

February 1, 2022

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 [IFRS]

Company name: Konica Minolta, Inc.
 Stock exchange listings: Tokyo (First Section)
 Securities code number: 4902
 URL: <http://konicaminolta.com>
 Representative: Shoei Yamana
 President and CEO, Representative Executive Officer
 Contact: Toru Tanaka
 General Manager, Corporate Accounting Division
 Telephone number: (81) 3-6250-2111
 Scheduled date for submission of securities report: February 9, 2022
 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(1) Consolidated results of operations

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

Nine months ended	Revenue		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	661,524	7.6	(10,159)	—	(12,074)	—
December 31, 2020	614,891	–17.7	(24,601)	—	(28,454)	—

Nine months ended	Profit for the period		Profit attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	(13,297)	—	(13,245)	—	3,220	—
December 31, 2020	(20,133)	—	(20,643)	—	(22,660)	—

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	(26.84)	(26.84)
December 31, 2020	(41.69)	(41.69)

(Note) Basic earnings per share and diluted earnings per share are calculated based on the profit attributable to owners of Konica Minolta, Inc. (the "Company").

(2) Consolidated financial position

As of	Total assets	Total equity	Equity attributable to owners of the Company	Equity ratio attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2021	1,269,948	518,551	507,021	39.9
March 31, 2021	1,299,752	550,703	539,888	41.5

2. Dividends per share

	End of the three-month period	End of the six- month period	End of the nine-month period	End of the year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	10.00	—	15.00	25.00
Fiscal year ending March 31, 2022	—	15.00	—		
Fiscal year ending March 31, 2022 (forecast)				15.00	30.00

(Note) Changes from the latest dividend forecasts: None

3. Consolidated forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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

Fiscal year ending	Revenue		Operating profit		Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2022	900,000	4.2	12,000	—	1,500	—	3.04

(Note) Changes from the latest consolidated forecasts: Yes

■ Notes

- (1) Changes in significant subsidiaries for the nine months ended December 31, 2021 (changes in the scope of consolidation): None
- (2) Changes in accounting policies or changes in accounting estimates
- | | |
|---|------|
| a. Changes in accounting policies required by International Financial Reporting Standards (IFRS): | None |
| b. Changes in accounting policies other than the above a.: | None |
| c. Changes in accounting estimates: | None |
- (3) Number of issued and outstanding shares (common stock)
- | | |
|--|--------------------|
| a. Number of issued and outstanding shares (including treasury shares) | |
| As of December 31, 2021: | 502,664,337 shares |
| As of March 31, 2021: | 502,664,337 shares |
| b. Number of treasury shares | |
| As of December 31, 2021: | 9,059,922 shares |
| As of March 31, 2021: | 9,155,998 shares |
| c. Average number of issued and outstanding shares during the period | |
| The nine months ended December 31, 2021: | 493,559,937 shares |
| The nine months ended December 31, 2020: | 495,133,069 shares |

(Note) The Company has established the Board Incentive Plan. The shares owned by the trust account relating to this trust are accounted for as treasury shares (2,759,516 shares as of December 31, 2021, and 2,809,437 shares as of March 31, 2021).

- This summary of quarterly consolidated financial results falls outside the scope of quarterly review procedures to be performed by certified public accountants or an audit firm.
- Explanation concerning the appropriate use of the forecasts for results of operations and other special matters

Note on the forecasts for the consolidated financial results

The forecasts for results of operations in this report are based on information currently available to the Company and its subsidiaries (the “Group”) and certain assumptions determined to be reasonable, and are not intended to assure any achievement of the Group’s operations. Actual results may differ significantly from the forecasts due to various factors. For further details of the assumptions that form the basis of the forecasts and other related matters when referring to the forecasts, refer to “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2021, (3) Explanation Regarding the Forecasts for the Consolidated Financial Results” in the attached Supplementary Information on page 10.

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

The Company will hold a briefing on the quarterly financial results for institutional investors on Tuesday, February 1, 2022. The proceedings and details of the briefing, along with the supplementary information on the quarterly financial results to be presented at the briefing, will be posted on the website of the Group soon after the briefing.

Supplementary Information

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1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

(1) Qualitative Information on the Consolidated Operating Results

a. Overview

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	614.8	661.5	46.6	7.6
Gross profit	264.2	290.1	25.9	9.8
Operating profit (loss)	(24.6)	(10.1)	14.4	—
Profit (loss) before tax	(28.4)	(12.0)	16.3	—
Profit (loss) attributable to owners of the Company	(20.6)	(13.2)	7.3	—
	Yen	Yen	Yen	%
Basic earnings (losses) per share	(41.69)	(26.84)	14.85	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	30.0	27.6	(2.3)	-8.0
Depreciation and amortization expenses	58.2	56.5	(1.7)	-2.9
Research and development expenses	48.4	47.1	(1.3)	-2.7
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	7.8	(9.6)	(17.4)	—
	Number	Number	Number	%
Number of employees in the Group	41,470	38,955	(2,515)	-6.1
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	106.11	111.10	4.99	4.7
Euro	122.38	130.62	8.24	6.7

