RICOH

November 4, 2020

QUARTERLY REPORT

Half year ended September 30, 2020

(Results for the Period from April 1, 2020 to September 30, 2020)

Performance Outline (Consolidated)

(1) Half year ended September 30, 2019 and 2020 (Actual result) and Year ending March 31, 2021 (Forecast)

(Billions of yen)

	Half year ended September 30, 2019 Results	Half year ended September 30, 2020 Results	Change	Year ending March 31, 2021 Forecast	Change
Domestic sales	429.5	335.4	(21.9%)	725.0	(16.9%)
Overseas sales	565.1	426.5	(24.5%)	939.0	(17.4%)
Sales	994.7	761.9	(23.4%)	1,664.0	(17.2%)
Gross profit	367.3	262.4	(28.6%)	547.6	(24.1%)
Operating profit (loss)	48.6	(30.6)	-	(49.0)	-
Profit (loss) before income tax expenses	46.8	(29.5)	-	(50.3)	-
Profit (loss) attributable to owners of the parent	29.2	(22.1)	-	(36.4)	-
Exchange rate (Yen/US$)	108.72	106.90	(1.82)	105.95	(2.85)
Exchange rate (Yen/EURO)	121.48	121.29	(0.19)	120.65	(0.25)
Earnings per share attributable to owners of the parent-basic (yen)	40.37	(30.64)	(71.01)	(50.25)	(104.83)
Earnings per share attributable to owners of the parent-diluted (yen)	40.37	(30.64)	(71.01)	(50.25)	(104.83)
Cash flows from operating activities	30.2	29.5	(0.6)	-	-
Cash flows from investing activities	(83.8)	(31.3)	52.4	-	-
Cash flows from financing activities	65.2	65.8	0.5	-	-
Cash and cash equivalents at end of period	245.9	328.0	82.1	-	-
Capital expenditures *	38.1	22.4	(15.6)	48.0	(38.5)
Depreciation *	32.4	22.9	(9.5)	46.0	(16.5)
R&D expenditures	51.6	44.9	(6.6)	92.5	(10.2)

	March 31, 2020	September 30, 2020	Change
Total assets	2,867.6	1,837.5	(1,030.0)
Equity attributable to owners of the parent	920.3	895.9	(24.4)
Interest-bearing debt **	179.6	262.5	82.8
Equity attributable to owners of the parent ratio (%)	32.1	48.8	16.7
Equity per share attributable to owners of the parent (yen)	1,270.47	1,236.75	(33.72)

*The amounts presented in capital expenditures and depreciation are for property, plant and equipment.
**The amounts are shown bonds and borrowings.

(2) Three months ended September 30, 2019 and 2020

(Billions of yen)

	Three months ended September 30, 2019 Results	Three months ended September 30, 2020 Results	Change
Domestic sales	235.6	176.1	(25.3%)
Overseas sales	281.4	233.5	(17.0%)
Sales	517.1	409.6	(20.8%)
Gross profit	182.9	140.3	(23.3%)
Operating profit (loss)	21.0	(9.3)	-
Profit (loss) before income tax expenses	20.7	(6.8)	-
Profit (loss) attributable to owners of the parent	13.6	(3.5)	-
Exchange rate (Yen/US$)	107.39	106.21	(1.18)
Exchange rate (Yen/EURO)	119.43	124.09	4.66
Earnings per share attributable to owners of the parent-basic (yen)	18.81	(4.88)	(23.69)
Earnings per share attributable to owners of the parent-diluted (yen)	18.81	(4.88)	(23.69)
Capital expenditures *	23.3	10.4	(12.9)
Depreciation *	17.1	11.5	(5.5)
R&D expenditures	28.0	23.2	(4.7)

*The amounts presented in capital expenditures and depreciation are for property, plant and equipment.

Ricoh Company, Ltd.

* The result forecasts and forward-looking statements included in this document are based on information available to the Company as at the date of submission of this quarterly report and certain assumptions that the Company considers reasonable. The Company makes no guarantees with respect to the achievement of its result forecasts or forward-looking statements. Actual results might be significantly different from the forecasts in the document, depending on various factors. For the assumptions for forecast and other related information, please refer to “3. Qualitative Information on Forecasted Consolidated Financial Results” on page 6.

Ricoh Company, Ltd. and its Consolidated Subsidiaries

Financial Highlights for the Half Year Ended September 30, 2020
[Prepared on the basis of International Financial Reporting Standards]

1. Results for the Period from April 1, 2020 to September 30, 2020

(1) Operating Results

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020
Sales	994,779	761,948
(% change from the previous corresponding period)	*0.7*	*(23.4)*
Operating profit (loss)	48,648	(30,618)
(% change from the previous corresponding period)	*(6.5)*	-
Profit (loss) before income tax expenses	46,846	(29,508)
(% change from the previous corresponding period)	*(6.5)*	-
Profit (loss) for the period	32,212	(22,181)
(% change from the previous corresponding period)	*(16.9)*	-
Profit (loss) attributable to owners of the parent	29,258	(22,195)
(% change from the previous corresponding period)	*(18.8)*	-
Comprehensive income (loss)	4,012	(15,031)
(% change from the previous corresponding period)	*(92.8)*	-
Earnings per share attributable to owners of the parent-basic (yen)	40.37	(30.64)
Earnings per share attributable to owners of the parent-diluted (yen)	40.37	(30.64)

Notes: Earnings per share attributable to owners of the parent (basic and diluted) are based on profit (loss) attributable to owners of the parent.

(2) Financial Position

(Millions of yen)

	March 31, 2020	September 30, 2020
Total assets	2,867,645	1,837,549
Total equity	1,008,527	899,467
Equity attributable to owners of the parent	920,371	895,945
Equity attributable to owners of the parent ratio (%)	*32.1*	*48.8*

2. Dividend Information

	Year ended March 31, 2020 (Actual)	Year ending March 31, 2021 (Forecast)
Cash dividends, applicable to the year (yen)	26.00	15.00
Interim (yen)	13.00	7.50
Year-end (yen)	13.00	7.50

Notes: Revision of expected dividends during this period: Yes

3. Forecast of Operating Results from April 1, 2020 to March 31, 2021

(Millions of yen)

	Year ending March 31, 2021
Sales	1,664,000
(% change from the previous corresponding period)	*(17.2)*
Operating profit (loss)	(49,000)
(% change from the previous corresponding period)	-
Profit (loss) before income tax expenses	(50,300)
(% change from the previous corresponding period)	-
Profit (loss) for the period	(36,400)
(% change from the previous corresponding period)	-
Profit (loss) attributable to owners of the parent	(36,400)
(% change from the previous corresponding period)	-
Earnings per share attributable to owners of the parent-basic (yen)	(50.25)

Notes: Revision of forecast of consolidated operating results during this period: Yes

4. Others

(1) Changes in significant subsidiaries: Yes
New: - (Company name: -)
Exclusion: 1 (Company name: Ricoh Leasing Co., Ltd.)

(2) Changes in accounting policies and accounting estimate
(i) Changes in accounting policies required by IFRS: No
(ii) Other changes: No
(iii) Changes in accounting estimate: No

(3) Number of common stock outstanding (including treasury stock):
As of September 30, 2020: 744,912,078 shares; As of March 31, 2020: 744,912,078 shares

(4) Number of treasury stock:
As of September 30, 2020: 20,476,299 shares; As of March 31, 2020: 20,478,528 shares

(5) Average number of common stock:
Half year ended September 30, 2020: 724,433,891 shares; Half year ended September 30, 2019: 724,755,818 shares

Notes: The Company has established the Board Incentive Plan trust in which beneficiaries include Directors and Executive Officers. The shares owned by the trust account relating to this trust are accounted for as treasury shares. (As of September 30, 2020: 417,100 shares; As of March 31, 2020: 421,500 shares)

Qualitative Information on Consolidated Financial Results for the Quarter under Review

1. Qualitative Information on Consolidated Business Results

* Overview of the Half of Fiscal 2020 (April 1 – September 30, 2020)

The fiscal year of 2020 has started in a global pandemic called the Coronavirus (hereinafter, COVID-19). Ricoh has positioned ourselves, during this period, to tackle the crisis and accelerate change. Ricoh is proceeding to secure enough liquidity to overcome operational fluctuations, enhance our financial stability, and accelerate efforts to change in the aftermath of the pandemic of COVID-19.

