

July 31, 2024

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 [IFRS]

Company name:	Konica Minolta, Inc.
Stock exchange listings:	Tokyo (Prime Market)
Securities code number:	4902
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Representative:	Toshimitsu Taiko President and CEO, Representative Executive Officer
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Scheduled date for dividends payment:	-
Availability of supplementary information for the quarterly financial results:	Yes
Organization of briefing on the quarterly financial results:	Yes (for institutional investors)

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

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(1) Consolidated results of operations

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

Three months ended	Revenue		Business contribution profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	286,212	7.4	1,623	-	(395)	-
June 30, 2023	266,408	7.5	(4,086)	-	(4,406)	-

Three months ended	Profit before tax		Profit for the period		Profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	(1,842)	-	(3,609)	-	(3,452)	-
June 30, 2023	(5,788)	-	(5,742)	-	(5,566)	-

Three months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
June 30, 2024	(6.98)	(6.98)
June 30, 2023	(11.27)	(11.27)

(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 three months ended June 30, 2024 and 2023, was 21,364 million yen (an increase of 6.7% year-on-year) and 20,019 million yen (a decrease of 39.0% year-on-year), 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
	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2024	1,400,507	572,473	558,379	39.9
March 31, 2024	1,388,052	553,382	539,816	38.9

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

(Note) Changes from the latest dividend forecasts: None

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	%	
March 31, 2025	0	-100.0	0.00

(Note) Changes from the latest consolidated forecasts: None

■ Notes

(1) Significant changes in the scope of consolidation for the three months ended June 30, 2024:
Yes

Included: - (-)
Excluded: One company Invicro, LLC

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

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

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

a. Number of issued and outstanding shares (including treasury shares)

As of June 30, 2024: 502,664,337 shares
As of March 31, 2024: 502,664,337 shares

b. Number of treasury shares

As of June 30, 2024: 8,047,289 shares
As of March 31, 2024: 8,180,129 shares

c. Average number of issued and outstanding shares during the period

The three months ended June 30, 2024: 494,517,246 shares
The three months ended June 30, 2023: 493,962,873 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 (2,089,818 shares as of June 30, 2024, and 2,223,585 shares as of March 31, 2024).

■ Review procedures performed by certified public accountants or an audit firm for the attached quarterly consolidated financial statements: None

■ 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, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 14.

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 Wednesday, July 31, 2024. 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.

Disclosure of the quarterly financial results, including the interim review report

The Company plans to disclose the quarterly financial results, including the interim review report on Friday, August 9, 2024.

Supplementary Information

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1. OVERVIEW OF FINANCIAL RESULTS

(1) Overview of Consolidated Operating Results for the Three Months Ended June 30, 2024

a. Overview

	Three months ended June 30, 2023	Three months ended June 30, 2024	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	266.4	286.2	19.8	7.4
Gross profit	111.9	126.4	14.5	13.0
Business contribution profit (loss) (Note)	(4.0)	1.6	5.7	—
Operating profit (loss)	(4.4)	(0.3)	4.0	—
Profit (loss) before tax	(5.7)	(1.8)	3.9	—
Profit (loss) attributable to owners of the Company	(5.5)	(3.4)	2.1	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(11.27)	(6.98)	4.29	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	7.7	7.7	0.0	0.1
Depreciation and amortization expenses	18.5	18.8	0.2	1.6
Research and development expenses	16.0	15.2	(0.8)	-5.0
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	(10.8)	(8.2)	2.6	—
	Number	Number	Number	%
Number of employees in the Group	39,731	39,378	(353)	-0.9
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	137.37	155.88	18.51	13.5
Euro	149.47	167.88	18.41	12.3

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

Effective from the fiscal year ending March 31, 2025, the Group has reclassified business into five reportable segments: "Digital Workplace Business," "Professional Print Business," "Industry Business," "Imaging Solutions Business," and "Precision Medicine Business" in order to accelerate the business selection and concentration and ensure the execution of the Medium-term Business Plan, while taking into account the primary usage of products of the respective businesses in the markets and their similarities.

