

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 [IFRS]

Company name:	Konica Minolta, Inc.
Stock exchange listings:	Tokyo (Prime Market)
Securities code number:	4902
URL:	https://konicaminolta.com
Representative:	Toshimitsu Taiko President and CEO, Representative Executive Officer
Contact:	Kenichi Fujiwara General Manager, Corporate Accounting Division
Telephone number:	(81) 3-6250-2111
Scheduled date for submission of securities report:	November 12, 2024
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 six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated results of operations

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

Six months ended	Revenue		Business contribution profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	583,729	5.6	17,836	679.4	(713)	–
September 30, 2023	552,763	4.1	2,288	211.3	785	–

Six 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	%
September 30, 2024	(10,025)	–	(10,739)	–	(10,714)	–
September 30, 2023	(3,746)	–	(4,496)	–	(4,492)	–

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2024	(21.66)	(21.66)
September 30, 2023	(9.09)	(9.09)

(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 six months ended September 30, 2024 and 2023, was (28,379) million yen and 34,177 million yen (a decrease of 42.0% 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	%
September 30, 2024	1,323,982	522,708	508,010	38.4
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	–	0.00			
Fiscal year ending March 31, 2025 (forecast)			–	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	1,134,000	2.4	42,000	26.0	(14,000)	–

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 from the latest consolidated forecasts: Yes
2. Regarding revision of the consolidated forecasts, refer to “Notice Regarding Revision of Full-year Forecasts for Consolidated Financial Results for Fiscal Year Ending March 31, 2025” announced today (November 5, 2024).
3. The Precision Medicine Business will be classified as a discontinued operation from the third quarter ending December 31, 2024. As a result, in the consolidated forecasts for the fiscal year ending March 31, 2025, revenue, business contribution profit, and operating profit represent the amount of continuing operations, and profit attributable to owners of the Company and basic earnings per share represent the sum of continuing operations and the discontinued operation. In addition, the changes from the previous fiscal year have been calculated using the retrospectively revised figures associated with the classification of the discontinued operation.

■ Notes

- (1) Significant changes in the scope of consolidation for the six months ended September 30, 2024: Yes
Included: – (–)
Excluded: Two companies Invicro, LLC and Konica Minolta Business Associates Co., Ltd.
- (2) Changes in accounting policies or changes in accounting estimates
- | | |
|---|------|
| a. Changes in accounting policies required by International Financial Reporting Standards (IFRS): | None |
| b. Changes in accounting policies other than the above a.: | None |
| c. Changes in accounting estimates: | None |
- (3) Number of issued and outstanding shares (common stock)
- | | |
|--|--------------------|
| a. Number of issued and outstanding shares (including treasury shares) | |
| As of September 30, 2024: | 502,664,337 shares |
| As of March 31, 2024: | 502,664,337 shares |
| b. Number of treasury shares | |
| As of September 30, 2024: | 7,845,088 shares |
| As of March 31, 2024: | 8,180,129 shares |
| c. Average number of issued and outstanding shares during the period | |
| The six months ended September 30, 2024: | 494,645,729 shares |
| The six months ended September 30, 2023: | 494,154,614 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 (1,956,064 shares as of September 30, 2024, and 2,223,585 shares as of March 31, 2024).

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

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

Note on the forecasts for the consolidated financial results

The forecasts for results of operations in this report are based on information currently available to the Company and its subsidiaries (the “Group”) and certain assumptions determined to be reasonable, and are not intended to assure any achievement of the Group’s operations. Actual results may differ significantly from the forecasts due to various factors. For further details of the assumptions that form the basis of the forecasts and other related matters when referring to the forecasts, refer to “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 13.

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

The Company will hold a briefing on the quarterly financial results for institutional investors on Tuesday, November 5, 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.