The global economy has suffered a sharp slowdown, the worst level in the past few decades, due to the impact of the prolonged U.S. –China trade frictions as well as the global spread of COVID-19. Although there were signs of gradual economic activity in each country, the future still remains uncertain under the impact of COVID-19.
In Japan, the economy deteriorated rapidly due to the increase of self-isolation and movement restrictions encouraged by the declaration of the state of emergency in April. The situation is still severe, despite the sign of recovery following the resumption of the economic activity. In the Americas, economic activity has resumed, but the pace of economic recovery has been slow. In Europe, although the lifting of the lockdown has aided the recovery of the economy, the pace of recovery is still slow due to the start of the second wave in the COVID-19 pandemic. In other regions, the Chinese economy continues to recover despite the impact of U.S.-China trade frictions.
During this period, the average exchange rates of Japanese yen against U.S. dollar and Euro were ¥106.90 (decreased by ¥1.82 from the previous corresponding period) and ¥121.29 (decreased by ¥0.19 from the previous corresponding period) respectively.

Sales in the last six months has decreased by 23.4% (to ¥761.9 billion) compared to the previous corresponding period. In the Office Printing, sales of hardware decreased due to restrictions on sales activities by lockdowns and self- isolation. Sales of non-hardware also decreased due to the decline in demand of printing caused by the decrease in attendance rate (mainly in Europe and the Americas). These effects peak in April to May, and a recovery trend has been seen since June, but the recovery has been moderate. Other factors in reduced sales included the adoption of equity method accounting for Ricoh Leasing Co., Ltd. (hereinafter, Ricoh Leasing) whose shares we transferred from consolidated subsidiaries. As a result of that, sales decreased significantly compared to the previous corresponding period. Consolidated sales would have decreased by 20.6% after excluding the equity method adoption and foreign exchange impacts.

In Japan, sales have decreased by 21.9% as compared to the previous corresponding period. Despite the increase in online demand due to companies promoting working from home, non-hardware sales have also declined as the sales opportunities have been limited due to the self-isolation and the decrease of the printing demand at customer`s offices.
Sales in the Americas decreased by 30.6% (a decrease of 29.4% excluding foreign currency exchange fluctuations) as compared to the previous corresponding period due to the lockdowns, movement restrictions and slowing in demand of printing by the closing of customer offices. Sales in Europe, the Middle East, and Africa decreased by 18.7% (a decrease of 18.6% excluding foreign currency exchange fluctuations) as compared to the previous corresponding period. Although Office Service sales expanded due to the strengthening of sales and service systems including acquisitions, Office Printing sales have decreased by same reason as the Americas. Sales in other regions were down by 19.7% (a decrease of 17.8% excluding foreign currency exchange fluctuations) as compared to the previous corresponding period mainly due to decline of sales in the Office Printing.
As a result, sales in the overseas market decreased by 24.5% as compared to the previous corresponding period. Excluding effects of foreign currency fluctuations, sales in overseas would have decreased by 23.6% as compared to the previous corresponding period.

Gross profit was down by 28.6% as compared to the previous corresponding period, to ¥262.4 billion. A prime factor was a decrease in sales volume of hardware and non-hardware in the Office Printing due to decline of business opportunities by COVID-19 pandemic. Other factors that reduced the profit included an impact of adoption of equity-method accounting for Ricoh Leasing in the other segment.

Selling, general and administrative expenses fell by 8.8% as compared to the previous corresponding period, to ¥295.2 billion. This stemmed from the implementation of urgent measures to reduce expenses and the reduction in expenses generated in connection with sales under the circumstances of the spread of COVID-19.
Other income decreased compared to the previous corresponding period primarily due to gain on sales of land, buildings and structures in Ricoh Industry Co., Ltd.'s former Saitama plant in the previous corresponding period.

Operating profit (loss) decreased by ¥79.2 billion compared to the previous corresponding period, to ¥30.6 billion (loss).

Finance income and costs improved as compared to the previous corresponding period due to a decrease in interest expenses and foreign exchange losses.

Profit (loss) before income tax expenses decreased by ¥76.3 billion as compared to the previous corresponding period, to ¥29.5 billion (loss).

Income tax expenses decreased by ¥21.9 billion as compared to the previous corresponding period due to decrease in profit (loss) before income tax expenses.

As a result, profit (loss) attributable to owners of the parent decreased by ¥51.4 billion as compared to the previous corresponding period, to ¥22.1 billion (loss).

Comprehensive income (loss) was ¥15.0 billion (loss) due to the decrease in profit for the period.

* Review by Business Segment

Office Printing
Office Printing sales were ¥382.2 billion and decreased by 25.4% as compared to the previous corresponding period (a decrease of 24.8% excluding foreign currency exchange fluctuations), due to a decrease in sales volume of hardware and consumables revenues because of the lockdowns, movement restrictions and a decrease in demand of printing by the decrease in attendance rate, particularly in Europe and the Americas. Other factors in reduction were the previous corresponding period included gain on sales of land, buildings and structures in Ricoh Industry Co., Ltd.'s former Saitama plant.
As a result, Office Printing operating profit (loss) was ¥6.2 billion (loss) and decreased by ¥57.5 billion as compared to the previous corresponding period.

Office Service
Office Service sales were ¥224.6 billion and decreased by 15.2% as compared to the previous corresponding period (a decrease of 14.9% excluding foreign currency exchange fluctuations). In Japan, application for working from home has increased, and sales of IT services expanded in Europe. On the other hand, the IT equipment demanded in the previous fiscal year in Japan has decreased, and BPS (Business Process Service) sales decreased due to the lockdowns, movement restrictions mainly in the Americas.
Office Service operating profit was ¥11.5 billion and decreased by 25.2% as compared to the previous corresponding period.

Commercial Printing
Commercial Printing sales were ¥62.6 billion and decreased by 28.4% as compared to the previous corresponding period (a decrease of 27.6% excluding foreign currency exchange fluctuations). Although the non-hardware business has been recovering due to the resumption of customer events and business activities, the recovery of hardware has been slow, resulting in a decline in sales. Due to the decrease in gross profit caused by the reduction of sales, Commercial Printing operating profit was ¥2.0 billion and decreased by 81.3% as compared to the previous corresponding period.

Industrial Printing
Industrial Printing sales were ¥10.3 billion and decreased by 12.1% as compared to the previous corresponding period (a decrease of 11.6% excluding foreign currency exchange fluctuations). Although inkjet demand in the Chinese market is on a recovery trend, business activities of Europe and the Americas customers have declined, and it resulted in significant decrease in sales opportunities. Industrial Printing operating profit (loss) was ¥1.9 billion (loss). (Operating loss of the previous corresponding period was ¥2.3 billion.)

Thermal Media
Thermal Media sales were ¥27.1 billion and decreased by 14.3% as compared to the previous corresponding period (a decrease of 13.2% excluding foreign currency exchange fluctuations), due to reduction in demand for events and transportation tickets by the lockdowns, movement restrictions and the reduction of the label area despite increased demand for e-commerce. Thermal Media operating profit was ¥0.9 billion and decreased by 39.1% as compared to the previous corresponding period, despite of the reduction activities in cost of sales and expenses.

Other
Other segment sales were ¥54.8 billion and decreased by 36.5% as compared to the previous corresponding period (a decrease of 36.4% excluding foreign currency exchange fluctuations). A prime factor was the adoption of equity method accounting for Ricoh Leasing. Other segment operating profit (loss) was ¥11.7 billion (loss). (Operating loss of the previous corresponding period was ¥0.6 billion.)

* Some of the business in the Office Service segment have been reclassified into the Office Printing segment and Other segment from this fiscal year. In addition, some corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

2. Analysis of Consolidated Financial Position

*Assets, Liabilities and Equity

Total assets decreased by ¥1,030.0 billion as compared to the end of the previous fiscal year, to ¥1,837.5 billion. At a meeting in March 2020, the Board of Directors of Ricoh agreed to sell a portion of Ricoh's shares in Ricoh Leasing to Mizuho Leasing Company, Ltd. (referred to as "Mizuho Leasing"). Therefore, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", Ricoh reclassified assets and liabilities owned by Ricoh Leasing and its subsidiaries to "Assets classified as held for sale" and "Liabilities directly related to assets held for sale" in previous fiscal year. As of April 23, 2020, Ricoh concluded the partial transfer of common shares in Ricoh Leasing to Mizuho Leasing. As a result of the share transfer, Ricoh's voting rights in Ricoh Leasing changed to the ownership ratio of 33.7%, and Ricoh Leasing moved from being a consolidated subsidiary of Ricoh to an equity-method affiliate. As a result, assets classified as held for sale decreased with the completion of the partial transfer of Ricoh Leasing shares, while the remaining investment on Ricoh Leasing was booked on investments accounted for using the equity method.
Total liabilities decreased by ¥921.0 billion as compared to the end of previous fiscal year, to ¥938.0 billion. While bonds and borrowings increased mainly due to procure in preparation for the risk of business environment deterioration because of COVID-19, a decrease in liabilities directly related to assets held for sale resulted from the partial transfer of common shares in Ricoh Leasing.
Total equity decreased by ¥109.0 billion as compared to the end of previous fiscal year, to ¥899.4 billion. As a result of the spread of COVID-19, Ricoh posted a quarterly loss and reduced retained earnings, while Ricoh Leasing became an equity-method affiliate, resulting in a decrease in non-controlling interests.
Equity attributable to owners of the parent therefore decreased by ¥24.4 billion, to ¥895.9 billion. The equity attributable to owners of the parent ratio remained stable, at 48.8%.