In the nine months ended December 31, 2021 (the “current period”), the global economy was affected by the rebound of mutated strains of COVID-19, a shortage of semiconductors and other material, and soaring energy prices. Nevertheless, amid such business environment, the Company saw an increase in revenue in Professional Print Business, Healthcare Business, and Industry Business. The Group recorded a revenue of 661.5 billion yen, an increase of 7.6% year-on-year during the current period. Gross profit also went up by 9.8% year-on-year, led by the improvement of the gross profit margin. While revenue and gross profit were picking up over the current period, the Company successfully maintained the level of selling and administrative expenses that was curbed for the effect of the structural reform implemented in the previous fiscal year. Therefore, the operating loss during the current period went down by 14.4 billion yen to 10.1 billion yen, a decrease of loss year-on-year since operating loss of 24.6 billion yen was marked in the same period of the previous year. Moreover, loss before tax of 12.0 billion yen was marked in the current period, whereas loss before tax of 28.4 billion yen was recorded in the same period of the previous year. Loss attributable to owners of the Company was 13.2 billion yen, whereas loss attributable to owners of the Company was 20.6 billion yen in the same period of the previous year. The impact of the shortage of semiconductors and other material and prolonged transport periods because of congestion at ports has continued since the three-month period ended September 30, 2021; as a result, undersupply of products over the steadily recovered number of orders received led to stagnation in revenue in the office unit in the Digital Workplace Business. Meanwhile, revenue in the Industry Business, which is one of the main pillars for the Company’s growth strategy, increased by 18.6% year-on-year and increased by 14.8% from the same period of the fiscal year ended March 31, 2020, when the economy was barely affected by COVID-19.

Explosion accidents occurred in July and August 2021 at Tatsuno Factory of Konica Minolta Supplies Manufacturing Co., Ltd., a Group company that manufactures toner, causing undersupply of toner during the three-month period ended December 31, 2021 (the “current accounting period”). However, after thoroughly investigating the causes of the accidents, taking countermeasures, and conducting a risk assessment with a third-party organization to ensure a safe production system, it was confirmed that there were no concerns. Thus, production and supply resumed during the current accounting period.

Since the previous fiscal year, the Company has promoted a long-term management vision that looks forward to 2030 and a three-year medium-term business plan “DX2022,” which aims at being achieved in 2022. The basic policy is to “leap to highly profitable businesses through digital transformation (or “DX”)” and to “evolve into a company clearly committed to solving social issues.” The Company is swiftly working on two portfolio transformations, aiming to realize a business structure with less dependence on the Office Business. First is the transformation into the Digital Workplace Business by utilizing the customer base in the Office Business. The Company will work to provide greater added value to its businesses by utilizing the customer base in the Office Business developed in the past and supporting implementation of DX in customers’ workflows. Second is the transformation of the business portfolio that accelerates business growth of the whole company in the fields of measurements, inspections, and diagnosis. The Company will promote effective allocation of resources, such as human resources, research and development expenses, and investments and loans, given that the following businesses will become the main pillars of the Company: Professional Print Business, Healthcare Business, and Industry Business. Prompt executions of these plans for transformation during the period of the medium-term business plan “DX2022” will enable completion of the business portfolio transformation in the fiscal year ending March 31, 2026, and significantly change the operating profit composition by business.

b. Overview by Segment

		Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	336.2	333.7	(2.5)	-0.8
	Operating profit	(6.2)	(8.9)	(2.7)	—
Professional Print Business	Revenue	118.7	140.9	22.1	18.7
	Operating profit	(8.7)	0.4	9.2	—
Healthcare Business	Revenue	73.5	84.3	10.7	14.6
	Operating profit	(7.1)	(9.7)	(2.6)	—
Industry Business	Revenue	85.4	101.3	15.8	18.6
	Operating profit	9.8	19.7	9.8	100.6
Subtotal	Revenue	614.0	660.3	46.2	7.5
	Operating profit	(12.2)	1.4	13.7	—
Others and adjustments (Note 2)	Revenue	0.7	1.1	0.3	43.6
	Operating profit	(12.3)	(11.5)	0.7	—
Amount reported in the Condensed Consolidated Statement of Profit or Loss	Revenue	614.8	661.5	46.6	7.6
	Operating profit	(24.6)	(10.1)	14.4	—

(Notes)

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

i. Digital Workplace Business

In the office unit, although the number of orders of A3 multi-functional peripherals (MFPs) showed signs of recovery for three consecutive periods since the first quarter ended June 30, 2021, sales volumes of color models, monochrome models, and all models in the nine months ended December 31, 2021 went down to 78%, 86%, and 81% of the year-before levels, respectively, due to delays in production caused by the shortage of semiconductors and other materials, and the increased impact of prolonged transport periods because of congestion at ports since the three-month period ended September 30, 2021. The resurgence of COVID-19 cases in Europe and the United States forced employees to delay coming back into client companies’ office sites. While this caused a stagnated recovery in non-hardware revenue, such as consumables and services, its overall revenue surpassed year-before levels. The overall revenue in the office unit decreased year-on-year. In addition, an order backlog for the whole unit increased from approximately 30.0 billion yen during the three-month period ended September 30, 2021 to approximately 48.5 billion yen during the current accounting period.