Supplementary Information

Table of Contents

1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024	6
(1) Qualitative Information on the Consolidated Operating Results	6
(2) Qualitative Information on the Consolidated Financial Position	11
(3) Explanation Regarding the Forecasts for the Consolidated Financial Results	13
2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES	14
(1) Interim Condensed Consolidated Statements of Financial Position	14
(2) Interim Condensed Consolidated Statements of Profit or Loss	16
(3) Interim Condensed Consolidated Statements of Comprehensive Income	17
(4) Interim Condensed Consolidated Statements of Changes in Equity	18
(5) Interim Condensed Consolidated Statements of Cash Flows	20
(6) Notes to the Interim Condensed Consolidated Financial Statements	22
[Notes Regarding Going Concern Assumptions]	22
[Other Income]	22
[Other Expenses]	22
[Segment Information]	23
[Cash and Cash Equivalents]	26
[Events after the Reporting Period]	26

1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Six months ended September 30, 2023	Six months ended September 30, 2024	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	552.7	583.7	30.9	5.6
Gross profit	237.2	260.6	23.4	9.9
Business contribution profit (Note)	2.2	17.8	15.5	679.4
Operating profit (loss)	0.7	(0.7)	(1.4)	-
Profit (loss) before tax	(3.7)	(10.0)	(6.2)	-
Profit (loss) attributable to owners of the Company	(4.4)	(10.7)	(6.2)	-
	Yen	Yen	Yen	%
Basic earnings (loss) per share	(9.09)	(21.66)	(12.57)	-
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	18.8	17.3	(1.4)	-7.9
Depreciation and amortization expenses	37.7	37.2	(0.5)	-1.4
Research and development expenses	32.5	30.8	(1.7)	-5.3
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	9.4	16.7	7.3	78.0
	Number	Number	Number	%
Number of employees in the Group	39,977	38,516	(1,461)	-3.7
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	141.00	152.63	11.63	8.2
Euro	153.39	165.95	12.56	8.2

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

During the six months ended September 30, 2024 (the "current period"), the Group's consolidated revenue amounted to 583.7 billion yen, an increase of 5.6% year-on-year. Business contribution profit was 17.8 billion yen (an increase of 679.4% year on year) and operating loss was 0.7 billion yen (a decrease of 1.4 billion yen from operating profit of 0.7 billion yen in the same period of the previous fiscal year). Loss before tax for the current period was 10.0 billion yen (an increased loss of 6.2 billion yen from loss before tax of 3.7 billion yen in the same period of the previous fiscal year) and loss attributable to owners of the Company for the current period was 10.7 billion yen (an increased loss of 6.2 billion yen from loss attributable to owners of the Company of 4.4 billion yen in the same period of the previous fiscal year).

The Group has recorded increases in revenue year-on-year, partly due to the impact of the yen depreciation. The revenue growth was seen in all areas, as Asia (excluding China), China, North America, Europe, and Japan recorded increases of approximately 15%, 6%, 6%, 3% and 1% of the year-before levels, respectively. 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 cost reductions and other factors. On the other hand, business structure improvement expenses of 16.4 billion yen were recorded as expenses for global structural reforms and expenses associated with ending

production of Konica Minolta Business Technologies (WUXI) Co., Ltd., the manufacturing subsidiary in China. As a result, an operating loss of 0.7 billion yen was recorded for the current period.

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. 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 is actively promoting 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 is also narrowing 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 fiscal year ending March 31, 2025. 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. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Interim Condensed Consolidated Financial Statements [Segment Information].”

b. Overview by Segment

		Six months ended September 30, 2023	Six months ended September 30, 2024	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	294.5	307.6	13.1	4.5
	Business contribution profit	10.7	19.1	8.3	78.1
	Operating profit	10.0	6.5	(3.4)	-34.4
Professional Print Business	Revenue	124.0	139.0	15.0	12.1
	Business contribution profit	3.6	6.5	2.8	79.5
	Operating profit	3.6	4.9	1.2	34.4
Industry Business	Revenue	61.6	60.4	(1.2)	-2.0
	Business contribution profit	8.1	7.5	(0.6)	-7.4
	Operating profit	7.5	7.1	(0.3)	-5.2
Imaging Solutions Business	Revenue	48.5	50.4	1.9	4.0
	Business contribution profit	(3.4)	(4.9)	(1.4)	-
	Operating profit	(3.5)	(5.9)	(2.3)	-
Precision Medicine Business	Revenue	23.7	25.8	2.0	8.8
	Business contribution profit	(5.0)	1.4	6.4	-
	Operating profit	(5.1)	0.2	5.4	-
Subtotal	Revenue	552.4	583.4	30.9	5.6
	Business contribution profit	14.0	29.6	15.6	111.5
	Operating profit	12.5	13.0	0.4	3.6
Others and Adjustments (Note 2)	Revenue	0.3	0.3	0.0	8.4
	Business contribution profit	(11.7)	(11.7)	(0.0)	-
	Operating profit	(11.8)	(13.7)	(1.9)	-
Amount reported in the Interim Condensed Consolidated Statements of Profit or Loss	Revenue	552.7	583.7	30.9	5.6
	Business contribution profit	2.2	17.8	15.5	679.4
	Operating profit	0.7	(0.7)	(1.4)	-