*Cash Flows (Half year from April 1, 2020 to September 30, 2020)

Net cash provided by operating activities decreased by ¥0.6 billion as compared to the previous corresponding period, to ¥29.5 billion. Although the loss for the period was recorded due to the spread of COVID-19, the proceeds were almost the same as compared to the previous corresponding period due to the decrease in trade and other receivables and the change of Ricoh Leasing from a consolidated subsidiary to an equity-method affiliate, which resulted in a decrease in lease receivables.
Net cash used in investing activities decreased by ¥52.4 billion as compared to the previous corresponding period, to ¥31.3 billion. This was factors such as temporary cash income from the partial transfer of Ricoh Leasing shares and restraint of capital investment activities. In addition, there were expenditures due to the acquisition of DocuWare GmbH to expand the digital business in the previous corresponding period.

Free cash flow (net cash provided by operating activities plus net cash used in investing activities) totaled ¥1.7 billion (expenditure), up by ¥51.7 billion.
Net cash provided by financing activities increased by ¥0.5 billion as compared to the previous corresponding period, to ¥65.8 billion. Although there was a decrease in procurement due to Ricoh Leasing becoming an equity-method affiliate from a consolidated subsidiary, the level was almost the same as compared to the previous corresponding period due to the execution of borrowings in preparation for the risk of deterioration of the business environment by COVID-19.
As a result, the balance of cash and cash equivalent at the end of period increased by ¥64.3 billion as compared to the end of previous fiscal year, to ¥328.0 billion.

3. Qualitative Information on Forecasted Consolidated Financial Results

During the half of fiscal 2020, there was a gradual recovery in business results in this second quarter, bottoming out in the first quarter, due to the easing of activity restrictions accompanying the spread of COVID-19, although there were inconsistent economic recoveries by countries and regions.
In mid-September, however, the number of infected persons began to expand again, mainly in Europe, and in October, some countries began to impose restrictions on activities, such as calling for self-restraint and prohibiting going out at night. Thus, the pace of recovery is slower than initially anticipated.
The previous forecast anticipated a recovery in business performance from the third quarter. However, this situation has led us to conclude that the impact of the spread of COVID-19 will be uncertain and protracted.
This is expected to have a negative impact on operating results, particularly in the Office Printing segment, our main business.
Considering these circumstances, we have decided to add the cost of implementing cost-cutting measures to ensure that our business performance will recover from the next fiscal year onward.
Accordingly, we have revised downward the forecast of sales, gross profit, operating profit, profit before income tax expenses and profit attributable to owners of the parent from those previously announced in August.

Ricoh maintains the assumed exchange rates set forth in August of ¥105 against the U.S. dollar and of ¥120 against the euro in and after the third quarter while the actual exchange rates during the second quarter have been incorporated into exchange rate assumptions for the full year.

Along with revision of forecast for the fiscal year ending March 31, 2021, Ricoh truly regrets to announce that it has decided to change forecasted interim and year-end dividend from ¥26.00 (interim dividends of ¥13.00 and year-end dividends of ¥13.00), which were announced in August, downward to ¥15.00 (interim dividends of ¥7.50 and year-end dividends of ¥7.50).

Exchange Rate Assumptions for the full year ending March 31, 2021
US$ 1 = ¥105.95 (¥108.80 in previous fiscal year)
EURO 1 = ¥120.65 (¥120.90 in previous fiscal year)

(Billions of yen)

	Year ending March 31, 2021 (Previous forecast) (A)	Year ending March 31, 2021 (Revised forecast) (B)	Change (B-A)	Year ended March 31, 2020 (Actual) (C)	Change (B-C)/C
Domestic sales	790.0	725.0	(65.0)	872.3	(16.9%)
Overseas sales	990.0	939.0	(51.0)	1,136.2	(17.4%)
Sales	1,780.0	1,664.0	(116.0)	2,008.5	(17.2%)
Gross profit	600.8	547.6	(53.2)	721.5	(24.1%)
Operating profit (loss)	10.0	(49.0)	(59.0)	79.0	-
Profit (loss) before income tax expenses	8.6	(50.3)	(58.9)	75.8	-
Profit (loss) attributable to owners of the parent	3.6	(36.4)	(40.0)	39.5	-

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4. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

Assets

(Millions of yen)

	March 31, 2020	September 30, 2020	Change
Current Assets			
Cash and cash equivalents	262,834	337,040	74,206
Time deposits	50	137	87
Trade and other receivables	392,780	339,685	(53,095)
Other financial assets	87,226	90,306	3,080
Inventories	201,248	196,704	(4,544)
Other current assets	36,428	38,655	2,227
Subtotal	980,566	1,002,527	21,961
Assets classified as held for sale	1,125,582	-	(1,125,582)
Total Current Assets	2,106,148	1,002,527	(1,103,621)
Non-current assets			
Property, plant and equipment	201,569	201,585	16
Right-of-use assets	59,425	62,437	3,012
Goodwill and intangible assets	231,898	235,689	3,791
Other financial assets	139,181	132,772	(6,409)
Investments accounted for using the equity method	14,305	77,465	63,160
Other investments	14,951	15,740	789
Other non-current assets	29,550	29,410	(140)
Deferred tax assets	70,618	79,924	9,306
Total Non-current Assets	761,497	835,022	73,525
Total Assets	2,867,645	1,837,549	(1,030,096)

Liabilities and Equity

(Millions of yen)

	March 31, 2020	September 30, 2020	Change
Current Liabilities			
Bonds and borrowings	51,492	94,217	42,725
Trade and other payables	246,055	227,326	(18,729)
Lease liabilities	27,230	26,388	(842)
Other financial liabilities	-	180	180
Income tax payables	9,455	6,231	(3,224)
Provisions	11,686	11,190	(496)
Other current liabilities	233,909	217,329	(16,580)
Subtotal	579,827	582,861	3,034
Liabilities directly related to assets held for sale	969,069	-	(969,069)
Total Current Liabilities	1,548,896	582,861	(966,035)
Non-current Liabilities			
Bonds and borrowings	128,172	168,306	40,134
Lease liabilities	38,741	44,734	5,993
Accrued pension and retirement benefits	99,795	96,503	(3,292)
Provisions	6,458	7,096	638
Other non-current liabilities	34,143	35,406	1,263
Deferred tax liabilities	2,913	3,176	263
Total Non-current Liabilities	310,222	355,221	44,999
Total Liabilities	1,859,118	938,082	(921,036)
Equity			
Common stock	135,364	135,364	-
Additional paid-in capital	186,173	186,205	32
Treasury stock	(37,795)	(37,732)	63
Other components of equity	41,768	48,715	6,947
Other comprehensive income related to disposal group held for sale	130	-	(130)
Retained earnings	594,731	563,393	(31,338)
Equity attributable to owners of the parent	920,371	895,945	(24,426)
Non-controlling interests	88,156	3,522	(84,634)
Total Equity	1,008,527	899,467	(109,060)
Total Liabilities and Equity	2,867,645	1,837,549	(1,030,096)

