37,619)
Subtotal	26,326	98,637
Dividends received	640	585
Interest received	3,265	2,984
Interest paid	(8,909)	(12,973)
Income taxes (paid) refunded	(8,003)	(5,895)
Net cash provided by operating activities	13,319	83,338

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,770)	(27,262)
Purchase of intangible assets	(19,009)	(17,864)
Proceeds from sales of property, plant and equipment, and intangible assets	948	922
Purchase of investments in subsidiaries	(806)	(1,409)
Proceeds from sales of investment securities	4,709	2,693
Payments for transfer of business	(89)	(112)
Others	(1,481)	(1,501)
Net cash used in investing activities	(37,498)	(44,534)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	114,153	(55,541)
Proceeds from bonds issuance and long-term loans payable	133,841	40,292
Redemption of bonds and repayments of long-term loans payable	(131,546)	(27,793)
Repayments of lease liabilities	(20,251)	(21,593)
Cash dividends paid	(12,424)	(13)
Payment of dividends to non-controlling interests	—	(120)
Proceeds from stock issuance to non-controlling interests	470	—
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	(32,082)
Proceeds from sales of investments in subsidiaries without loss of control	78	—
Others	(1)	(1)
Net cash provided by (used in) financing activities	84,321	(96,853)
Effect of exchange rate changes on cash and cash equivalents	2,760	7,107
Net increase (decrease) in cash and cash equivalents	62,904	(50,942)
Cash and cash equivalents at the beginning of the year	117,670	180,574
Cash and cash equivalents at the end of the year	180,574	129,631

(6) Notes to the Consolidated Financial Statements

[Notes Regarding Going Concern Assumptions]

Not Applicable.

[Change in Accounting Policies]

The Group has applied the “Clarifying Accounting Process for Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)” issued on May 7, 2021, from the fiscal year ended March 31, 2024. The application of Amendments to IAS 12 did not have a significant impact on the consolidated financial statements.

In addition, the “International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)” issued on May 23, 2023, provide a temporary and mandatory exception rule that exempts the recognition and disclosure of deferred taxes related to taxes arising from the Pillar Two Model Rules (hereinafter, the “Pillar Two Income Taxes”). The Group has applied the exception rule retroactively from the fiscal year ended March 31, 2024, in accordance with IAS 8 "Changes and Errors in Accounting Policies, Accounting Estimates." As a result, the Group has not recognized the deferred taxes related to the Pillar Two Income Taxes and has not included them in the notes on deferred taxes.

[Change in Accounting Estimates]

[Gain on Reversal of Impairment Losses on Non-Financial Assets]

Gain on reversal of impairment losses of 3,480 million yen was recognized in the fiscal year ended March 31,2024. This is mainly a result of the revision of the business plan of Ambry Genetics Corporation, a genetic testing company in the United States, whose business has been moving steadily. As a result of the revision, the gain on reversal of impairment losses on non-current assets, excluding goodwill previously recognized, was recognized in the precision medicine unit of the Healthcare Business.

[Impairment Losses on Non-Financial Assets]

The Company recognized an impairment loss of 4,712 million yen during the fiscal year ended March 31, 2024. The carrying amounts of the cash-generating units or the group of cash-generating units to which the goodwill is allocated were reduced to their recoverable amounts. The details are as follows:

In the industrial print unit of the Professional Print Business, of the goodwill arose from the acquisition of M.G.I Digital Technology S.A., a France-based manufacturer of printing presses, an impairment loss on goodwill of 2,115 million yen was recorded.