(Notes)

1. "Revenue" refers to revenue from external customers.
2. "Revenue" refers to revenue from external customers in "Others" in "2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES, (6) Notes to the Interim 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 current fiscal year ending March 31, 2025, FORXAI and QOL Solutions, which were previously included in "Others," are now included in the "Imaging Solutions Business." The segment information for the fiscal year ended March 31, 2024, is also disclosed based on the figures after reflecting these changes.

i. Digital Workplace Business

Revenue of the Digital Workplace Business was 307.6 billion yen (an increase of 4.5% year-on-year), business contribution profit was 19.1 billion yen (an increase of 78.1% year-on-year), and operating profit was 6.5 billion yen (a decrease of 34.4% year-on-year). Business contribution profit increased in line with the rise in revenue; however, operating profit decreased due to one-time costs related to global structural reforms and ending production activities of Konica Minolta Business Technologies (WUXI) Co., Ltd., the manufacturing subsidiary in China.

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 94%, 105%, and 97% year-on-year, respectively; however, the hardware revenue increased, partly due 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 India, went up, while revenues decreased in Japan, China, Europe, and the United States.

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, the United States, and Japan. In-house developed services, such as interpretation services using AI, also grew in Japan. Additionally, the narrowing down of regions and business areas is being carried out based on profitability.

ii. Professional Print Business

Revenue of the Professional Print Business was 139.0 billion yen (an increase of 12.1% year on year), business contribution profit was 6.5 billion yen (an increase of 79.5% year on year), and operating profit was 4.9 billion yen (an increase of 34.4% 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 99%, 90%, and 96% year on year, respectively; however, sales of hardware saw a rise due to the impact of foreign exchange rates. A 137% year-on-year increase in sales volume of the Heavy Production Print (HPP) with the fastest print speeds, which the Group especially focuses on, contributed to this growth. As for the non-hardware revenue, such as consumables and services, revenue also increased year on year. Regionally, the customer print volume increased in the United States and India, remained stable in Europe, and decreased in China due to the impact of economic downturn.

In the industrial print unit, revenue increased year on year. Sales volume of hardware such as inkjet digital press (AccurioJet KM-1e), label press, and embellishment press increased. Non-hardware experienced revenue growth across all areas, including inkjet digital printing, label printing, textile printing, and embellishment printing, driven by the rising demand for digital printing.

In the marketing services unit, revenue increased year on year. Sales promotion activities of major customers in Europe intensified, and the print procurement support business performed well. The increased revenue in on-demand printing in South Korea also contributed to the revenue increase of the unit.

iii. Industry Business

Revenue of the Industry Business was 60.4 billion yen (a decrease of 2.0% year-on-year), business contribution profit was 7.5 billion yen (a decrease of 7.4% year-on-year), and operating profit was 7.1 billion yen (a decrease of 5.2% 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.

Revenue in the sensing unit went down approximately 4% year-on-year. Revenue decreased due to the slowdown of demand for light source color measurement instruments, affected by restrained capital investments in displays mainly by major customers, as well as intensified competition for some applications. The revenue from object color measurement instruments increased due to steady sales. Revenue of measurement instruments applying hyperspectral imaging technology increased due to strong sales of mainstay products, especially for recycling applications. Revenue of measurement instruments for automotive visual inspections increased thanks to a steady accumulation of new orders received mainly in Europe and the United States.