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

Based on the above, the Digital Workplace Business segment recorded a revenue of 337.7 billion yen in the current period, a decrease of 0.8% year-on-year. Operating loss was 3.9 billion yen (operating loss of 6.2 billion yen for the same period of the previous year).

ii. Professional Print Business

In the production print unit, sales volume in the current period arrived at 102%, 96%, and 100% of the year-before levels for color models, monochrome models, and all models, respectively. In terms of the non-hardware revenue, such as consumables and services, demand for commercial printing is on a recovery track, especially among medium- and large-sized printing companies. Although the explosion accidents at Tatsuno Factory mentioned above caused undersupply of toner during the current accounting period, efforts were made to limit the impact on customers. As a result, the production print unit showed a growth in revenue compared to the same period in the previous year. Further, an order backlog for the whole unit increased from approximately 7.0 billion yen during the three-month period ended September 30, 2021 to approximately 8.0 billion yen during the current accounting period.

In the industrial print unit, the utilization rate of the inkjet press, which enable efficient and high-quality printing, improved and its print volume per unit also increased as a response to the challenges faced by commercial printing companies, including “handling of orders with short delivery,” “environmental friendliness,” and “difficulty in securing skilled workers for analog printers.” Moreover, as for non-hardware, revenue of label printing and textile printing went up due to an ongoing steady recovery of the demand of commodities and European apparel market. With the final demand growth, revenue of hardware also saw an improvement in all areas: inkjet press, label press, digital embellishment press, and textile press. As a result, the revenue of the whole industrial print unit increased year-on-year.

In the marketing services unit, sales increased due to economic recovery in Europe and the United States, acquisition of new customers in Japan, the United States, and South Korea, and the gradual resumption of sales promotion activities by major customers. As a result, the unit showed a growth in revenue compared to the same period in the previous year.

Based on the above, the Professional Print Business segment recorded a revenue of 140.9 billion yen, an increase of 18.7% year-on-year. Operating profit was 0.4 billion yen (an operating loss of 8.7 billion for the same period in the previous year).

iii. Healthcare Business

The healthcare unit saw a huge uplift in sales volume of digital radiography (DR), responding to an improvement in sales particularly in the market of hospitals compared to the same period in the previous year in Japan and meeting the increasing demand for DR to be used for COVID-19 detection overseas, especially in Indian and Asian markets. Sales volume of diagnostic ultrasound systems went up, supported by an increase in sales especially to orthopedics and obstetrics in Japan as well as in the markets of the Americas and China compared to the same period in the previous year. In addition, sales volume of pulse oximeters for local governments to be lent to people recuperating from COVID-19 at home significantly increased in Japan. For medical IT, sales of “Informity,” an IT service supporting medical image management and collaboration between medical institutions, continued to remain solid in Japan. The United States saw continuous signs of recovery in sales of the Picture Archiving and Communication System (PACS) and its sales recovered to the level before the spread of COVID-19 during the current accounting period. Based on the above, revenue in the healthcare unit went up year-on-year.

In the precision medicine unit, the number of genetic tests continued to increase, exceeding its level before the spread of COVID-19 ever since the three-month period ended December 31, 2020, despite the impact of the drop in the number of patients coming into hospitals due to the resurgence of COVID-19 cases in the United States. Furthermore, the testing numbers of both ribonucleic acid (RNA) testing, representing one of the Company’s focus areas that assesses germline mutations, and “CARE Program,” a full scale service for imaging centers, were increasing. The Company’s pharmaceutical development support service continued to struggle as the number of clinical trial volunteers kept decreasing due to the spread of COVID-19, causing delays in the commencement of clinical trials to be conducted by pharmaceutical companies; however,

sales contribution was made by the recommencement of clinical trials of therapeutic drugs for Alzheimer and others tested by customers since the three-month period ended September 30, 2021. As a result, revenue of the precision medicine unit went up year-on-year.