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Profit or Loss

Half year ended September 30, 2019 and 2020

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020	Change	%
Sales	994,779	761,948	(232,831)	(23.4)
Cost of sales	627,406	499,531	(127,875)	(20.4)
Percentage of sales (%)	*63.1*	*65.6*		
Gross profit	367,373	262,417	(104,956)	(28.6)
Percentage of sales (%)	*36.9*	*34.4*		
Selling, general and administrative expenses	323,704	295,212	(28,492)	(8.8)
Percentage of sales (%)	*32.5*	*38.7*		
Other Income	4,979	2,177	(2,802)	(56.3)
Percentage of sales (%)	*0.5*	*0.3*		
Operating profit (loss)	48,648	(30,618)	(79,266)	-
Percentage of sales (%)	*4.9*	*(4.0)*		
Finance income	2,900	1,524	(1,376)	(47.4)
Percentage of sales (%)	*0.3*	*0.2*		
Finance costs	4,804	2,268	(2,536)	(52.8)
Percentage of sales (%)	*0.5*	*0.3*		
Share of profit (loss) of investments accounted for using the equity method	102	1,854	1,752	-
Percentage of sales (%)	*0.0*	*0.2*		
Profit (loss) before income tax expenses	46,846	(29,508)	(76,354)	-
Percentage of sales (%)	*4.7*	*(3.9)*		
Income tax expenses	14,634	(7,327)	(21,961)	-
Percentage of sales (%)	*1.5*	*(1.0)*		
Profit (loss) for the period	32,212	(22,181)	(54,393)	-
Percentage of sales (%)	*3.2*	*(2.9)*		
Profit (loss) attributable to:				
Owners of the parent	29,258	(22,195)	(51,453)	-
Percentage of sales (%)	*2.9*	*(2.9)*		
Non-controlling interests	2,954	14	(2,940)	(99.5)
Percentage of sales (%)	*0.3*	*0.0*		

	Half year ended September 30, 2019	Half year ended September 30, 2020	Change
Earnings per share attributable to owners of the parent-basic (yen)	40.37	(30.64)	(71.01)
Earnings per share attributable to owners of the parent-diluted (yen)	40.37	(30.64)	(71.01)

* Gain on sales of property, plant and equipment and others were included in “other income”.

Three months ended September 30, 2019 and 2020

(Millions of yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Change	%
Sales	517,174	409,623	(107,551)	(20.8)
Cost of sales	334,210	269,279	(64,931)	(19.4)
Percentage of sales (%)	*64.6*	*65.7*		
Gross profit	182,964	140,344	(42,620)	(23.3)
Percentage of sales (%)	*35.4*	*34.3*		
Selling, general and administrative expenses	162,675	150,294	(12,381)	(7.6)
Percentage of sales (%)	*31.5*	*36.7*		
Other Income	793	604	(189)	(23.8)
Percentage of sales (%)	*0.2*	*0.1*		
Operating profit (loss)	21,082	(9,346)	(30,428)	-
Percentage of sales (%)	*4.1*	*(2.3)*		
Finance income	1,265	2,045	780	61.7
Percentage of sales (%)	*0.2*	*0.5*		
Finance costs	1,741	959	(782)	(44.9)
Percentage of sales (%)	*0.3*	*0.2*		
Share of profit (loss) of investments accounted for using the equity method	164	1,364	1,200	731.7
Percentage of sales (%)	*0.0*	*0.3*		
Profit (loss) before income tax expenses	20,770	(6,896)	(27,666)	-
Percentage of sales (%)	*4.0*	*(1.7)*		
Income tax expenses	5,801	(3,378)	(9,179)	-
Percentage of sales (%)	*1.1*	*(0.8)*		
Profit (loss) for the period	14,969	(3,518)	(18,487)	-
Percentage of sales (%)	*2.9*	*(0.9)*		
Profit (loss) attributable to:				
Owners of the parent	13,634	(3,536)	(17,170)	-
Percentage of sales (%)	*2.6*	*(0.9)*		
Non-controlling interests	1,335	18	(1,317)	(98.7)
Percentage of sales (%)	*0.3*	*0.0*		

	Three months ended September 30, 2019	Three months ended September 30, 2020	Change
Earnings per share attributable to owners of the parent-basic (yen)	18.81	(4.88)	(23.69)
Earnings per share attributable to owners of the parent-diluted (yen)	18.81	(4.88)	(23.69)

* Gain on sales of property, plant and equipment and others were included in “other income”.

Condensed Consolidated Statement of Comprehensive Income

Half year ended September 30, 2019 and 2020

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020	Change
Profit (loss) for the period	32,212	(22,181)	(54,393)
Other comprehensive income (loss):			
Components that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plan	-	-	-
Net changes in fair value of financial assets measured through other comprehensive income	193	705	512
Share of other comprehensive income of investments accounted for using equity method	-	6	6
Total components that will not be reclassified subsequently to profit or loss	193	711	518
Components that will be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedges	238	(242)	(480)
Exchange differences on translation of foreign operations	(28,631)	6,703	35,334
Share of other comprehensive income of investments accounted for using equity method	-	(22)	(22)
Total components that will be reclassified subsequently to profit or loss	(28,393)	6,439	34,832
Total other comprehensive income (loss)	(28,200)	7,150	35,350
Comprehensive income (loss)	4,012	(15,031)	(19,043)
Comprehensive income (loss) attributable to:			
Owners of the parent	1,104	(15,103)	(16,207)
Non-controlling interests	2,908	72	(2,836)

Three months ended September 30, 2019 and 2020

(Millions of yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Change
Profit (loss) for the period	14,969	(3,518)	(18,487)
Other comprehensive income (loss):			
Components that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plan	-	-	-
Net changes in fair value of financial assets measured through other comprehensive income	32	90	58
Share of other comprehensive income of investments accounted for using equity method	-	(13)	(13)
Total components that will not be reclassified subsequently to profit or loss	32	77	45
Components that will be reclassified subsequently to profit or loss:			
Net changes in fair value of cash flow hedges	1	(456)	(457)
Exchange differences on translation of foreign operations	(10,448)	3,274	13,722
Share of other comprehensive income of investments accounted for using equity method	-	(46)	(46)
Total components that will be reclassified subsequently to profit or loss	(10,447)	2,772	13,219
Total other comprehensive income (loss)	(10,415)	2,849	13,264
Comprehensive income (loss)	4,554	(669)	(5,223)
Comprehensive income (loss) attributable to:			
Owners of the parent	3,080	(700)	(3,780)
Non-controlling interests	1,474	31	(1,443)

Consolidated Sales by Product Category

Half year ended September 30, 2019 and 2020

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020	Change	%
<Office Total>	777,490	606,966	(170,524)	(21.9)
Percentage of sales (%)	*78.1*	*79.6*		
<Office Printing>	512,419	382,285	(130,134)	(25.4)
Percentage of sales (%)	*51.5*	*50.1*		
<Office Service>	265,071	224,681	(40,390)	(15.2)
Percentage of sales (%)	*26.6*	*29.5*		
<Commercial Printing>	87,537	62,679	(24,858)	(28.4)
Percentage of sales (%)	*8.8*	*8.2*		
<Industrial Printing>	11,726	10,305	(1,421)	(12.1)
Percentage of sales (%)	*1.2*	*1.4*		
<Thermal Media>	31,698	27,167	(4,531)	(14.3)
Percentage of sales (%)	*3.2*	*3.6*		
<Other>	86,328	54,831	(31,497)	(36.5)
Percentage of sales (%)	*8.7*	*7.2*		
Grand Total	994,779	761,948	(232,831)	(23.4)
Percentage of sales (%)	*100.0*	*100.0*		

Three months ended September 30, 2019 and 2020

(Millions of yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Change	%
<Office Total>	406,730	328,798	(77,932)	(19.2)
Percentage of sales (%)	*78.7*	*80.2*		
<Office Printing>	254,872	207,499	(47,373)	(18.6)
Percentage of sales (%)	*49.3*	*50.6*		
<Office Service>	151,858	121,299	(30,559)	(20.1)
Percentage of sales (%)	*29.4*	*29.6*		
<Commercial Printing>	44,481	34,885	(9,596)	(21.6)
Percentage of sales (%)	*8.6*	*8.5*		
<Industrial Printing>	5,757	6,010	253	4.4
Percentage of sales (%)	*1.1*	*1.5*		
<Thermal Media>	15,564	13,376	(2,188)	(14.1)
Percentage of sales (%)	*3.0*	*3.3*		
<Other>	44,642	26,554	(18,088)	(40.5)
Percentage of sales (%)	*8.6*	*6.5*		
Grand Total	517,174	409,623	(107,551)	(20.8)
Percentage of sales (%)	*100.0*	*100.0*		

* Each category includes the following product line:

Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts & supplies, services, support and software
Office Service	Personal computers, servers, network equipment, related services, support, software and service & solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printer, related parts & supplies, services, support and software
Industrial printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal paper and thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare and financial services

* Some of the business in the Office Service segment have been reclassified into the Office Printing segment and Other segment from this fiscal year. In addition, some corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