In the performance materials unit, revenue decreased year-on-year. Demand for TV panels decreased from the second half of the current period, resulting in a decrease of sales of TAC films for TV. On the other hand, 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, sales of thin films for IT devices decreased due to a sluggish

market. Surplus stock in supply chains of thin films for smartphones from the same period of the previous fiscal year is reducing, and the demand showed a recovery trend, resulting in a steady amount of sales.

In the inkjet (IJ) components unit, revenue increased year-on-year. In the sign graphics application, which is the fundamental area, although sales in China slowed due to the adjustments in surplus stock, sales remained steady in Europe, the United States, South Korea, and India, resulting in an increase in sales of printheads as a whole. In growth areas, sales of printheads increased due to an increase in the number of cases adopted for printing application on cardboard and others.

In the optical components unit, revenue went down year-on-year due mainly to lower sales of lenses for high-luminance projectors in the non-industrial application affected by the market conditions; however, in the upstream field of industrial applications, on which the Group focuses, sales of products for semiconductor manufacturing equipment increased steadily, and the Company introduced next-generation grinding equipment and promoted other initiatives, aiming for future expansion.

iv. Imaging Solutions Business

The Imaging Solutions Business recorded a revenue of 50.4 billion yen (an increase of 4.0% year on year), a business contribution loss of 4.9 billion yen (compared to a business contribution loss of 3.4 billion yen in the same period of the previous fiscal year), and an operating loss of 5.9 billion yen (compared to an operating loss of 3.5 billion yen in the same period of the previous fiscal year). The business contribution loss and the operating loss expanded mainly due to a deterioration in gross profit resulting from a decline in sales of digital radiography (DR) in Japan and X-ray film in China within the healthcare unit.

The healthcare unit saw an increase in revenue year on year, mainly due to the impact of foreign exchange rates. The sales volume of DR decreased in Japan, but saw growth primarily in the United States. Sales volume of the Dynamic Digital Radiography system, which the Company is focusing on, grew mainly in Asia and Europe. Sales of medical IT remained strong in Japan and the United States. Demand for X-ray film decreased primarily in China, leading to a decline in sales.

The imaging-IoT solutions unit recorded an increase in revenue year on year. Sales of the monitoring camera solutions progressed steadily in Europe and the United States. In addition, sales of Force Security Solutions, LLC (headquartered in the United States), the system integrator acquired in 2023, continued to be strong.

The visual solutions unit saw an increase in revenue year on year. Customer traffic at the directly managed planetariums in the domestic business remained strong.

v. Precision Medicine Business

Revenue in the Precision Medicine Business increased to 25.8 billion yen (an increase of 8.8% 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 profit of 1.4 billion yen (a loss of 5.0 billion yen for the same period in the previous fiscal year), and an operating profit of 0.2 billion yen (a loss of 5.1 billion yen for the same period in the previous fiscal year) after recording a loss of 0.7 billion yen on the realization of foreign currency translation adjustment and adjustment of contingent consideration for the transfer price resulting from the closing of 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, the business contribution profit increased year-on-year, thanks to the reduction of costs led by higher laboratory utilization and others.

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2024	As of September 30, 2024	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,388.0	1,323.9	(64.0)
Total liabilities	834.6	801.2	(33.3)
Total equity	553.3	522.7	(30.6)
Equity attributable to owners of the Company	539.8	508.0	(31.8)
	%	%	%
Equity ratio attributable to owners of the Company	38.9	38.4	-0.5

Total assets as of September 30, 2024, were 1,323.9 billion yen, a decrease of 64.0 billion yen (4.6%) from March 31, 2024. This is primarily attributed to a decrease of 24.6 billion yen in assets held for sale, a decrease of 20.1 billion yen in trade and other receivables, a decrease of 19.6 billion yen in cash and cash equivalents, a decrease of 9.5 billion yen in goodwill and intangible assets, and an increase of 6.7 billion yen in other non-current assets.

Total liabilities as of September 30, 2024, were 801.2 billion yen, a decrease of 33.3 billion yen (4.0%) from March 31, 2024. This is primarily attributed to a decrease of 20.7 billion yen in bonds and borrowings, a decrease of 11.5 billion yen in trade and other payables, a decrease of 9.2 billion yen in liabilities directly associated with assets held for sale, and an increase of 6.3 billion yen in provisions.