In addition, due to the fact that the number of visitors at the directly managed planetariums did not recover to the expected level before the spread of COVID-19, an impairment loss of 1,723 million yen was recorded on property, plant and equipment and intangible assets (the impairment losses on property, plant and equipment of 1,533 million yen and intangible assets of 189 million yen) of Konica Minolta Planetarium Co., Ltd., which belong to the Industry Business, by reducing the carrying amounts to the recoverable amounts in consideration of the recoverability.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Gain on reversal of impairment losses regarding assets held for sale	–	3,634
Gain on reversal of impairment losses	–	3,480
Proceeds from sale of trial products	205	1,253

Insurance income	2,084	1,198
Gain on revision of retirement benefit plan	—	1,061
Others	4,243	4,559
Total	6,533	15,188

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Impairment losses	116,668	4,712
Loss on sales and disposals of property, plant and equipment and intangible assets	1,108	2,109
Business structure improvement expenses	4,453	1,057
Cost of sale of trial products	213	955
Settlement payments	3,223	—
Others	5,732	6,282
Total	131,398	15,116

[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.

Effective from the three months ended June 30, 2023, certain businesses previously included in the "Industry Business" have been included in "Others."

In order to evaluate the performance of each reportable segment more appropriately, the Company decided not to allocate a part of the expenses related to operations at headquarters to each reportable segment, but recorded them as corporate expenses not attributable to the reportable segments; therefore, from the three months ended June 30, 2023, the Company has changed the measurement method of reportable segment profit or loss.

As a result of this change, segment income or loss in the "Digital Workplace Business," the "Healthcare Business," and the "Industry Business" for the previous fiscal year ended March 31, 2023, increased by 9,180 million yen, 684 million yen, and 1,541 million yen, respectively, and "Adjustments" decreased by 11,406 million yen for the same period. In addition, the allocation method of expenses common to both the "Digital Workplace Business" and the "Professional Printing Business" has been modified, effective from the three months ended June 30, 2023. Along with this change, segment profit or loss for the previous fiscal year ended March 31, 2023, increased by 3,050 million yen in the "Digital Workplace Business" and decreased by the same amount in the "Professional Print Business." The segment information for the previous fiscal year ended March 31, 2023, is disclosed based on the figures after reflecting these changes.

Businesses of each reportable segment are described as follows:

	Business content
Digital Workplace Business	<u>Office</u> Development, manufacture, and sales of MFPs and related consumables; provision of related services and solutions
	<u>DW-DX</u> Provision of IT services and solutions
Professional Print Business	<u>Production Print</u> Development, manufacture, and sales of digital printing systems and related consumables for the commercial printing market
	<u>Industrial Print</u> Development, manufacture, and sales of digital printing systems and related consumables for the industrial printing market
	<u>Marketing Services</u> Provision of various printing services and solutions

Healthcare Business	<u>Healthcare</u> Development, manufacture, and sales of diagnostic imaging systems for medical use; provision of related services; provision of digitalization, networking, diagnostic services, and solutions in medical practices
	<u>Precision Medicine</u> Genetic testing; provision of drug discovery support services
Industry Business	<u>Sensing</u> Development, manufacture, and sales of measuring instruments and others; provision of related solutions and services
	<u>Optical Components</u> Development, manufacture, and sales of lenses for industrial and professional use and others
	<u>Inkjet (IJ) Components</u> Development, manufacture, and sales of industrial inkjet printheads and others
	<u>Performance Materials</u> Development, manufacture, and sales of functional films for displays and others
	<u>Imaging-IoT Solutions</u> Development, manufacture, and sales of network cameras; provision of related solutions and services
	<u>Visual Solutions</u> Development, manufacture, and sales of visual-related equipment; provision of related solutions and 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, 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	137,050	1,127,775	2,621	–	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	143,050	1,138,722	18,697	(27,022)	1,130,397
Segment profit (loss)	21,493	13,586	(111,546)	13,475	(62,991)	(4,999)	(27,134)	(95,125)
Other items								
Depreciation and amortization expenses	32,322	13,745	11,386	11,380	68,834	201	6,259	75,295

Impairment losses on non-financial assets	2,927	856	103,568	8,113	115,465	1,202	—	116,668

Fiscal year ended March 31, 2024

(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	614,928	263,370	138,997	139,571	1,156,867	3,131	—	1,159,999
Intersegment (Note 1)	3,951	56	614	5,340	9,962	16,306	(26,268)	—
Total	618,879	263,426	139,611	144,912	1,166,830	19,437	(26,268)	1,159,999
Segment profit (loss)	32,984	11,637	(1,270)	9,366	52,718	(1,849)	(24,777)	26,091
Other items								
Depreciation and amortization expenses	33,504	14,261	11,249	10,486	69,501	131	6,141	75,774
Impairment losses on non-financial assets (Gain on reversal of impairment losses)	18	2,129	(2,932)	2,015	1,231	—	—	1,231

(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.