Consolidated Sales by Geographic Area

Half year ended September 30, 2019 and 2020

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020	Change	%
<Domestic>	429,591	335,417	(94,174)	(21.9)
Percentage of sales (%)	*43.2*	*44.0*		
<Overseas>	565,188	426,531	(138,657)	(24.5)
Percentage of sales (%)	*56.8*	*56.0*		
The Americas	269,048	186,697	(82,351)	(30.6)
Percentage of sales (%)	*27.0*	*24.5*		
Europe, Middle East and Africa	208,500	169,481	(39,019)	(18.7)
Percentage of sales (%)	*21.0*	*22.3*		
Other	87,640	70,353	(17,287)	(19.7)
Percentage of sales (%)	*8.8*	*9.2*		
Grand Total	994,779	761,948	(232,831)	(23.4)
Percentage of sales (%)	*100.0*	*100.0*		

Three months ended September 30, 2019 and 2020

(Millions of yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Change	%
<Domestic>	235,689	176,112	(59,577)	(25.3)
Percentage of sales (%)	*45.6*	*43.0*		
<Overseas>	281,485	233,511	(47,974)	(17.0)
Percentage of sales (%)	*54.4*	*57.0*		
The Americas	136,000	100,947	(35,053)	(25.8)
Percentage of sales (%)	*26.3*	*24.6*		
Europe, Middle East and Africa	102,453	95,249	(7,204)	(7.0)
Percentage of sales (%)	*19.8*	*23.3*		
Other	43,032	37,315	(5,717)	(13.3)
Percentage of sales (%)	*8.3*	*9.1*		
Grand Total	517,174	409,623	(107,551)	(20.8)
Percentage of sales (%)	*100.0*	*100.0*		

(3) Condensed Consolidated Statement of Changes in Equity

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges
Balance as of April 1, 2019	135,364	186,086	(37,394)	-	7,815	59
Profit (loss) for the period						
Other comprehensive income (loss)				-	194	319
Comprehensive income (loss)	-	-	-	-	194	319
Net change in treasury stock			(396)			
Dividends declared and approved to owners						
Share-based payment transactions		12				
Share-based payment transactions of subsidiaries						
Transfer from other components of equity to retained earnings					(53)	
Equity transactions with non-controlling shareholders		44				
Total transactions with owners	-	56	(396)	-	(53)	-
Balance as of September 30, 2019	135,364	186,142	(37,790)	-	7,956	378

	Other components of equity		Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity				
Balance as of April 1, 2019	65,771	73,645	574,876	932,577	86,411	1,018,988
Profit (loss) for the period			29,258	29,258	2,954	32,212
Other comprehensive income (loss)	(28,667)	(28,154)		(28,154)	(46)	(28,200)
Comprehensive income (loss)	(28,667)	(28,154)	29,258	1,104	2,908	4,012
Net change in treasury stock				(396)		(396)
Dividends declared and approved to owners			(9,423)	(9,423)	(588)	(10,011)
Share-based payment transactions				12		12
Share-based payment transactions of subsidiaries				-	11	11
Transfer from other components of equity to retained earnings		(53)	53	-		-
Equity transactions with non-controlling shareholders				44	(1,726)	(1,682)
Total transactions with owners	-	(53)	(9,370)	(9,763)	(2,303)	(12,066)
Balance as of September 30, 2019	37,104	45,438	594,764	923,918	87,016	1,010,934

(Millions of Yen)

	Common Stock	Additional paid-in capital	Treasury stock	Other components of equity		
				Remeasurement of defined benefit plan	Net changes in fair value of financial assets measured through other comprehensive income	Net changes in fair value of cash flow hedges
Balance as of April 1, 2020	135,364	186,173	(37,795)	-	5,191	409
Profit (loss) for the period						
Other comprehensive income (loss)					604	(349)
Comprehensive income (loss)	-	-	-	-	604	(349)
Purchase of treasury stock			(2)			
Dividends declared and approved to owners						
Share-based payment transactions		32	4			
Share-based payment transactions of subsidiaries						
Loss of control of subsidiaries						
Transfer from other components of equity to retained earnings					7	
Other			61			
Total transactions with owners	-	32	63	-	7	-
Balance as of September 30, 2020	135,364	186,205	(37,732)	-	5,802	60

	Other components of equity		Other comprehensive income related to disposal groups held for sale	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Total other components of equity					
Balance as of April 1, 2020	36,168	41,768	130	594,731	920,371	88,156	1,008,527
Profit (loss) for the period				(22,195)	(22,195)	14	(22,181)
Other comprehensive income (loss)	6,685	6,940	152		7,092	58	7,150
Comprehensive income (loss)	6,685	6,940	152	(22,195)	(15,103)	72	(15,031)
Purchase of treasury stock					(2)		(2)
Dividends declared and approved to owners				(9,418)	(9,418)	(34)	(9,452)
Share-based payment transactions					36		36
Share-based payment transactions of subsidiaries					-	4	4
Loss of control of subsidiaries					-	(84,676)	(84,676)
Transfer from other components of equity to retained earnings		7	(282)	275	-		-
Other					61		61
Total transactions with owners	-	7	(282)	(9,143)	(9,323)	(84,706)	(94,029)
Balance as of September 30, 2020	42,853	48,715	-	563,393	895,945	3,522	899,467

(4) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020
I. Cash Flows from Operating Activities:		
Profit (loss) for the period	32,212	(22,181)
Adjustments to reconcile profit for the period to net cash provided by operating activities—		
Depreciation and amortization	61,739	53,319
Other income	(4,979)	(363)
Share of profit (loss) of investments accounted for using the equity method	(102)	(1,854)
Finance income and costs	1,904	744
Income tax expenses	14,634	(7,327)
(Increase) decrease in trade and other receivables	6,490	70,740
(Increase) decrease in inventories	(11,683)	5,528
(Increase) decrease in lease receivables	(20,346)	10,009
Increase (decrease) in trade and other payables	(7,679)	(59,542)
Increase (decrease) in accrued pension and retirement benefits	(3,323)	(3,604)
Other, net	(23,285)	(7,637)
Interest and dividends received	2,753	2,234
Interest paid	(2,419)	(1,226)
Income taxes paid	(15,662)	(9,281)
Net cash provided by (used in) operating activities	30,254	29,559
II. Cash Flows from Investing Activities:		
Proceeds from sales of property, plant and equipment	6,926	112
Expenditures for property, plant and equipment	(38,150)	(22,457)
Proceeds from sales of intangible assets	93	54
Expenditures for intangible assets	(13,180)	(11,055)
Payments for purchases of investment securities	(11,315)	(592)
Proceeds from sales of investment securities	789	54
Net (increase) decrease in time deposits	13	(82)
Purchase of business, net of cash acquired	(16,118)	(4,862)
Net increase (decrease) due to loss of control of subsidiaries	-	7,846
Other, net	(12,881)	(360)
Net cash provided by (used in) investing activities	(83,823)	(31,342)
III. Cash Flows from Financing Activities:		
Net increase (decrease) of short-term debt	14,095	18,670
Proceeds from long-term debt	145,347	96,193
Repayments of long-term debt	(77,209)	(11,224)
Proceeds from issuance of bonds	42,119	-
Repayments of bonds	(32,148)	(12,413)
Repayments of lease liabilities	(14,865)	(15,968)
Dividends paid	(9,423)	(9,418)
Payments for purchase of treasury stock	(396)	(2)
Other, net	(2,281)	(34)
Net cash provided by (used in) financing activities	65,239	65,804
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5,858)	344
V. Net Increase (decrease) in Cash and Cash Equivalents	5,812	64,365
VI. Cash and Cash Equivalents at Beginning of Year	240,099	263,688
VII. Cash and Cash Equivalents at End of Period	245,911	328,053

Notes: The difference in the amount of “cash and cash equivalents” between condensed consolidated statement of financial position and condensed consolidated statement of cash flows represents bank overdrafts.

(5) Notes on premise going concern

Not applicable

(6) Changes in accounting policies

Significant accounting policies which apply in the Condensed Consolidated Financial Statements are the same as those in the previous fiscal year.