Total equity as of September 30, 2024, was 522.7 billion yen, a decrease of 30.6 billion yen (5.5%) from March 31, 2024.

Equity attributable to owners of the Company was 508.0 billion yen as of September 30, 2024, a decrease of 31.8 billion yen (5.9%) from March 31, 2024. This is primarily attributed to a decrease of 19.0 billion yen in other components of equity (primarily exchange differences on translation of foreign operations) and the recording of a loss attributable to owners of the Company of 10.7 billion yen.

As a result of the above, the equity ratio attributable to owners of the Company decreased by 0.5 percentage points to 38.4%.

b. Analysis of Consolidated Cash Flows

	Six months ended September 30, 2023	Six months ended September 30, 2024	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	32.0	27.7	(4.2)
Cash flows from investing activities	(22.6)	(11.0)	11.5
Total (Free cash flows)	9.4	16.7	7.3
Cash flows from financing activities	(84.8)	(35.6)	49.2

For the six months ended September 30, 2024, net cash provided by operating activities was 27.7 billion yen, and net cash used in investing activities totaled 11.0 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an inflow of 16.7 billion yen for the current period.

Net cash used in financing activities was 35.6 billion yen.

In addition, cash and cash equivalents as of September 30, 2024, decreased by 20.5 billion yen from March 31, 2024, to 109.1 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 27.7 billion yen. On top of the loss before tax of 10.0 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 37.2 billion yen and a decrease in trade and other receivables of 9.1 billion yen, and cash outflows mainly due to interest paid of 6.1 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 11.0 billion yen, mainly due to the purchase of the property, plant, and equipment of 12.4 billion yen, the purchase of intangible assets of 7.5 billion yen, and proceeds from sales of subsidiaries of 9.3 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an inflow of 16.7 billion yen (an inflow of 9.4 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was 35.6 billion yen (net cash outflows of 84.8 billion yen for the same period in the previous fiscal year), reflecting cash outflows of a net decrease in short-term loans payable of 37.7 billion yen, 11.7 billion yen in the redemption of bonds and repayments of long-term loans payable, 11.1 billion yen in repayments of lease liabilities, and cash inflows of proceeds from bonds issuance and long-term loans payable of 27.3 billion yen.

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

Regarding the full-year forecasts, the following revisions will be made based on the classification of the Precision Medicine Business as discontinued operation due to the transfer of subsidiary shares, and recording a gain from the share transfer, as announced in today's timely disclosure titled "Notice Regarding Change in a Consolidated Subsidiary (Transfer of Share) and Recording of Profit from Discontinued Operation due to the Share Transfer" as well as recent performance trends and others. The exchange rates have unchanged from the yen against the U.S. dollar to 140 yen and 150 yen to the euro.

Revision of consolidated financial forecasts for the fiscal year ending March 31, 2025
(April 1, 2024 to March 31, 2025)

	Revenue	Business contribution profit (Note)	Operating profit (loss)	Profit attributable to owners of the Company (loss)	Basic earnings per share (loss)
Forecasted previously announced (A)	Billions of yen 1,160.0	Billions of yen 40.0	Billions of yen 13.0	Billions of yen 0.0	Yen 0.00
Revised forecasts (B)	1,134.0	42.0	(14.0)	0.0	0.00
Increase / decrease (B-A)	(26.0)	2.0	(27.0)	—	—
Change (%)	(2.2)	5.0	—	—	—
(Reference) Results for the fiscal year ended March 31, 2024	1,107.7	33.3	27.5	4.5	9.15

(Notes)

1. The profit measure that is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
2. The Precision Medicine Business will be classified as a discontinued operation from the third quarter ending December 31, 2024. As a result, in the consolidated forecasts for the fiscal year ending March 31, 2025, revenue, business contribution profit, and operating profit represent the amount of continuing operations, and profit attributable to owners of the Company and basic earnings per share represent the sum of continuing operations and the discontinued operation. In addition, the changes from the previous fiscal year have been calculated using the retrospectively revised figures associated with the classification of the discontinued operation.

* 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. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024" section.