During the three months ended June 30, 2024 (the "current period"), the Group's consolidated revenue amounted to 286.2 billion yen, an increase of 7.4% year-on-year. Business contribution profit was 1.6 billion yen (an improvement of 5.7 billion yen from a business contribution loss of 4.0 billion yen in the same period of the previous fiscal year) and operating loss was 0.3 billion yen (an improvement of 4.0 billion yen from operating loss of 4.4 billion yen in the same period of the previous fiscal year). Quarterly loss before tax was 1.8 billion yen (an improvement of 3.9 billion yen from a quarterly loss before tax of 5.7 billion yen in the same period of the previous fiscal year) and quarterly loss attributable to owners of the Company was 3.4 billion yen (an improvement of 2.1 billion yen from quarterly loss attributable to owners of the Company of 5.5 billion yen in the same period of the previous fiscal year).

The Group has recorded increases in revenue in all five businesses year-on-year, partly due to the impact of the yen depreciation. By region, the revenue growth was seen in each area, as Asia (excluding China), China, North America, and Europe recorded increases of approximately 21%, 17%, 8%, and 4% of the year-before levels, respectively, while Japan experienced a decrease in revenue by approximately 1%.

Business contribution profit significantly improved year-on-year, mainly due to reasons such as an increase in gross profit resulting from an increase in revenue in the Digital Workplace Business, the Professional Print

Business, and the Precision Medicine Business, and an improvement in the company-wide gross profit margin of approximately 2 points thanks to reductions in fixed costs and other factors.

Furthermore, 1.6 billion yen was recorded in other income, mainly due to adjustment of gain on sale of Invicro, LLC's equity capital in the Precision Medicine Business. On the other hand, as for other expenses, 3.0 billion yen of business structure improvement expenses related mainly to global structural reforms and 0.6 billion yen of loss related to foreign exchange fluctuations and other factors in the fair value measurement of the transferred assets in the process of transfer of equity capital in two Chinese manufacturing subsidiaries in the optical components unit were recorded. As a result, an operating loss of 0.3 billion yen was recorded, although this was an improvement of 4.0 billion yen compared to the same period of the previous fiscal year.

In the Medium-term Business Plan, which defines the current fiscal year as the second year of the plan, the Company has clarified the roles and expectations for each business and is promoting the business selection and concentration. In April 2024, the transfer of all equity capital of Invicro, LLC, a drug discovery support services provider in the Precision Medicine Business, a business positioned as a non-focused business, was completed. The Company plans to actively promote third-party capital utilization for the remaining genetic testing services. In addition, regarding DW-DX unit, which has been positioned as a direction-changing business, the Company also plans to narrow down regions, countries of operations, and business domains by assessing profitability of each region and service.

The reportable segments have been reclassified, effective from the three months ended June 30, 2024. In the year-on-year comparisons, we compared and analyzed the figures with those for the same period in the previous fiscal year reclassified based on the new reportable segments. More details are provided in "2. QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Quarterly Condensed Consolidated Financial Statements [Segment Information]."

b. Overview by Segment

		Three months ended June 30, 2023	Three months ended June 30, 2024	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	143.2	152.0	8.7	6.1
	Business contribution profit	2.3	6.7	4.4	185.7
	Operating profit	1.9	4.4	2.5	125.8
Professional Print Business	Revenue	60.1	67.6	7.4	12.4
	Business contribution profit	0.8	1.7	0.9	118.5
	Operating profit	0.9	1.6	0.7	78.9
Industry Business	Revenue	29.6	30.9	1.3	4.4
	Business contribution profit	3.8	3.7	(0.0)	-2.3
	Operating profit	3.8	3.0	(0.8)	-20.8
Imaging Solutions Business	Revenue	21.7	22.8	1.0	4.9
	Business contribution profit	(2.7)	(4.0)	(1.2)	—
	Operating profit	(2.7)	(4.2)	(1.5)	—
Precision Medicine Business	Revenue	11.3	12.5	1.2	10.8
	Business contribution profit	(2.9)	(0.2)	2.7	—
	Operating profit	(3.0)	1.3	4.4	—
Subtotal	Revenue	266.2	286.0	19.7	7.4
	Business contribution profit	1.3	8.0	6.7	491.3
	Operating profit	1.0	6.3	5.3	520.6
Others and Adjustments (Note 2)	Revenue	0.1	0.1	0	19.0
	Business contribution profit	(5.4)	(6.4)	(1.0)	—
	Operating profit	(5.4)	(6.7)	(1.3)	—
Amount reported in the Quarterly Condensed Consolidated Statement of Profit or Loss	Revenue	266.4	286.2	19.8	7.4
	Business contribution profit	(4.0)	1.6	5.7	—
	Operating profit	(4.4)	(0.3)	4.0	—