(7) Segment Information

Operating Segment Information

Half year ended September 30, 2019 and 2020

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020	Change	%
Office Total:				
Sales:				
Unaffiliated customers	777,490	606,966	(170,524)	(21.9)
Intersegment	-	-	-	-
Total	777,490	606,966	(170,524)	(21.9)
Operating expenses	710,708	601,661	(109,047)	(15.3)
Operating profit (loss)	66,782	5,305	(61,477)	(92.1)
Operating profit (loss) on sales in Office Total (%)	*8.6*	*0.9*		
Office Printing:				
Sales:				
Unaffiliated customers	512,419	382,285	(130,134)	(25.4)
Intersegment	-	-	-	-
Total	512,419	382,285	(130,134)	(25.4)
Operating expenses	461,121	388,558	(72,563)	(15.7)
Operating profit (loss)	51,298	(6,273)	(57,571)	-
Operating profit (loss) on sales in Office Printing (%)	*10.0*	*(1.6)*		
Office Service:				
Sales:				
Unaffiliated customers	265,071	224,681	(40,390)	(15.2)
Intersegment	-	-	-	-
Total	265,071	224,681	(40,390)	(15.2)
Operating expenses	249,588	213,102	(36,486)	(14.6)
Operating profit (loss)	15,483	11,579	(3,904)	(25.2)
Operating profit (loss) on sales in Office Service (%)	*5.8*	*5.2*		
Commercial Printing:				
Sales:				
Unaffiliated customers	87,537	62,679	(24,858)	(28.4)
Intersegment	-	-	-	-
Total	87,537	62,679	(24,858)	(28.4)
Operating expenses	76,797	60,672	(16,125)	(21.0)
Operating profit (loss)	10,740	2,007	(8,733)	(81.3)
Operating profit (loss) on sales in Commercial Printing (%)	*12.3*	*3.2*		
Industrial Printing:				
Sales:				
Unaffiliated customers	11,726	10,305	(1,421)	(12.1)
Intersegment	-	-	-	-
Total	11,726	10,305	(1,421)	(12.1)
Operating expenses	14,028	12,235	(1,793)	(12.8)
Operating profit (loss)	(2,302)	(1,930)	372	-
Operating profit (loss) on sales in Industrial Printing (%)	*(19.6)*	*(18.7)*		
Thermal Media:				
Sales:				
Unaffiliated customers	31,698	27,167	(4,531)	(14.3)
Intersegment	-	-	-	-
Total	31,698	27,167	(4,531)	(14.3)
Operating expenses	30,188	26,248	(3,940)	(13.1)
Operating profit (loss)	1,510	919	(591)	(39.1)
Operating profit (loss) on sales in Thermal Media (%)	*4.8*	*3.4*		
Other:				
Sales:				
Unaffiliated customers	86,328	54,831	(31,497)	(36.5)
Intersegment	13,024	9,223	(3,801)	(29.2)
Total	99,352	64,054	(35,298)	(35.5)
Operating expenses	100,004	75,758	(24,246)	(24.2)
Operating profit (loss)	(652)	(11,704)	(11,052)	-
Operating profit (loss) on sales in Other (%)	*(0.7)*	*(18.3)*		
Eliminations and Corporate:				
Sales:				
Intersegment	(13,024)	(9,223)	3,801	
Total	(13,024)	(9,223)	3,801	-
Operating expenses:				
Intersegment	(13,024)	(9,223)	3,801	
Corporate	27,430	25,215	(2,215)	
Total	14,406	15,992	1,586	-
Operating profit (loss)	(27,430)	(25,215)	2,215	-
Consolidated:				
Sales:				
Unaffiliated customers	994,779	761,948	(232,831)	(23.4)
Intersegment	-	-	-	-
Total	994,779	761,948	(232,831)	(23.4)
Operating expenses	946,131	792,566	(153,565)	(16.2)
Operating profit (loss)	48,648	(30,618)	(79,266)	-
Operating profit (loss) on consolidated sales (%)	*4.9*	*(4.0)*		

Three months ended September 30, 2019 and 2020

(Millions of yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Change	%
Office Total:				
Sales:				
Unaffiliated customers	406,730	328,798	(77,932)	(19.2)
Intersegment	-	-	-	-
Total	406,730	328,798	(77,932)	(19.2)
Operating expenses	374,676	319,325	(55,351)	(14.8)
Operating profit (loss)	32,054	9,473	(22,581)	(70.4)
Operating profit (loss) on sales in Office Total (%)	*7.9*	*2.9*		
Office Printing:				
Sales:				
Unaffiliated customers	254,872	207,499	(47,373)	(18.6)
Intersegment	-	-	-	-
Total	254,872	207,499	(47,373)	(18.6)
Operating expenses	233,250	205,740	(27,510)	(11.8)
Operating profit (loss)	21,622	1,759	(19,863)	(91.9)
Operating profit (loss) on sales in Office Printing (%)	*8.5*	*0.8*		
Office Service:				
Sales:				
Unaffiliated customers	151,858	121,299	(30,559)	(20.1)
Intersegment	-	-	-	-
Total	151,858	121,299	(30,559)	(20.1)
Operating expenses	141,427	113,583	(27,844)	(19.7)
Operating profit (loss)	10,431	7,716	(2,715)	(26.0)
Operating profit (loss) on sales in Office Service (%)	*6.9*	*6.4*		
Commercial Printing:				
Sales:				
Unaffiliated customers	44,481	34,885	(9,596)	(21.6)
Intersegment	-	-	-	-
Total	44,481	34,885	(9,596)	(21.6)
Operating expenses	39,464	33,696	(5,768)	(14.6)
Operating profit (loss)	5,017	1,189	(3,828)	(76.3)
Operating profit (loss) on sales in Commercial Printing (%)	*11.3*	*3.4*		
Industrial Printing:				
Sales:				
Unaffiliated customers	5,757	6,010	253	4.4
Intersegment	-	-	-	-
Total	5,757	6,010	253	4.4
Operating expenses	7,497	6,642	(855)	(11.4)
Operating profit (loss)	(1,740)	(632)	1,108	-
Operating profit (loss) on sales in Industrial Printing (%)	*(30.2)*	*(10.5)*		
Thermal Media:				
Sales:				
Unaffiliated customers	15,564	13,376	(2,188)	(14.1)
Intersegment	-	-	-	-
Total	15,564	13,376	(2,188)	(14.1)
Operating expenses	14,980	12,982	(1,998)	(13.3)
Operating profit (loss)	584	394	(190)	(32.5)
Operating profit (loss) on sales in Thermal Media (%)	*3.8*	*2.9*		
Other:				
Sales:				
Unaffiliated customers	44,642	26,554	(18,088)	(40.5)
Intersegment	7,447	4,940	(2,507)	(33.7)
Total	52,089	31,494	(20,595)	(39.5)
Operating expenses	53,098	36,699	(16,399)	(30.9)
Operating profit (loss)	(1,009)	(5,205)	(4,196)	-
Operating profit (loss) on sales in Other (%)	*(1.9)*	*(16.5)*		
Eliminations and Corporate:				
Sales:				
Intersegment	(7,447)	(4,940)	2,507	-
Total	(7,447)	(4,940)	2,507	-
Operating expenses:				
Intersegment	(7,447)	(4,940)	2,507	
Corporate	13,824	14,565	741	
Total	6,377	9,625	3,248	-
Operating profit (loss)	(13,824)	(14,565)	(741)	-
Consolidated:				
Sales:				
Unaffiliated customers	517,174	409,623	(107,551)	(20.8)
Intersegment	-	-	-	-
Total	517,174	409,623	(107,551)	(20.8)
Operating expenses	496,092	418,969	(77,123)	(15.5)
Operating profit (loss)	21,082	(9,346)	(30,428)	-
Operating profit (loss) on consolidated sales (%)	*4.1*	*(2.3)*		

* Each category includes the following product line:

Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts & supplies, services, support and software
Office Service	Personal computers, servers, network equipment, related services, support, software and service & solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printer, related parts & supplies, services, support and software
Industrial printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal paper and thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare and financial services

* Some of the business in the Office Service segment have been reclassified into the Office Printing segment and Other segment from this fiscal year. In addition, some corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

-APPENDIX- (Half year ended September 30, 2020)

1. Consolidated Sales by Product Category

Half year ended September 30, 2019 and 2020

(Millions of yen)