(c) Information about geographical areas

Revenues from external customers by geographical area are as follows:

(Millions of yen)

Revenue	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Japan	179,192	175,434
USA	334,006	343,563
Europe	330,661	346,309
China	108,423	107,077
Asia	98,813	107,193

Others	79,300	80,420
Total	1,130,397	1,159,999

(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, 2023	As of March 31, 2024
Japan	245,516	239,737
USA	150,307	153,601
Europe	117,025	127,201
China	19,039	16,054
Asia	15,202	16,030
Others	5,801	6,099
Total	552,893	558,725

(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.

[Cash and Cash equivalents]

Cash and cash equivalents at the end of the period in the consolidated statements of cash flows are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash and cash equivalents in the consolidated statements of financial position	180,574	127,134
Cash and cash equivalents included in assets held for sale	—	2,496
Cash and cash equivalents in the consolidated statements of cash flows	180,574	129,631

[Non-current Assets or Disposal Groups Held for sale]

Assets and liabilities classified as held for sale are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
＜Assets＞		
Cash and cash equivalents	—	2,496
Trade and other receivables	—	5,010
Inventories	—	4,533
Other financial assets (current)	—	2
Other current assets	—	592
Property, plant and equipment	—	11,194
Goodwill and intangible assets	—	12,221
Other financial assets (non-current)	—	407
Deferred tax assets	—	209
Other non-current assets	—	20
Total assets	—	36,689
＜Liabilities＞		
Trade and other payables	—	3,374
Lease liabilities (current)	—	468
Income tax payables	—	89
Provisions (current)	—	1,477
Other current liabilities	—	1,835
Lease liabilities (non-current)	—	3,221
Provisions (non-current)	—	253
Total liabilities	—	10,718
＜Other components of equity＞		
Exchange differences on translation of foreign operations (net of tax)	—	6,243

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total other components of equity	－	6,243

[Transfer of equity capital in strategic business alliance in optical components unit]

In the current fiscal year, in the optical components unit included in the Industry Business, the Company decided to transfer 80% of its equity capital in two Chinese manufacturing subsidiaries, Konica Minolta Opto (Dalian) Co., Ltd. (Headquarters: Dalian, Liaoning Province, China) and Konica Minolta Optical Products (Shanghai) Co., Ltd. (Headquarters: Shanghai, China) to Guangzhou Luxvisions Innovation Technology Limited (Headquarters: Guangzhou, Guangdong Province, China), a major electronic components manufacturer in China, and entered into an equity purchase agreement as of October 20, 2023.

Accordingly, the assets and liabilities of the two companies were classified as disposal groups held for sale. For the disposal groups classified as held for sale, since the fair value less costs to sell is lower than the carrying amounts, the assets and liabilities are measured at fair value less costs to sell. The loss of 776 million yen recognized as a result of this measurement is recognized in "Other expenses" in the consolidated statements of profit or loss. The fair value is based on the selling price, and the fair value hierarchy is Level 3.

The transfer of the equity capital is scheduled to be executed after May 2024, and the two companies will become equity method affiliates following the loss of control.

[Sale of equity capital in Invicro, LLC]

In the current fiscal year, the Group decided to transfer 100% of its equity capital in Invicro, LLC (Headquarters: Massachusetts, U.S.A.) in the precision medicine unit in the Healthcare Business, to Calyx Services Inc. (Headquarters: Delaware, U.S.A.), (Headquarters: Delaware, U.S.A.), and entered into an equity transfer agreement as of March 6, 2024.