Based on the above, the Healthcare Business segment recorded a revenue of 84.3 billion yen, an increase of 14.6% year-on-year. Operating loss was 9.7 billion yen (operating loss of 7.1 billion yen for the same period in the previous year).

iv. Industry Business

In the measuring instruments unit of the sensing field, revenue of light source color measurement instruments remained steady by responding to the demand for displays in Asia. Revenue of object color measurement instruments remained strong across the globe, and automotive visual inspection enjoyed an increase in new orders of pipelines. In addition, thanks to the steady number of new orders received in hyper spectral imaging (HSI) field, entered through acquisition of Specim, Spectral Imaging Oy Ltd. in the previous fiscal year, the overall unit revenue increased year-on-year. In the materials and components field, even with downturn in the general market condition for TVs compared to the three-month period ended September 30, 2021, the performance materials unit secured steady sales of high-value-added products for LCD TVs and thin films for personal computers and smartphones by capturing the strong demand in large screen TVs and IT applications. As a result, the unit revenue saw an increase year-on-year. The Inkjet (IJ) components unit was negatively affected by rebound of COVID-19 in Europe, which had seen a healthy recovery from the previous fiscal year, and a decrease in production due to the shortage in material owned by customers in the Indian market. Nevertheless, steady growth in the demand for printers for sign graphics in China and Asia and sales of industrial applications in growth areas contributed to the unit's sales increase year-on-year. In the optical components unit, revenue increased year-on-year as sales of lenses for projectors showed a continuous recovery trend.

In the imaging-IoT solutions field, imaging-IoT solutions unit, which has major products for image input devices and image analysis systems, it saw a decrease in revenue year-on-year due to a decrease in demand for the thermal camera solution. Although sales of monitoring camera solutions in Europe were picking up, negotiations and acceptance of orders had delayed due to the rebound of COVID-19. On the other hand, for the acceleration of DX in society with the customers and partners, "FORXAI", an imaging IoT platform which combines the latest IoT and AI technology with the base of the Company's competitive imaging technology, is steadily gaining strategic partners and accelerating the deployment of solutions. In the visual solutions unit, the directly owned theater business opened a new planetarium in Nagoya, the first facility with LED domes in Japan, and preparations for opening of the new directly owned planetarium in Yokohama, scheduled in March 2022, are also progressing as planned. In addition, the sales volume of goods remained steady and sales were at the same level as the same period in the previous year. Overall revenue in the imaging-IoT solutions field declined year-on-year.

As a result, the Industry Business segment recorded a revenue of 101.3 billion yen, an increase of 18.6% from a year earlier. Operating profit was 19.7 billion yen, an increase of 100.6% year-on-year.

(Reference) Overview of the quarterly consolidated accounting period

	Three months ended December 31, 2020	Three months ended December 31, 2021	Increase (Decrease)	
	Billions of yen	Billions of yen	Billions of yen	%
Revenue	230.2	216.4	(13.8)	-6.0
Gross profit	103.2	94.7	(8.5)	-8.3
Operating profit (loss)	3.2	(8.5)	(11.8)	—
Profit (loss) before tax	2.4	(9.3)	(11.7)	—
Profit (loss) attributable to owners of the Company	1.6	(8.9)	(10.5)	—
	Yen	Yen	Yen	%
Basic earnings (loss) per share	3.24	(18.09)	(21.33)	—
	Billions of yen	Billions of yen	Billions of yen	%
Capital expenditures	8.6	9.4	0.7	8.5
Depreciation and amortization expenses	19.3	18.8	(0.4)	-2.6
Research and development expenses	15.8	15.7	(0.0)	-0.5
	Billions of yen	Billions of yen	Billions of yen	%
Free cash flows	14.8	(21.5)	(36.4)	—
	Yen	Yen	Yen	%
Foreign exchange rates				
U.S. dollar	104.51	113.71	9.20	8.8
Euro	124.54	130.07	5.53	4.4

Overview of major segments

		Three months ended December 31, 2020	Three months ended December 31, 2021	Increase (Decrease)	
		Billions of yen	Billions of yen	Billions of yen	%
Digital Workplace Business	Revenue	125.0	107.6	(17.4)	-13.9
	Operating profit	3.1	(4.6)	(7.7)	—
Professional Print Business	Revenue	45.3	47.4	2.1	4.6
	Operating profit	(0.0)	(0.9)	(0.9)	—
Healthcare Business	Revenue	28.1	28.1	0.0	0.0
	Operating profit	(0.5)	(4.5)	(3.9)	—
Industry Business	Revenue	31.5	32.7	1.2	4.0
	Operating profit	4.7	5.2	0.4	9.8
Subtotal	Revenue	229.9	215.9	(14.0)	-6.1
	Operating profit	7.2	(4.8)	(12.1)	—
Others and adjustments (Note 2)	Revenue	0.2	0.4	0.2	96.2
	Operating profit	(4.0)	(3.7)	0.2	—
Amount reported in the Condensed Consolidated Statements of Profit or Loss	Revenue	230.2	216.4	(13.8)	-6.0
	Operating profit	3.2	(8.5)	(11.8)	—

(Notes)