	Half year ended September 30, 2019	Half year ended September 30, 2020	Change	%	Change excluding exchange impact	%
<Office Total>						
Office Total	777,490	606,966	(170,524)	(21.9)	(166,532)	(21.4)
Percentage of sales (%)	*78.1*	*79.6*				
Domestic	336,411	272,770	(63,641)	(18.9)	(63,641)	(18.9)
Overseas	441,079	334,196	(106,883)	(24.2)	(102,891)	(23.3)
The Americas	208,899	142,081	(66,818)	(32.0)	(64,393)	(30.8)
Europe, Middle East and Africa	172,184	143,221	(28,963)	(16.8)	(28,745)	(16.7)
Other	59,996	48,894	(11,102)	(18.5)	(9,753)	(16.3)
Office Printing	512,419	382,285	(130,134)	(25.4)	(127,145)	(24.8)
Percentage of sales (%)	*51.5*	*50.1*				
Domestic	173,079	147,614	(25,465)	(14.7)	(25,465)	(14.7)
Overseas	339,340	234,671	(104,669)	(30.8)	(101,680)	(30.0)
The Americas	156,235	99,367	(56,868)	(36.4)	(55,172)	(35.3)
Europe, Middle East and Africa	130,023	93,112	(36,911)	(28.4)	(36,769)	(28.3)
Other	53,082	42,192	(10,890)	(20.5)	(9,739)	(18.3)
Office Service	265,071	224,681	(40,390)	(15.2)	(39,387)	(14.9)
Percentage of sales (%)	*26.6*	*29.5*				
Domestic	163,332	125,156	(38,176)	(23.4)	(38,176)	(23.4)
Overseas	101,739	99,525	(2,214)	(2.2)	(1,211)	(1.2)
The Americas	52,664	42,714	(9,950)	(18.9)	(9,221)	(17.5)
Europe, Middle East and Africa	42,161	50,109	7,948	18.9	8,024	19.0
Other	6,914	6,702	(212)	(3.1)	(14)	(0.2)
<Commercial Printing>						
Commercial Printing	87,537	62,679	(24,858)	(28.4)	(24,180)	(27.6)
Percentage of sales (%)	*8.8*	*8.2*				
Domestic	12,399	11,456	(943)	(7.6)	(943)	(7.6)
Overseas	75,138	51,223	(23,915)	(31.8)	(23,237)	(30.9)
The Americas	45,645	30,847	(14,798)	(32.4)	(14,270)	(31.3)
Europe, Middle East and Africa	23,330	15,622	(7,708)	(33.0)	(7,686)	(32.9)
Other	6,163	4,754	(1,409)	(22.9)	(1,281)	(20.8)
<Industrial Printing>						
Industrial Printing	11,726	10,305	(1,421)	(12.1)	(1,358)	(11.6)
Percentage of sales (%)	*1.2*	*1.4*				
Domestic	1,887	1,236	(651)	(34.5)	(651)	(34.5)
Overseas	9,839	9,069	(770)	(7.8)	(707)	(7.2)
The Americas	3,391	3,122	(269)	(7.9)	(208)	(6.1)
Europe, Middle East and Africa	2,269	1,734	(535)	(23.6)	(534)	(23.5)
Other	4,179	4,213	34	0.8	35	0.8
<Thermal Media>						
Thermal Media	31,698	27,167	(4,531)	(14.3)	(4,189)	(13.2)
Percentage of sales (%)	*3.2*	*3.6*				
Domestic	6,510	6,107	(403)	(6.2)	(403)	(6.2)
Overseas	25,188	21,060	(4,128)	(16.4)	(3,786)	(15.0)
The Americas	9,572	8,758	(814)	(8.5)	(665)	(6.9)
Europe, Middle East and Africa	8,249	6,696	(1,553)	(18.8)	(1,542)	(18.7)
Other	7,367	5,606	(1,761)	(23.9)	(1,579)	(21.4)
<Other>						
Other	86,328	54,831	(31,497)	(36.5)	(31,397)	(36.4)
Percentage of sales (%)	*8.7*	*7.2*				
Domestic	72,384	43,848	(28,536)	(39.4)	(28,536)	(39.4)
Overseas	13,944	10,983	(2,961)	(21.2)	(2,861)	(20.5)
The Americas	1,541	1,889	348	22.6	383	24.9
Europe, Middle East and Africa	2,468	2,208	(260)	(10.5)	(256)	(10.4)
Other	9,935	6,886	(3,049)	(30.7)	(2,988)	(30.1)
Grand Total	994,779	761,948	(232,831)	(23.4)	(227,656)	(22.9)
Percentage of sales (%)	*100.0*	*100.0*				
Domestic	429,591	335,417	(94,174)	(21.9)	(94,174)	(21.9)
Percentage of sales (%)	*43.2*	*44.0*				
Overseas	565,188	426,531	(138,657)	(24.5)	(133,482)	(23.6)
Percentage of sales (%)	*56.8*	*56.0*				
The Americas	269,048	186,697	(82,351)	(30.6)	(79,153)	(29.4)
Percentage of sales (%)	*27.0*	*24.5*				
Europe, Middle East and Africa	208,500	169,481	(39,019)	(18.7)	(38,763)	(18.6)
Percentage of sales (%)	*21.0*	*22.3*				
Other	87,640	70,353	(17,287)	(19.7)	(15,566)	(17.8)
Percentage of sales (%)	*8.8*	*9.2*				

2. Consolidated Sales by Product Category

Three months ended September 30, 2019 and 2020

(Millions of yen)

	Three months ended September 30, 2019	Three months ended September 30, 2020	Change	%	Change excluding exchange impact	%
<Office Total>						
Office Total	406,730	328,798	(77,932)	(19.2)	(79,396)	(19.5)
Percentage of sales (%)	*78.7*	*80.2*				
Domestic	187,574	145,919	(41,655)	(22.2)	(41,655)	(22.2)
Overseas	219,156	182,879	(36,277)	(16.6)	(37,741)	(17.2)
The Americas	104,659	76,718	(27,941)	(26.7)	(27,013)	(25.8)
Europe, Middle East and Africa	84,813	80,319	(4,494)	(5.3)	(6,972)	(8.2)
Other	29,684	25,842	(3,842)	(12.9)	(3,756)	(12.7)
Office Printing	254,872	207,499	(47,373)	(18.6)	(48,148)	(18.9)
Percentage of sales (%)	*49.3*	*50.6*				
Domestic	87,585	76,250	(11,335)	(12.9)	(11,335)	(12.9)
Overseas	167,287	131,249	(36,038)	(21.5)	(36,813)	(22.0)
The Americas	78,742	54,822	(23,920)	(30.4)	(23,244)	(29.5)
Europe, Middle East and Africa	62,667	54,002	(8,665)	(13.8)	(10,199)	(16.3)
Other	25,878	22,425	(3,453)	(13.3)	(3,370)	(13.0)
Office Service	151,858	121,299	(30,559)	(20.1)	(31,248)	(20.6)
Percentage of sales (%)	*29.4*	*29.6*				
Domestic	99,989	69,669	(30,320)	(30.3)	(30,320)	(30.3)
Overseas	51,869	51,630	(239)	(0.5)	(928)	(1.8)
The Americas	25,917	21,896	(4,021)	(15.5)	(3,769)	(14.5)
Europe, Middle East and Africa	22,146	26,317	4,171	18.8	3,227	14.6
Other	3,806	3,417	(389)	(10.2)	(386)	(10.1)
<Commercial Printing>						
Commercial Printing	44,481	34,885	(9,596)	(21.6)	(9,635)	(21.7)
Percentage of sales (%)	*8.6*	*8.5*				
Domestic	5,966	6,015	49	0.8	49	0.8
Overseas	38,515	28,870	(9,645)	(25.0)	(9,684)	(25.1)
The Americas	24,000	16,929	(7,071)	(29.5)	(6,863)	(28.6)
Europe, Middle East and Africa	11,465	9,217	(2,248)	(19.6)	(2,503)	(21.8)
Other	3,050	2,724	(326)	(10.7)	(318)	(10.4)
<Industrial Printing>						
Industrial Printing	5,757	6,010	253	4.4	266	4.6
Percentage of sales (%)	*1.1*	*1.5*				
Domestic	1,122	551	(571)	(50.9)	(571)	(50.9)
Overseas	4,635	5,459	824	17.8	837	18.1
The Americas	1,864	1,988	124	6.7	152	8.2
Europe, Middle East and Africa	1,147	1,046	(101)	(8.8)	(116)	(10.1)
Other	1,624	2,425	801	49.3	801	49.3
<Thermal Media>						
Thermal Media	15,564	13,376	(2,188)	(14.1)	(2,272)	(14.6)
Percentage of sales (%)	*3.0*	*3.3*				
Domestic	3,211	3,014	(197)	(6.1)	(197)	(6.1)
Overseas	12,353	10,362	(1,991)	(16.1)	(2,075)	(16.8)
The Americas	4,721	4,349	(372)	(7.9)	(324)	(6.9)
Europe, Middle East and Africa	3,865	3,314	(551)	(14.3)	(685)	(17.7)
Other	3,767	2,699	(1,068)	(28.4)	(1,066)	(28.3)
<Other>						
Other	44,642	26,554	(18,088)	(40.5)	(18,090)	(40.5)
Percentage of sales (%)	*8.6*	*6.5*				
Domestic	37,816	20,613	(17,203)	(45.5)	(17,203)	(45.5)
Overseas	6,826	5,941	(885)	(13.0)	(887)	(13.0)
The Americas	756	963	207	27.4	219	29.0
Europe, Middle East and Africa	1,163	1,353	190	16.3	159	13.7
Other	4,907	3,625	(1,282)	(26.1)	(1,265)	(25.8)
Grand Total	517,174	409,623	(107,551)	(20.8)	(109,127)	(21.1)
Percentage of sales (%)	*100.0*	*100.0*				
Domestic	235,689	176,112	(59,577)	(25.3)	(59,577)	(25.3)
Percentage of sales (%)	*45.6*	*43.0*				
Overseas	281,485	233,511	(47,974)	(17.0)	(49,550)	(17.6)
Percentage of sales (%)	*54.4*	*57.0*				
The Americas	136,000	100,947	(35,053)	(25.8)	(33,829)	(24.9)
Percentage of sales (%)	*26.3*	*24.6*				
Europe, Middle East and Africa	102,453	95,249	(7,204)	(7.0)	(10,117)	(9.9)
Percentage of sales (%)	*19.8*	*23.3*				
Other	43,032	37,315	(5,717)	(13.3)	(5,604)	(13.0)
Percentage of sales (%)	*8.3*	*9.1*				