Accordingly, the assets and liabilities of Invicro, LLC were classified as a disposal group held for sale. For the disposal group classified as held for sale, since the fair value less costs to sell is higher than the carrying amount, which is cost less accumulated depreciation and impairment, the assets and liabilities are measured at fair value less costs to sell. As a result, the impairment loss previously recorded of 3,634 million yen was recognized as gain on reversal of impairment losses in “Other income” in the consolidated statements of profit or loss. The fair value is based on the selling price, and the fair value hierarchy is Level 3.

The execution of this equity transfer was completed on April 30, 2024.

[Real estate transfer at a subsidiary in North America]

In the current fiscal year, the Group concluded a real estate transfer agreement for some land owned by a subsidiary in North America. Accordingly, the land is classified as a non-current asset classified as held for sale. Execution of this real estate transfer is scheduled to be after January 2025.

[Earnings per Share]

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

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen
Basis of calculating basic earnings per share		
Profit (loss) for the year attributable to owners of the Company	(103,153)	4,521
Profit for the year not attributable to owners of the Company	—	—
Profit (loss) for the year to calculate basic loss per share	(103,153)	4,521
	Thousands of shares	Thousands of shares
Weighted-average number of ordinary shares outstanding during the year	493,815	494,297
	Yen	Yen
Basic earnings (loss) per share	(208.89)	9.15
Basis of calculating diluted earnings per share	Millions of yen	Millions of yen
Profit (loss) for the year to calculate basic earnings per share	(103,153)	4,521
Adjustments of profit for the year	—	—
Profit (loss) for the year to calculate diluted earnings per share	(103,153)	4,521
	Thousands of shares	Thousands of shares
Weighted-average number of ordinary shares outstanding during the year	493,815	494,297
Impact of dilutive effects	—	1,235
Weighted-average number of diluted ordinary shares outstanding during the year	493,815	495,532
	Yen	Yen
Diluted earnings (loss) per share	(208.89)	9.12

[Events after the Reporting Period]

[Implementation of global structural reforms]

(1) Background

With the basic policy of challenging and achievable targets and return to a highly profitable company, the Medium-term Business Plan has a set of three major action agendas; business selection and concentration, reallocation of resources to strengthening businesses; structural reform implementation to reinforce earnings foundation; and reinforcement of business management system. The Company carries out business selection and concentration from the fiscal year ended March 31, 2024, to the fiscal year ending March 31, 2025, and aims to establish a foundation for growth in the fiscal year ending March 31, 2026.

The global structural reforms are efforts to achieve the Medium-term Business Plan goals and a sustainable growth beyond the fiscal year ending March 31, 2026, for the acceleration of business selection and concentration, and productivity improvement of the Group.

(2) Overview of Structural Reforms

To achieve the Medium-term Business Plan goals and sustainable business growth, the entire

Group will adopt measures to improve productivity per employee in addition to the implementation of business selection and concentration.

As a measure of strengthening human capital and improving productivity, we will actively invest to enable human assets to shift to highly value-added operations through the utilization of generative AI and other means.

In addition, the Company will continue to evaluate and assign skilled talents to the right positions, primarily for the businesses and regions to be strengthened, and invest in human asset development education. These efforts and a focus on interactive communications will increase the engagement of employees.

Furthermore, as an additional measure of enhancing productivity, the Company will optimize the headcount globally and plan to target approximately 2,400 employees, including regular and non-regular employees group-wide. The execution is planned during the fiscal year ending March 31, 2025.

As a result of implementing these measures above, the business contribution profit (a profit index calculated by deducting cost of sales and selling, general and administrative expenses from revenue) in the fiscal year ending March 31, 2026, is expected to increase by around 20 billion yen, compared to what it would be before the optimization. The measures will be implemented in compliance with local labor laws, rules, and regulations.

(3) Financial Outlook

One-time expenses associated with the global structural reforms will be recorded during the fiscal year ending March 31, 2025, and are expected to be approximately 20 billion yen.