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

(2) Qualitative Information on the Consolidated Financial Position

a. Analysis of Consolidated Financial Position

	As of March 31, 2021	As of December 31, 2021	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Total assets	1,299.7	1,269.9	(29.8)
Total liabilities	749.0	751.3	2.3
Total equity	550.7	518.5	(32.1)
Equity attributable to owners of the Company	539.8	507.0	(32.8)
	%	%	%
Equity ratio attributable to owners of the Company	41.5	39.9	-1.6

Total assets as of December 31, 2021, were 1,269.9 billion yen, a decrease of 29.8 billion yen (2.3%) from March 31, 2021. This is primarily attributed to a decrease of 20.6 billion yen in trade and other receivables, a decrease of 13.4 billion yen in property, plant, and equipment, a decrease of 13.3 billion yen in cash and cash equivalents, a decrease of 4.1 billion yen in other financial assets, a decrease of 3.5 billion yen in income tax receivables, an increase of 19.5 billion yen in inventories, and an increase of 6.4 billion yen in goodwill and intangible assets.

Total liabilities as of December 31, 2021, were 751.3 billion yen, an increase of 2.3 billion yen (0.3%) from March 31, 2021. This is primarily attributed to an increase of 23.0 billion yen in bonds and borrowings, an increase of 19.8 billion yen in other financial liabilities, a decrease of 24.1 billion yen in trade and other payables, a decrease of 6.8 billion yen in current liabilities, a decrease of 5.6 billion yen in deferred tax liabilities.

Total equity as of December 31, 2021, was 518.5 billion yen, a decrease of 32.1 billion yen (5.8%) from March 31, 2021.

Equity attributable to owners of the Company was 507.0 billion yen as of December 31, 2021, a decrease of 32.8 billion yen (6.1%) from March 31, 2021. This is primarily attributed to a decrease of 21.0 billion yen on share premiums, a decrease of 14.8 billion yen in retained earnings due to cash dividends, the recording of a loss attributable to owners of the Company of 13.2 billion yen and an increase of 15.8 billion yen in other components of equity (primarily exchange differences on translation of foreign operations).

As a result of the above, the equity ratio attributable to owners of the Company decreased 1.6 percentage points to 39.9%.

b. Analysis of Cash Flows

	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Increase (Decrease)
	Billions of yen	Billions of yen	Billions of yen
Cash flows from operating activities	40.6	31.4	(9.2)
Cash flows from investing activities	(32.8)	(41.0)	(8.2)
Total (Free cash flows)	7.8	(9.6)	(17.4)
Cash flows from financing activities	26.8	(5.7)	(32.6)

For the nine months ended December 31, 2021, net cash provided by operating activities was 31.4 billion yen, and net cash used in investing activities totaled 41.0 billion yen. As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 9.6 billion yen for the current period.

Net cash used in financing activities was 5.7 billion yen.

In addition, cash and cash equivalents as of December 31, 2021, decreased by 13.3 billion yen from March 31, 2021, to 110.5 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 314 billion yen. On top of the loss before tax of 12.0 billion yen, this is attributable to the net effects of cash inflows mainly due to depreciation and amortization expenses of 56.5 billion yen and a decrease in trade and other receivables of 26.5 billion yen and cash outflows mainly due to an increase in inventories of 15.8 billion yen and a decrease in trade and other payables of 10.9 billion yen.

Cash flows from investing activities

Net cash used in investing activities was 41.0 billion yen, mainly due to purchases of property, plant and equipment of 31.4 billion yen and purchases of intangible assets of 13.6 billion yen.

As a result, free cash flows (the sum of cash flows from operating activities and investing activities) were an outflow of 9.6 billion yen (an inflow of 7.8 billion yen for the same period in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities was 5.7 billion yen (net cash inflows of 26.8 billion yen for the same period in the previous fiscal year), reflecting inflow netted with redemption of bonds and repayments of long-term loans payable of 28.6 billion yen, repayments of lease liabilities of 14.5 billion yen, cash dividends paid of 14.5 billion yen, and proceeds from net increase in short-term loans payable of 51.7 billion yen.

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

The Company has decided an upward revision by 10.0 billion yen in revenue from the full-year consolidated forecasts released on November 2, 2021. This is mainly due to the fact that the production volume of toner for the Professional Print Business, which was expected to be significantly impacted by the suspension of operations due to the explosion at the Tatsuno Plant of Konica Minolta Supplies, Inc., has exceeded the forecasted amount, and the Company has some prospects on the improvement of equipment sales and non-hardware sales. The forecasts for operating profit and profit attributable to owners of the Company remained unchanged. Further, the exchange rates, which remain unchanged from those announced on November 2, 2021, representing 105 yen to the U.S. dollar and 125 yen to the euro, are retained as for the exchange rates to forecast the three months ending March 31, 2022.

Revenue and operating profit for the current period have exceeded the previous forecasts. While the demand for products, such as office MFPs, is recovering, the backlog at the end of nine-month period ended December 31, 2021 (the “end of the current period”) was more than expected, due to the delays in supply of products caused by prolonged logistics lead times. For the three months ending March 31, 2022, the Company will enforce the following strategies to increase the probability of achieving the full-year consolidated forecasts.