(Notes)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "2. QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Quarterly Condensed Consolidated Financial Statements, [Segment Information]." "Operating profit" is the total of "Others" and "Adjustments" of segment profit (loss) within the same table.
3. Effective from the three months ended June 30, 2024, FORXAI and QOL Solutions, which were previously included in "Others," are now included in the "Imaging Solutions Business." The segment information for the three months ended June 30, 2023, is also disclosed based on the figures after reflecting these changes.

i. Digital Workplace Business

Revenue of the Digital Workplace Business was 152.0 billion yen (an increase of 6.1% year-on-year), business contribution profit was 6.7 billion yen (an increase of 185.7% year-on-year), and operating profit was 4.4 billion yen (an increase of 125.8% year-on-year). The office unit contributed to revenue, and business contribution profit increased accordingly. Operating profit includes one-time costs for global structural reforms.

Revenue of the office unit increased year-on-year. The sales volumes of A3 MFPs with color models, monochrome models, and all models turned out to be at 90%, 102%, and 94% year-on-year, respectively, and the hardware revenue stayed at the same level as the same period of the previous fiscal year thanks to the contribution of foreign exchange rates. The non-hardware revenue, such as consumables and services, saw an overall increase. By region, revenues in some regions, such as China, Australia, and India, went up, while revenues stopped declining in the United States and decreased in Japan and Europe.

In the DW-DX unit, which mainly offers, such as IT services, revenue increased year-on-year. The services to manage business content and operation processes were robust in Europe and Japan; while in Japan, in-house developed services, such as interpretation services using AI, grew.

ii. Professional Print Business

Revenue of the Professional Print Business was 67.6 billion yen (an increase of 12.4% year-on-year), business contribution profit was 1.7 billion yen (an increase of 118.5% year-on-year), and operating profit was 1.6 billion yen (an increase of 78.9% year-on-year). In the production print unit, revenue increased year-on-year. The sales volumes of color models, monochrome models, and all models reached 95%, 88%, and 93% year-on-year, respectively, with hardware revenue increasing thanks to the contribution of foreign exchange rates. Among these, sales volume of the Heavy Production Print (HPP) with the fastest print speeds, which the Group focuses on, increased 152% year-on-year. As for the non-hardware revenue, such as consumables and services, revenue increased year-on-year. Regionally, the economic downturn led to a decline in customer print volume in Europe, but demand saw an increase in the United States, India, and China.

In the industrial print unit, revenue increased year-on-year. Sales volume of inkjet press (AccurioJet KM-1e) increased. In non-hardware, revenue went up because of an increase in demand for digital printing related to packaging, labeling, and textiles of everyday essentials.

In the marketing services unit, revenue increased year-on-year. Sales promotion activities of major customers in the United States and Asia intensified, and the print procurement support business performed well. Revenue in on-demand printing also increased year-on-year.

iii. Industry Business

Revenue in the Industry Business was 30.9 billion yen (an increase of 4.4% year-on-year), business contribution profit was 3.7 billion yen (a decrease of 2.3% year-on-year), and operating profit was 3.0 billion yen (a decrease of 20.8% year-on-year). The decrease was mainly due to lower gross profit resulting from lower revenue in the sensing 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; however, due to foreign exchange fluctuations and other factors in the fair value measurement of the transferred assets, a loss of 0.6 billion yen has been recorded.