2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Interim Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	127,134	107,499
Trade and other receivables	319,518	299,337
Inventories	219,065	216,218
Income tax receivables	3,642	2,755
Other financial assets	858	4,259
Other current assets	37,316	40,260
Subtotal	707,536	670,330
Assets held for sale	36,689	11,991
Total current assets	744,225	682,321
Non-current assets		
Property, plant and equipment	282,225	279,654
Goodwill and intangible assets	270,980	261,434
Investments accounted for using the equity method	88	91
Other financial assets	21,781	21,702
Deferred tax assets	32,166	35,404
Other non-current assets	36,585	43,371
Total non-current assets	643,827	641,660
Total assets	1,388,052	1,323,982

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade and other payables	193,838	182,276
Bonds and borrowings	198,327	159,320
Lease liabilities	20,418	19,014
Income tax payables	3,543	4,308
Provisions	10,820	16,857
Other financial liabilities	3,625	1,736
Other current liabilities	63,223	56,690
Subtotal	493,796	440,204
Liabilities directly associated with assets held for sale	10,718	1,503
Total current liabilities	504,515	441,708
Non-current liabilities		
Bonds and borrowings	228,306	246,538
Lease liabilities	75,529	80,503
Retirement benefit liabilities	8,525	14,813
Provisions	7,863	8,196
Other financial liabilities	2,319	2,228
Deferred tax liabilities	3,435	3,245
Other non-current liabilities	4,174	4,038
Total non-current liabilities	330,154	359,565
Total liabilities	834,669	801,273
Equity		
Share capital	37,519	37,519
Share premium	203,831	203,835
Retained earnings	167,927	154,980
Treasury shares	(8,886)	(8,663)
Share acquisition rights	250	198
Other components of equity	139,175	120,139
Equity attributable to owners of the Company	539,816	508,010
Non-controlling interests	13,566	14,698
Total equity	553,382	522,708
Total liabilities and equity	1,388,052	1,323,982

(2) Interim Condensed Consolidated Statements of Profit or Loss

Six months ended September 30, 2023 and 2024

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenue	552,763	583,729
Cost of sales	315,523	323,037
Gross profit	237,240	260,692
Other income	2,791	2,602
Selling, general and administrative expenses	234,952	242,855
Other expenses	4,294	21,153
Operating profit (loss)	785	(713)
Finance income	2,527	1,648
Finance costs	6,894	10,960
Share of profit (loss) of investments accounted for using the equity method	(165)	—
Profit (loss) before tax	(3,746)	(10,025)
Income tax expense (income)	750	713
Profit (loss) for the period	(4,496)	(10,739)
Profit (loss) attributable to:		
Owners of the Company	(4,492)	(10,714)
Non-controlling interests	(4)	(24)
Earnings (loss) per share	Yen	Yen
Basic	(9.09)	(21.66)
Diluted	(9.09)	(21.66)

(3) Interim Condensed Consolidated Statements of Comprehensive Income

Six months ended September 30, 2023 and 2024

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss) for the period	(4,496)	(10,739)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(3,597)	273
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	1,978	230
Total items that will not be reclassified to profit or loss	(1,619)	504
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	(447)	65
Exchange differences on translation of foreign operations (net of tax)	40,741	(18,209)
Total items that may be subsequently reclassified to profit or loss	40,293	(18,144)
Total other comprehensive income (loss)	38,674	(17,639)
Total comprehensive income (loss)	34,177	(28,379)
Total comprehensive income (loss) attributable to:		
Owners of the Company	32,597	(29,470)
Non-controlling interests	1,580	1,091

(4) Interim 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	-	-	(4,492)	-	-	-	(4,492)	(4)	(4,496)
Other comprehensive income (loss)	-	-	-	-	-	37,089	37,089	1,584	38,674
Total comprehensive income (loss)	-	-	(4,492)	-	-	37,089	32,597	1,580	34,177
Acquisition and disposal of treasury shares	-	-	(81)	367	-	-	285	-	285
Share-based payments	-	(136)	-	-	(114)	-	(251)	-	(251)
Equity and other transactions with non-controlling shareholders	-	0	-	-	-	-	0	-	0
Put options written on non-controlling interests	-	333	-	-	-	-	333	-	333
Transfer from other components of equity to retained earnings	-	-	(3,507)	-	-	3,507	-	-	-
Total transactions with owners	-	196	(3,589)	367	(114)	3,507	367	-	367
Balance as of September 30, 2023	37,519	204,350	156,601	(8,991)	313	130,596	520,389	14,033	534,422