In the Digital Workplace Business, based on the assumption of prolonged logistics lead times, the Company will eliminate the backlog remained at the end of the current period at an early stage and attempt to increase sales and reduce inventories by expediting the product shipment from factories and implementing multi-track transportation routes to the customers. The Professional Print Business will raise production volumes of undersupplied toner from the previous forecasts, eliminate the backlogs, and resume sales promotion activities of digital printing devices which have been suppressed. The Healthcare Business plans to generate strong sales of DR and pulse oximeters and acquire new orders for medical IT. Furthermore, the Company continues to increase the numbers of the RNA testing and the genetic testing by the “CARE Program” and convert the backlog of pharmaceutical development support service into sales. In the Industry Business, the measuring instruments unit will realize sales from large orders of light source color measurement instruments and newly received orders of automotive visual inspection and hyperspectral imaging (HSI). The performance materials unit will increase sales from functional films for large screen TVs and proactively promote the new resin film and the long-wide film to the customers. The IJ components unit will expand sales in the strategic field such as IJ heads for industrial applications, including display manufacturing applications. The imaging-IoT solutions unit will realize revenue from growing large-scale orders. In addition to the increasing revenue and gross profit through above strategies, the Company will simultaneously work on maintaining and controlling the level of selling, general and administrative expenses. Thereby, the Company can generate cash and spend it on necessary business areas to promote the business portfolio transformation.

The above forecasts for results of operations are based on suppositions, outlooks, and plans as of the release date of this report, and as such they involve risks and uncertainties. Actual results may differ significantly from these forecasts due to various important factors, such as changes in economic conditions, market trends, and currency exchange rates.

Amounts less than one hundred million yen are rounded down to the nearest million yen in the “1. QUALITATIVE INFORMATION ON FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2021” section.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	123,823	110,517
Trade and other receivables	262,849	242,175
Inventories	156,942	176,535
Income tax receivables	7,609	4,086
Other financial assets	3,203	2,774
Other current assets	27,595	28,287
Total current assets	582,024	564,376
Non-current assets		
Property, plant and equipment	292,535	279,064
Goodwill and intangible assets	347,478	353,948
Investments accounted for using the equity method	9	9
Other financial assets	36,997	33,259
Deferred tax assets	36,365	34,934
Other non-current assets	4,342	4,356
Total non-current assets	717,728	705,571
Total assets	1,299,752	1,269,948

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Trade and other payables	185,793	161,654
Bonds and borrowings	92,072	115,387
Lease liabilities	18,833	11,557
Income tax payables	2,234	3,376
Provisions	12,270	9,830
Other financial liabilities	34,974	1,873
Other current liabilities	53,487	46,682
Total current liabilities	399,667	350,362
Non-current liabilities		
Bonds and borrowings	223,247	222,970
Lease liabilities	76,547	81,894
Retirement benefit liabilities	18,191	19,267
Provisions	7,054	7,195
Other financial liabilities	5,795	58,742
Deferred tax liabilities	11,219	5,537
Other non-current liabilities	7,327	5,427
Total non-current liabilities	349,382	401,034
Total liabilities	749,049	751,396
Equity		
Share capital	37,519	37,519
Share premium	203,753	182,653
Retained earnings	294,283	266,651
Treasury shares	(9,694)	(9,607)
Share acquisition rights	551	518
Other components of equity	13,475	29,286
Equity attributable to owners of the Company	539,888	507,021
Non-controlling interests	10,814	11,529
Total equity	550,703	518,551
Total liabilities and equity	1,299,752	1,269,948

(2) Condensed Consolidated Statements of Profit or Loss

Nine months ended December 31, 2020 and 2021

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Revenue	614,891	661,524
Cost of sales	350,682	371,372
Gross profit	264,208	290,152
Other income	8,969	6,156
Selling, general and administrative expenses	289,383	300,665
Other expenses	8,395	5,802
Operating profit (loss)	(24,601)	(10,159)
Finance income	3,381	3,593
Finance costs	7,247	5,508
Share of profit (loss) of investments accounted for using the equity method	12	—
Profit (loss) before tax	(28,454)	(12,074)
Income tax expense (income)	(8,320)	1,222
Profit (loss) for the period	(20,133)	(13,297)
Profit (loss) attributable to:		
Owners of the Company	(20,643)	(13,245)
Non-controlling interests	509	(51)
Earnings (loss) per share	Yen	Yen
Basic	(41.69)	(26.84)
Diluted	(41.69)	(26.84)