Revenue in the sensing unit went down approximately 4% year-on-year. The main reason for the decline in revenue was because of the slowdown of demand for light source color measurement instruments, due to the impact of restrained capital investments in displays mainly by major customers. The revenue from object color measurement instruments was on par with the same period of the previous fiscal year. Revenue of testing equipment for automotive visual inspections was at the same level as the same period in the previous fiscal year due to the timing of revenue recognition, despite a steady buildup of orders received.

In the performance materials unit, revenue increased year-on-year. In response to the increase in demand for TV panels for sporting events, etc., sales of phase difference films for TV Vertical Alignment (VA) increased. In particular, demand for SANUQI-VA for large-screen TVs has been strong due to an increased adoption for customers in the previous fiscal year. In addition, surplus stock in supply chains of thin films for smartphones from the previous fiscal year is reducing, and the demand showed a recovery trend.

In the inkjet (IJ) components unit, revenue increased year-on-year. Sales of printheads increased due to the boom of the world's largest sign graphics exhibition held in China at the end of the previous fiscal year. In growth areas, mainly for industrial applications the revenue increased due to an increase in the number of

cases adopted for new customers.

In the optical components unit, revenue went down year-on-year. In the upstream field of industrial applications, on which the Group focuses, revenue of products for semiconductor manufacturing equipment and for vehicles increased. In addition, in the field of semiconductor manufacturing equipment, the Company introduced next-generation grinding equipment and promoted other initiatives, aiming for future expansion. While in the non-industrial field, sales of lenses for high-luminance projectors continued to be sluggish due to market conditions.

iv. Imaging Solutions Business

The Imaging Solutions Business recorded a revenue of 22.8 billion yen (an increase of 4.9% year-on-year), a business contribution loss of 4.0 billion yen (compared to a business contribution loss of 2.7 billion yen in the same period of the previous fiscal year), and an operating loss of 4.2 billion yen (compared to an operating loss of 2.7 billion yen in the same period of the previous fiscal year). The business contribution loss and the operating loss increased mainly due to the impact of lower gross profit in the healthcare unit.

The healthcare unit saw an increase in revenue year-on-year due to the impact of foreign exchange rates. The sales volume of DR grew mainly in the United States. Sales volume of the Dynamic Digital Radiography system, which the Company is focusing on, remained strong and grew in Asia. The sales volume of the diagnostic ultrasound systems remained steady mainly in Japan. The unit saw a sales growth in medical IT, especially in Japan.

The imaging-IoT solutions unit recorded an increase in revenue year-on-year. Sales of the monitoring camera solution progressed steadily in Europe and the United States. In addition, sales of the Automated License Plate Recognition solution of VAXTOR Technologies, S.L. (headquartered in Spain), which the Company acquired in 2022, continued to remain strong.

The visual solutions unit saw an increase in revenue year-on-year. Steady customer traffic at the directly managed planetariums, and sales in RSA Cosmos S.A. (headquartered in France), a global leading manufacturer of digital planetariums, which the Company acquired in 2019, were steady.

v. Precision Medicine Business

Revenue in the Precision Medicine Business increased to 12.5 billion yen (an increase of 10.8% year-on-year) thanks to the growth of genetic testing services, despite the decrease in revenue due to the transfer of equity capital of Invicro, LLC at the end of April 2024. The Precision Medicine Business recorded a business contribution loss of 0.2 billion yen (a loss of 2.9 billion yen for the same period in the previous fiscal year), and an operating profit of 1.3 billion yen (a loss of 3.0 billion yen for the same period in the previous fiscal year) after recording a gain on foreign currency translation adjustment and others resulting from the transfer of equity capital of Invicro, LLC.

The 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. In addition, Ambry Genetics Corporation expanded the surplus, thanks to the reduction of costs led by an improved collection rate of accounts receivable and higher laboratory utilization.