(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	-	-	(10,714)	-	-	-	(10,714)	(24)	(10,739)
Other comprehensive income (loss)	-	-	-	-	-	(18,755)	(18,755)	1,115	(17,639)
Total comprehensive income (loss)	-	-	(10,714)	-	-	(18,755)	(29,470)	1,091	(28,379)
Dividends	-	-	(2,472)	-	-	-	(2,472)	-	(2,472)
Acquisition and disposal of treasury shares	-	-	(38)	222	-	-	183	-	183
Share-based payments	-	7	-	-	(51)	-	(44)	-	(44)
Changes in the scope of consolidation	-	-	-	-	-	-	-	41	41
Equity and other transactions with non-controlling shareholders	-	(3)	-	-	-	-	(3)	-	(3)
Transfer from other components of equity to retained earnings	-	-	279	-	-	(279)	-	-	-
Total transactions with owners	-	4	(2,231)	222	(51)	(279)	(2,336)	41	(2,295)
Balance as of September 30, 2024	37,519	203,835	154,980	(8,663)	198	120,139	508,010	14,698	522,708

(5) Interim Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before tax	(3,746)	(10,025)
Depreciation and amortization expenses	37,786	37,257
Share of (profit) loss of investments accounted for using the equity method	165	—
Interest and dividends income	(1,409)	(1,593)
Interest expenses	6,376	6,065
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	1,028	877
(Increase) decrease in trade and other receivables	28,506	9,186
(Increase) decrease in inventories	16,855	(2,728)
Increase (decrease) in trade and other payables	(25,675)	(598)
Decrease due to transfer of rental assets	(3,265)	(3,583)
Increase (decrease) in retirement benefit liabilities	1,797	(196)
Others	(19,740)	1,242
Subtotal	38,678	35,902
Dividends received	464	158
Interest received	1,462	1,379
Interest paid	(6,420)	(6,177)
Income taxes (paid) refunded	(2,157)	(3,491)
Net cash provided by (used in) operating activities	32,026	27,771

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,545)	(12,472)
Purchase of intangible assets	(8,966)	(7,540)
Proceeds from sales of property, plant and equipment, and intangible assets	314	1,007
Purchase of investments in subsidiaries	(1,409)	(315)
Proceeds from sales of subsidiaries	-	9,344
Proceeds from sales of investment securities	248	80
Payments for transfer of business	(112)	-
Others	(1,155)	(1,144)
Net cash provided by (used in) investing activities	(22,625)	(11,040)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(64,189)	(37,789)
Proceeds from bonds issuance and long-term loans payable	282	27,333
Redemption of bonds and repayments of long-term loans payable	(10,358)	(11,753)
Repayments of lease liabilities	(10,571)	(11,110)
Cash dividends paid	(7)	(2,350)
Proceeds from stock issuance to non-controlling interests	-	41
Others	(0)	(0)
Net cash provided by (used in) financing activities	(84,845)	(35,630)
Effect of exchange rate changes on cash and cash equivalents	5,855	(1,610)
Net increase (decrease) in cash and cash equivalents	(69,596)	(20,510)
Cash and cash equivalents at the beginning of the period	180,574	129,631
Cash and cash equivalents at the end of the period	110,977	109,121

(6) Notes to the Interim Condensed Consolidated Financial Statements
[Notes Regarding Going Concern Assumptions]

Not applicable.

[Other Income]

Components of other income are omitted due to no significant matters.

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Business structure improvement expenses	779	16,416
Loss on sales and disposals of property, plant and equipment, and intangible assets	1,090	1,440
Others	2,425	3,296
Total	4,294	21,153

[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 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.

Effective from the fiscal year ending March 31, 2025, 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 fiscal year ended March 31, 2024, 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	

(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.