Three months ended December 31, 2020 and 2021

(Millions of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Revenue	230,231	216,420
Cost of sales	126,987	121,700
Gross profit	103,244	94,719
Other income	1,453	1,424
Selling, general and administrative expenses	98,451	102,303
Other expenses	2,971	2,436
Operating profit (loss)	3,275	(8,595)
Finance income	1,383	1,134
Finance costs	2,182	1,871
Share of profit (loss) of investments accounted for using the equity method	(30)	—
Profit (loss) before tax	2,445	(9,332)
Income tax expense (income)	493	(289)
Profit (loss) for the period	1,951	(9,043)
Profit (loss) attributable to:		
Owners of the Company	1,605	(8,929)
Non-controlling interests	346	(113)
Earnings (loss) per share	Yen	Yen
Basic	3.24	(18.09)
Diluted	3.24	(18.09)

(3) Condensed Consolidated Statements of Comprehensive Income

Nine months ended December 31, 2020 and 2021

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit (loss) for the period	(20,133)	(13,297)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(1,658)	21
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	2,645	675
Total items that will not be reclassified to profit or loss	986	697
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	98	148
Exchange differences on translation of foreign operations (net of tax)	(3,627)	15,671
Share of other comprehensive income (loss) of investments accounted for using the equity method (net of tax)	15	0
Total items that may be subsequently reclassified to profit or loss	(3,513)	15,820
Total other comprehensive income (loss)	(2,526)	16,517
Total comprehensive income (loss)	(22,660)	3,220
Total comprehensive income (loss) attributable to:		
Owners of the Company	(23,140)	3,015
Non-controlling interests	480	204

Three months ended December 31, 2020 and 2021

(Millions of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Profit (loss) for the period	1,951	(9,043)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans (net of tax)	(0)	-
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	929	371
Total items that will not be reclassified to profit or loss	929	371
Items that may be subsequently reclassified to profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	30	(202)
Exchange differences on translation of foreign operations (net of tax)	(143)	10,545
Total items that may be subsequently reclassified to profit or loss	(112)	10,343
Total other comprehensive income (loss)	816	10,714
Total comprehensive income (loss)	2,767	1,671
Total comprehensive income (loss) attributable to:		
Owners of the Company	2,241	1,928
Non-controlling interests	526	(257)

(4) Condensed Consolidated Statements of Changes in Equity

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2020	37,519	196,135	307,179	(9,684)	728	(8,133)	523,745	10,020	533,766
Profit (loss) for the period	—	—	(20,643)	—	—	—	(20,643)	509	(20,133)
Other comprehensive income (loss)	—	—	—	—	—	(2,497)	(2,497)	(29)	(2,526)
Total comprehensive income (loss)	—	—	(20,643)	—	—	(2,497)	(23,140)	480	(22,660)
Dividends	—	—	(9,904)	—	—	—	(9,904)	—	(9,904)
Acquisition and disposal of treasury shares	—	—	(94)	(107)	—	—	(202)	—	(202)
Share-based payments	—	(433)	—	—	(117)	—	(551)	—	(551)
Equity and other transactions with non-controlling shareholders	—	(108)	—	—	—	—	(108)	—	(108)
Put options written on non-controlling interests	—	2,004	—	—	—	—	2,004	—	2,004
Transfer from other components of equity to retained earnings	—	—	(2,933)	—	—	2,933	—	—	—
Total transactions with owners	—	1,461	(12,933)	(107)	(117)	2,933	(8,763)	—	(8,763)
Balance as of December 31, 2020	37,519	197,597	273,602	(9,792)	611	(7,696)	491,841	10,501	502,342

(Millions of yen)

	Share capital	Share premium	Retained earnings	Treasury shares	Share acquisition rights	Other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2021	37,519	203,753	294,283	(9,694)	551	13,475	539,888	10,814	550,703
Profit (loss) for the period	—	—	(13,245)	—	—	—	(13,245)	(51)	(13,297)
Other comprehensive income (loss)	—	—	—	—	—	16,261	16,261	255	16,517
Total comprehensive income (loss)	—	—	(13,245)	—	—	16,261	3,015	204	3,220
Dividends	—	—	(14,806)	—	—	—	(14,806)	—	(14,806)
Acquisition and disposal of treasury shares	—	—	(29)	86	—	—	57	—	57
Share-based payments	—	47	—	—	(33)	—	13	—	13
Changes in ownership interests in subsidiaries	—	(510)	—	—	—	—	(510)	510	—
Equity and other transactions with non-controlling shareholders	—	(82)	—	—	—	—	(82)	—	(82)
Put options written on non-controlling interests	—	(20,553)	—	—	—	—	(20,553)	—	(20,553)
Transfer from other components of equity to retained earnings	—	—	450	—	—	(450)	—	—	—
Total transactions with owners	—	(21,099)	(14,385)	86	(33)	(450)	(35,882)	510	(35,372)
Balance as of December 31, 2021	37,519	182,653	266,651	(9,607)	518	29,286	507,021	11,529	518,551