(2) Overview of Consolidated Financial Position for the Three Months Ended June 30, 2024

a. Analysis of Consolidated Financial Position

	As of March 31, 2024	As of June 30, 2024	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,388.0	1,400.5	12.4
Total liabilities	834.6	828.0	(6.6)
Total equity	553.3	572.4	19.0
Equity attributable to owners of the Company	539.8	558.3	18.5
	%	%	%
Equity ratio attributable to owners of the Company	38.9	39.9	1.0

Total assets as of June 30, 2024, were 1,400.5 billion yen, an increase of 12.4 billion yen (0.9%) from March 31, 2024. This is primarily attributed to an increase of 12.6 billion yen in property, plant and equipment, an increase of 11.2 billion yen in inventories, an increase of 9.8 billion yen in goodwill and intangible assets, an increase of 7.3 billion yen in other current assets, an increase of 6.8 billion yen in other non-current assets, a decrease of 24.5 billion yen in assets held for sale, and a decrease of 17.0 billion yen in cash and cash equivalents.

Total liabilities as of June 30, 2024, were 828.0 billion yen, a decrease of 6.6 billion yen (0.8%) from March 31, 2024. This is primarily attributed to a decrease of 11.3 billion yen in trade and other payables, and a decrease of 9.3 billion yen in liabilities directly associated with assets held for sale, an increase of 12.6 billion yen in lease liabilities, and an increase of 6.9 billion yen in retirement benefit liabilities.

Total equity as of June 30, 2024, was 572.4 billion yen, an increase of 19.0 billion yen (3.4%) from March 31, 2024.

Equity attributable to owners of the Company was 558.3 billion yen as of June 30, 2024, an increase of 18.5 billion yen (3.4%) from March 31, 2024. This is primarily attributed to an increase of 24.3 billion yen in other components of equity (primarily exchange differences on translation of foreign operations).

As a result of the above, the equity ratio attributable to owners of the Company increased by 1.0 percentage points to 39.9%.

b. Analysis of Cash Flows

	Three months ended June 30, 2023	Three months ended June 30, 2024	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	0.2	(7.9)	(8.1)
Cash flows from investing activities	(11.0)	(0.2)	10.7
Total (Free cash flows)	(10.8)	(8.2)	2.6
Cash flows from financing activities	(63.9)	(14.2)	49.6

For the three months ended June 30, 2024, net cash used in operating activities was 7.9 billion yen and net cash used in investing activities totaled 0.2 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 8.2 billion yen for the current period.

Net cash used in financing activities was 14.2 billion yen.

In addition, cash and cash equivalents as of June 30, 2024, decreased by 17.8 billion yen from March 31, 2024, to 111.7 billion yen, reflecting the effect of exchange rate fluctuations on cash and cash equivalents.

Cash flows from operating activities

Net cash used in operating activities was 7.9 billion yen. On top of the loss before tax of 1.8 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 18.8 billion yen and a decrease in trade and other receivables of 18.2 billion yen, and cash outflows mainly due to a decrease in trade and other payables of 22.7 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 0.2 billion yen, mainly due to proceeds from the sales of subsidiaries of 9.3 billion yen, the purchase of the property, plant, and equipment of 6.1 billion yen, and the purchase of intangible assets of 3.2 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 8.2 billion yen (an outflow of 10.8 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was 14.2 billion yen (net cash outflows of 63.9 billion yen for the same period in the previous fiscal year), reflecting cash outflows of a net decrease in short-term loans payable of 6.0 billion yen, 5.7 billion yen in repayments of lease liabilities, and 2.2 billion yen in cash dividends paid.

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

The Company has decided to leave its full-year forecasts unchanged from those announced on May 14, 2024, considering the progress made during the three months period of the current three months ended June 30. The exchange rates, which are the assumptions for the forecast, have also unchanged from the yen against the U.S. dollar to 140 yen and 150 yen to the euro.

* The above forecasts for the 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. OVERVIEW OF FINANCIAL RESULTS” section.

2. QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Quarterly Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	127,134	110,115
Trade and other receivables	319,518	322,680
Inventories	219,065	230,334
Income tax receivables	3,642	3,665
Other financial assets	858	942
Other current assets	37,316	44,622
Subtotal	707,536	712,360
Assets held for sale	36,689	12,168
Total current assets	744,225	724,528
Non-current assets		
Property, plant and equipment	282,225	294,916
Goodwill and intangible assets	270,980	280,879
Investments accounted for using the equity method	88	87
Other financial assets	21,781	23,391
Deferred tax assets	32,166	33,274
Other non-current assets	36,585	43,429
Total non-current assets	643,827	675,978
Total assets	1,388,052	1,400,507

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Trade and other payables	193,838	182,449
Bonds and borrowings	198,327	194,336
Lease liabilities	20,418	21,200
Income tax payables	3,543	4,773
Provisions	10,820	10,646
Other financial liabilities	3,625	3,766
Other current liabilities	63,223	59,682
Subtotal	493,796	476,855
Liabilities directly associated with assets held for sale	10,718	1,411
Total current liabilities	504,515	478,266
Non-current liabilities		
Bonds and borrowings	228,306	228,490
Lease liabilities	75,529	87,428
Retirement benefit liabilities	8,525	15,471
Provisions	7,863	7,980
Other financial liabilities	2,319	2,157
Deferred tax liabilities	3,435	3,989
Other non-current liabilities	4,174	4,249
Total non-current liabilities	330,154	349,767
Total liabilities	834,669	828,034
Equity		
Share capital	37,519	37,519
Share premium	203,831	203,933
Retained earnings	167,927	161,992
Treasury shares	(8,886)	(8,820)
Share acquisition rights	250	250
Other components of equity	139,175	163,503
Equity attributable to owners of the Company	539,816	558,379
Non-controlling interests	13,566	14,093
Total equity	553,382	572,473
Total liabilities and equity	1,388,052	1,400,507

(2) Quarterly Condensed Consolidated Statements of Profit or Loss

Three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	266,408	286,212
Cost of sales	154,508	159,776
Gross profit	111,900	126,436
Other income	1,455	3,170
Selling, general and administrative expenses	115,986	124,812
Other expenses	1,775	5,188
Operating profit (loss)	(4,406)	(395)
Finance income	2,212	1,726
Finance costs	3,467	3,173
Share of profit (loss) of investments accounted for using the equity method	(125)	—
Profit (loss) before tax	(5,788)	(1,842)
Income tax expense (income)	(45)	1,767
Profit (loss) for the period	(5,742)	(3,609)
Profit (loss) attributable to:		
Owners of the Company	(5,566)	(3,452)
Non-controlling interests	(176)	(156)
Earnings (loss) per share	Yen	Yen
Basic	(11.27)	(6.98)
Diluted	(11.27)	(6.98)

(3) Quarterly Condensed Consolidated Statements of Comprehensive Income

Three months ended June 30, 2023 and 2024

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss) for the period	(5,742)	(3,609)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(3,633)	—
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	1,449	868
Total items that will not be reclassified to profit or loss	(2,183)	868
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(423)	190
Exchange differences on translation of foreign operations (net of tax)	28,369	23,914
Total items that may be subsequently reclassified to profit or loss	27,946	24,105
Total other comprehensive income	25,762	24,974
Total comprehensive income	20,019	21,364
Total comprehensive income attributable to:		
Owners of the Company	19,662	20,877
Non-controlling interests	357	486