* Each category includes the following product line:

Office Printing	MFPs (multifunctional printers), copiers, laser printers, digital duplicators, wide format printers, facsimile machine, scanners, related parts & supplies, services, support and software
Office Service	Personal computers, servers, network equipment, related services, support, software and service & solutions related to documents
Commercial Printing	Cut sheet printers, continuous feed printer, related parts & supplies, services, support and software
Industrial printing	Inkjet heads, imaging systems and industrial printers
Thermal Media	Thermal paper and thermal media
Other	Industrial optical component/module, electronic components, precision mechanical component, digital cameras, 3D printing, environment, healthcare and financial services

* Some of the business in the Office Service segment have been reclassified into the Office Printing segment and Other segment from this fiscal year. In addition, some corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.

3. Forecast of Consolidated Performance

(Billions of yen)

	Half year ended September 30, 2020 Results	Change %	Half year ending March 31, 2021 Forecast	Change %	Year ending March 31, 2021 Forecast	Change %
Sales	761.9	(23.4)	902.0	(11.0)	1,664.0	(17.2)
Gross profit	262.4	(28.6)	285.1	(19.5)	547.6	(24.1)
Operating profit (loss)	(30.6)	-	(18.3)	-	(49.0)	-
Profit (loss) before income tax expenses	(29.5)	-	(20.7)	-	(50.3)	-
Profit (loss) attributable to owners of the parent	(22.1)	-	(14.2)	-	(36.4)	-
Earnings per share attributable to owners of the parent-basic (yen)	(30.64)	(71.01)	(19.61)	(33.82)	(50.25)	(104.83)
Earnings per share attributable to owners of the parent- diluted (yen)	(30.64)	(71.01)	(19.61)	(33.82)	(50.25)	(104.83)
Capital expenditures*	22.4		25.5		48.0	
Depreciation*	22.9		23.0		46.0	
R&D expenditures	44.9		47.5		92.5	
Exchange rate (Yen/US$)	106.90		105.00		105.95	
Exchange rate (Yen/EURO)	121.29		120.00		120.65	

*The amounts presented in capital expenditures and depreciation are for property, plant and equipment.

4. Forecast of Consolidated Sales by Product Category

(Billions of yen)

	Year ended March 31, 2020	Half year ending March 31, 2021		Year ending March 31, 2021			
	Results	Forecast	Forecast excluding exchange impact	Forecast	Change %	Forecast excluding exchange impact	Change %
<Office Total>	1,570.2	714.4	722.5	1,321.4	(15.8)	1,333.5	(15.1)
Domestic	679.4	322.2	322.2	595.0	(12.4)	595.0	(12.4)
Overseas	890.7	392.2	400.3	726.3	(18.5)	738.4	(17.1)
The Americas	412.9	152.5	158.2	294.5	(28.7)	302.7	(26.7)
Europe, Middle East and Africa	362.4	189.6	190.1	332.8	(8.2)	333.5	(8.0)
Other	115.4	50.1	52.0	98.9	(14.3)	102.2	(11.4)
Office Printing	1,013.0	427.0	433.0	809.2	(20.1)	818.2	(19.2)
Domestic	338.7	159.1	159.1	306.7	(9.4)	306.7	(9.4)
Overseas	674.3	267.9	273.9	502.5	(25.5)	511.5	(24.1)
The Americas	308.2	109.3	113.4	208.6	(32.3)	214.4	(30.4)
Europe, Middle East and Africa	265.2	116.2	116.5	209.3	(21.1)	209.7	(20.9)
Other	100.8	42.4	44.0	84.5	(16.1)	87.3	(13.4)
Office Service	557.1	287.4	289.5	512.1	(8.1)	515.2	(7.5)
Domestic	340.7	163.1	163.1	288.3	(15.4)	288.3	(15.4)
Overseas	216.4	124.3	126.4	223.8	3.4	226.9	4.9
The Americas	104.6	43.2	44.8	85.9	(17.9)	88.2	(15.7)
Europe, Middle East and Africa	97.1	73.4	73.6	123.5	27.1	123.7	27.4
Other	14.5	7.7	8.0	14.4	(1.3)	14.9	2.1
<Commercial Printing>	178.3	75.3	76.9	137.9	(22.7)	140.2	(21.4)
Domestic	25.3	13.3	13.3	24.7	(2.5)	24.7	(2.5)
Overseas	152.9	62.0	63.6	113.2	(26.0)	115.5	(24.5)
The Americas	93.2	35.0	36.3	65.8	(29.4)	67.6	(27.4)
Europe, Middle East and Africa	47.6	21.3	21.4	36.9	(22.6)	37.0	(22.3)
Other	12.0	5.7	5.9	10.4	(13.3)	10.7	(10.6)
<Industrial Printing>	23.0	18.5	18.7	28.8	25.2	29.0	26.3
Domestic	4.1	2.2	2.2	3.4	(17.3)	3.4	(17.3)
Overseas	18.8	16.3	16.5	25.3	34.6	25.6	36.0
The Americas	6.2	6.5	6.7	9.6	54.1	9.8	58.3
Europe, Middle East and Africa	5.0	2.5	2.5	4.2	(15.9)	4.2	(15.9)
Other	7.5	7.3	7.3	11.5	52.0	11.5	52.0
<Thermal Media>	61.8	33.4	34.1	60.5	(2.1)	61.6	(0.5)
Domestic	12.8	6.9	6.9	13.0	0.9	13.0	0.9
Overseas	49.0	26.5	27.2	47.5	(2.9)	48.6	(0.8)
The Americas	18.8	10.7	11.1	19.4	3.1	20.0	6.1
Europe, Middle East and Africa	16.3	8.9	8.9	15.5	(4.7)	15.6	(4.7)
Other	13.7	6.9	7.2	12.5	(9.1)	12.9	(5.6)
<Other>	175.0	60.4	60.8	115.2	(34.2)	115.7	(33.9)
Domestic	150.4	44.9	44.9	88.7	(41.0)	88.7	(41.0)
Overseas	24.5	15.5	15.9	26.4	7.7	26.9	9.7
The Americas	2.9	2.5	2.6	4.3	51.1	4.5	55.7
Europe, Middle East and Africa	4.9	3.8	3.8	6.0	21.0	6.0	21.1
Other	16.7	9.2	9.5	16.0	(3.8)	16.4	(1.6)
Grand Total	2,008.5	902.0	913.0	1,664.0	(17.2)	1,680.2	(16.3)
Domestic	872.3	389.5	389.5	725.0	(16.9)	725.0	(16.9)
Overseas	1,136.2	512.5	523.5	939.0	(17.4)	955.2	(15.9)
The Americas	534.1	207.2	214.9	393.8	(26.3)	404.7	(24.2)
Europe, Middle East and Africa	436.4	226.1	226.7	395.6	(9.4)	396.4	(9.2)
Other	165.5	79.2	81.9	149.6	(9.7)	153.9	(7.0)

* Some of the business in the Office Service segment have been reclassified into the Office Printing segment and Other segment from this fiscal year. In addition, some corporate expenses have been allocated to the relevant segments. Prior year comparative figures have also been reclassified to conform to the current year's presentation.