Six months ended September 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	294,507	124,004	61,696	48,500	23,751	552,459	304	-	552,763
Intersegment (Note 1)	1,901	29	2,549	384	0	4,864	8,040	(12,905)	-
Total	296,408	124,033	64,246	48,884	23,751	557,324	8,344	(12,905)	552,763
Segment profit (loss)	10,037	3,672	7,591	(3,535)	(5,177)	12,587	350	(12,152)	785

Six months ended September 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	307,640	139,055	60,433	50,427	25,842	583,400	329	-	583,729
Intersegment (Note 1)	1,960	25	2,637	507	0	5,131	7,406	(12,537)	-
Total	309,600	139,081	63,071	50,935	25,842	588,531	7,736	(12,537)	583,729
Segment profit (loss)	6,580	4,933	7,199	(5,910)	232	13,036	272	(14,022)	(713)

(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 interim condensed consolidated statements of cash flows are as follows:

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash and cash equivalents in the interim condensed consolidated statements of financial position	110,977	107,499
Cash and cash equivalents included in assets held for sale	—	1,622
Cash and cash equivalents in the interim condensed consolidated statements of cash flows	110,977	109,121

[Events after the Reporting Period]

(Transfer of consolidated subsidiary (share transfer))

On November 5, 2024, the Company decided to enter into an agreement to transfer all shares of Ambry Genetics Corporation (“Ambry Genetics”), a U.S. genetic testing company owned through REALM IDx, Inc. (“REALM IDx”), a U.S. subsidiary that develops the Precision Medicine Business, to Tempus AI, Inc. (“Tempus”) (the “share transfer”).

(1) Reason for this share transfer

The Company has entered into the Precision Medicine Business in 2017 to contribute to the precision medicine, which is a new trend in medicine. In 2018, the Company established Konica Minolta Precision Medicine, Inc. (currently known as REALM IDx), whose subsidiaries include Ambry Genetics; Konica Minolta REALM, Inc., that operates the business in Japan; and Invicro, LLC (“Invicro”), which supports pharmaceutical development. The Company has integrated the strengths of each company to develop our business globally.

In the Medium-term Business Plan for fiscal 2023 to fiscal 2025, the Company took into account the need for ongoing investment in research and development in order to realize further acceleration of the growth of the Precision Medicine Business, which has high social value, and has actively considered the use of third-party capital utilization from the best owner's perspective. As part of this, the transfer of all shares of Invicro was completed on April 30, 2024. Following this, the Company has decided that the best option is to transfer all shares of Ambry Genetics to Tempus.

(2) Outline of the subsidiary to be transferred

(1) Company name	Ambry Genetics Corporation
(2) Business overview	Genetic testing services with a focus on oncology
(3) Transaction details	REALM IDx, which is 98.6% owned by the Group, provides loan of funds to this company.

(3) Outline of the transferee

(1) Company name	Tempus AI, Inc.
(2) Business overview	Provision of precision medical technology through the use of data and AI
(3) Transaction details	There is nothing to report.

(4) Ownership percentage of the Company before and after the transfer

Ownership percentage before the transfer	1 share (REALM IDx 100% (of which the Group owns 98.6%.))
Percentage of transfer	1 share (100%)

Ownership percentage after the transfer	0 share (0%)
---	--------------

(5) Transfer price

Transfer price (Note)	600 million U.S. dollars
-----------------------	--------------------------

(Note) Of the 600 million U.S. dollars transfer price, 375 million U.S. dollars will be paid in cash and 225 million U.S. dollars will be paid in the Tempus Class A common stock. In addition, of the Class A common stock, 125 million U.S. dollars portion will be available for sale after completing the registration process. The remaining 100 million U.S. dollars is subject to a 12-month lock-up period.

(6) Schedule

Date of decision to transfer shares	November 5, 2024
Date of conclusion of the agreement	November 5, 2024
Scheduled date of execution of share transfer (Note)	Second half of the fiscal year ending March 31, 2025

(Note) The execution of this share transfer is contingent upon approval by relevant authority and the execution may be subject to change depending on the progress of these matters.

(7) Future Outlook

In accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations,” the Precision Medicine Business will be classified as a discontinued operation, and a gain of approximately 41.0 billion yen from this share transfer is expected to be recorded as a gain from discontinued operations. The final amount of a gain on the share transfer might change depending on the future stock price, foreign exchange fluctuations, and other factors.

At the time the transfer is executed, the loss of control is accounted for in accordance with IFRS 10 “Consolidated Financial Statements.”