(4) Quarterly 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, 2023	37,519	204,154	164,682	(9,358)	427	89,999	487,424	12,453	499,877
Profit (loss) for the period	—	—	(5,566)	—	—	—	(5,566)	(176)	(5,742)
Other comprehensive income (loss)	—	—	—	—	—	25,228	25,228	534	25,762
Total comprehensive income (loss)	—	—	(5,566)	—	—	25,228	19,662	357	20,019
Acquisition and disposal of treasury shares	—	—	(7)	105	—	—	97	—	97
Share-based payments	—	(79)	—	—	(12)	—	(92)	—	(92)
Equity and other transactions with non-controlling shareholders	—	3	—	—	—	—	3	—	3
Put options written on non-controlling interests	—	(173)	—	—	—	—	(173)	—	(173)
Transfer from other components of equity to retained earnings	—	—	(3,633)	—	—	3,633	—	—	—
Total transactions with owners	—	(249)	(3,640)	105	(12)	3,633	(164)	—	(164)
Balance as of June 30, 2023	37,519	203,904	155,475	(9,253)	415	118,860	506,922	12,810	519,733

(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, 2024	37,519	203,831	167,927	(8,886)	250	139,175	539,816	13,566	553,382
Profit (loss) for the period	—	—	(3,452)	—	—	—	(3,452)	(156)	(3,609)
Other comprehensive income (loss)	—	—	—	—	—	24,330	24,330	643	24,974
Total comprehensive income (loss)	—	—	(3,452)	—	—	24,330	20,877	486	21,364
Dividends	—	—	(2,483)	—	—	—	(2,483)	—	(2,483)
Acquisition and disposal of treasury shares	—	—	—	66	—	—	66	—	66
Share-based payments	—	104	—	—	—	—	104	—	104
Changes in the scope of consolidation	—	—	—	—	—	—	—	41	41
Equity and other transactions with non-controlling shareholders	—	(2)	—	—	—	—	(2)	—	(2)
Transfer from other components of equity to retained earnings	—	—	2	—	—	(2)	—	—	—
Total transactions with owners	—	102	(2,481)	66	—	(2)	(2,314)	41	(2,273)
Balance as of June 30, 2024	37,519	203,933	161,992	(8,820)	250	163,503	558,379	14,093	572,473

(5) Quarterly Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit (loss) before tax	(5,788)	(1,842)
Depreciation and amortization expenses	18,565	18,856
Share of (profit) loss of investments accounted for using the equity method	125	—
Interest and dividends income	(731)	(889)
Interest expenses	3,096	3,108
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	199	150
(Increase) decrease in trade and other receivables	24,489	18,257
(Increase) decrease in inventories	9,429	(591)
Increase (decrease) in trade and other payables	(31,328)	(22,767)
Decrease due to transfer of rental assets	(1,227)	(1,804)
Increase (decrease) in retirement benefit liabilities	1,575	33
Others	(15,101)	(15,544)
Subtotal	3,306	(3,034)
Dividends received	437	125
Interest received	764	841
Interest paid	(3,178)	(3,809)
Income taxes (paid) refunded	(1,124)	(2,095)
Net cash provided by (used in) operating activities	206	(7,971)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended December 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,232)	(6,137)
Purchase of intangible assets	(4,275)	(3,244)
Proceeds from sales of property, plant and equipment, and intangible assets	196	597
Purchase of investments in subsidiaries	(1,003)	(235)
Proceeds from sales of subsidiaries	—	9,344
Proceeds from sales of investment securities	—	4
Others	(736)	(601)
Net cash provided by (used in) investing activities	(11,052)	(273)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(48,491)	(6,038)
Proceeds from bonds issuance and long-term loans payable	212	—
Redemption of bonds and repayments of long-term loans payable	(10,315)	(130)
Repayments of lease liabilities	(5,304)	(5,796)
Cash dividends paid	(4)	(2,282)
Proceeds from stock issuance to non-controlling interests	—	41
Others	(0)	(0)
Net cash provided by (used in) financing activities	(63,903)	(14,208)
Effect of exchange rate changes on cash and cash equivalents	4,017	4,560
Net increase (decrease) in cash and cash equivalents	(70,732)	(17,893)
Cash and cash equivalents at the beginning of the period	180,574	129,631
Cash and cash equivalents at the end of the period	109,841	111,738

(6) Notes to the Quarterly Condensed Consolidated Financial Statements

[Notes Regarding Going Concern Assumptions]

Not applicable.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Proceeds from sales of interests in subsidiaries	—	1,617
Others	1,455	1,553
Total	1,455	3,170

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Business structure improvement expenses	601	3,002
Loss on sales and disposals of property, plant and equipment, and intangible assets	250	615
Others	923	1,571
Total	1,775	5,188

[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.

Previously, the Group comprised operating segments organized by product and service category based on each business unit, and based on the operating segments, the Group 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, 2024, the Group has reclassified business into five reportable segments: "Digital Workplace Business," "Professional Print Business," "Industry Business," "Imaging Solutions Business," and "Precision Medicine Business" in order to accelerate the business selection and concentration, and ensure the execution of the Medium-term Business Plan, while 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, 2024, FORXAI and QOL solutions, which were previously included in "Others" have been spun off as units and included in the "Imaging Solutions Business."

In addition, the segment information for the three months ended June 30, 2023, is also disclosed based on the figures after reflecting the above changes.

Businesses of each reportable segment are described as follows:

		Business content
Business Technologies Business (Note)	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
Industry Business	<u>Sensing</u> Development, manufacture, and sales of measuring instruments and others; provision of related solutions and services	
	<u>Performance Materials</u> Development, manufacture, and sales of functional films for displays and others	
	<u>Inkjet (IJ) Components</u> Development, manufacture, and sales of industrial inkjet printheads and others	
	<u>Optical Components</u> Development, manufacture, and sales of lenses for industrial and professional use and others	
Imaging Solutions 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 field	
	<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	
	<u>FORXAI</u> Development, manufacture, sales, and provision of services of solutions utilizing the common fundamental technology "FORXAI"	
	<u>QOL Solutions</u> Development, sales, and consulting of products, information systems, and services related to nursing care services	

Precision Medicine Business	<u>Precision Medicine</u> Provision of genetic testing services
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(Note) It is the name of an internal organization that manages the Digital Workplace Business and the Professional Print Business.

(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.

Three months ended June 30, 2023

(Millions of yen)

	Reportable segments						Others	Adjustments (Note 2) (Note 3)	Total
	Business Technologies Business		Industry Business	Imaging Solutions Business	Precision Medicine Business	Total			
	Digital Workplace Business	Professional Print Business							
Revenue									
External	143,286	60,196	29,663	21,783	11,325	266,255	153	—	266,408
Intersegment (Note 1)	879	12	1,247	141	—	2,280	3,532	(5,813)	—
Total	144,165	60,208	30,911	21,925	11,325	268,536	3,685	(5,813)	266,408
Segment profit (loss)	1,990	938	3,892	(2,731)	(3,060)	1,029	72	(5,508)	(4,406)

Three months ended June 30, 2024

(Millions of yen)

	Reportable segments						Others	Adjustments (Note 2) (Note 3)	Total
	Business Technologies Business		Industry Business	Imaging Solutions Business	Precision Medicine Business	Total			
	Digital Workplace Business	Professional Print Business							
Revenue									
External	152,023	67,645	30,968	22,840	12,552	286,030	182	—	286,212
Intersegment (Note 1)	836	11	1,250	225	—	2,323	3,701	(6,024)	—
Total	152,860	67,657	32,218	23,065	12,552	288,353	3,883	(6,024)	286,212
Segment profit (loss)	4,495	1,678	3,083	(4,251)	1,385	6,391	77	(6,864)	(395)

(Notes)

1. Intersegment revenue is based on market prices and others.
2. Adjustments of revenue are elimination of intersegment transactions.
3. Adjustments of segment profit are elimination of intersegment transactions and corporate expenses, which consist of general and administrative expenses and basic research expenses not attributable to any of the reportable segments or "Others." They include other revenue and other expenses not attributable to any of the reportable segments.

[Cash and Cash equivalents]

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

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash and cash equivalents in the quarterly condensed consolidated statements of financial position	109,841	110,115
Cash and cash equivalents included in assets held for sale	—	1,622
Cash and cash equivalents in the quarterly condensed consolidated statements of cash flows	109,841	111,738