(5) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit (loss) before tax	(28,454)	(12,074)
Depreciation and amortization expenses	58,292	56,582
Share of (profit) loss of investments accounted for using the equity method	(12)	—
Interest and dividends income	(3,381)	(2,702)
Interest expenses	6,126	5,009
(Gain) loss on sales and disposals of property, plant and equipment, and intangible assets	710	1,306
(Increase) decrease in trade and other receivables	18,079	26,536
(Increase) decrease in inventories	9,032	(15,878)
Increase (decrease) in trade and other payables	(7,940)	(10,976)
Decrease due to transfer of rental assets	(3,463)	(2,697)
Increase (decrease) in retirement benefit liabilities	(466)	1,044
Others	(431)	(11,280)
Subtotal	48,091	34,870
Dividends received	644	622
Interest received	3,049	2,313
Interest paid	(7,149)	(5,559)
Income taxes (paid) refunded	(3,950)	(792)
Net cash provided by (used in) operating activities	40,684	31,454

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,266)	(31,444)
Purchase of intangible assets	(9,806)	(13,615)
Proceeds from sales of property, plant and equipment, and intangible assets	3,270	936
Purchase of investments in subsidiaries	(4,606)	—
Proceeds from sales of investments accounted for using the equity method	663	—
Proceeds from sales of investment securities	6	2,048
Proceeds from transfer of business	—	2,077
Payments for transfer of business	(771)	(38)
Others	(1,346)	(1,039)
Net cash provided by (used in) investing activities	(32,857)	(41,075)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	65,683	51,778
Proceeds from bonds issuance and long-term loans payable	10,788	171
Redemption of bonds and repayments of long-term loans payable	(21,227)	(28,649)
Repayments of lease liabilities	(15,176)	(14,540)
Cash dividends paid	(9,653)	(14,511)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,786)	—
Others	(733)	(1)
Net cash provided by (used in) financing activities	26,894	(5,752)
Effect of exchange rate changes on cash and cash equivalents	(444)	2,071
Net increase (decrease) in cash and cash equivalents	34,279	(13,305)
Cash and cash equivalents at the beginning of the period	89,901	123,823
Cash and cash equivalents at the end of the period	124,180	110,517

(6) Notes to the Condensed Consolidated Financial Statements
[Notes Regarding Going Concern Assumptions]
Not applicable.

[Other Income]

Components of other income are as follows:

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Subsidy income including compensation for sustaining businesses	5,515	1,915
Gain on transfer of business	—	1,811
Gain on settlement of retirement benefit plans	1,218	—
Others	2,235	2,429
Total	8,969	6,156

[Other Expenses]

Components of other expenses are as follows:

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Loss on sales and disposals of property, plant and equipment, and intangible assets	835	1,465
Business structure improvement expenses	3,541	603
Others	4,018	3,733
Total	8,395	5,802

[Segment Information]**(a) Reportable segments**

Operating segments of the Group are its components for which separate financial data is available and that are examined on a regular basis for the purpose of enabling the Group's management to decide on the allocation of resources and evaluate results of operations. The Group has established business units by product and service category and formulates comprehensive strategies and conducts business activities in Japan and overseas for the products and services of each business unit. The Group comprises operating segments organized by product and service category based on each business unit, and based on the operating segments, the Company has established four reportable segments as the "Digital Workplace Business," "Professional Print Business," "Healthcare Business," and "Industry Business" by taking into account the primary usage of products of the respective businesses in the markets and their similarities.

Businesses of each reportable segment are described as follows:

	Business content
Digital Workplace Business	Development, manufacture, and sales of MFPs and related consumables; provision of related services and solutions; provision of IT solution services
Professional Print Business	Development, manufacture, and sales of digital printing systems and related consumables; provision of various printing services and solutions
Healthcare Business	<u>Healthcare</u> Development, manufacture, and sales of, and provision of services for diagnostic imaging systems (digital X-ray diagnostic imaging, diagnostic ultrasound systems, and others); provision of digitalization, networking, solutions, and services in the medical field
	<u>Precision medicine</u> Genetic testing; provision of services related to primary care; provision of drug discovery support services
Industry Business	<u>Sensing</u> Development, manufacture, and sales of measuring instruments
	<u>Materials and Components</u> Development, manufacture, and sales of products, such as functional film displays, OLED lighting, industrial inkjet printheads, and lenses for industrial and professional use
	<u>Imaging-IoT Solutions</u> Development, manufacture, and sales of instruments related to imaging-IoT and visual; provision of related solution services

(b) Information by reportable segment

Information by reportable segment of the Group is as follows. Segment profit refers to operating profit of the segment.

Nine months ended December 31, 2020

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	336,267	118,759	73,599	85,466	614,093	797	—	614,891
Intersegment (Note 1)	1,581	119	408	1,796	3,905	11,119	(15,025)	—
Total	337,848	118,879	74,007	87,263	617,999	11,917	(15,025)	614,891
Segment profit (loss)	(6,201)	(8,799)	(7,102)	9,827	(12,276)	(564)	(11,760)	(24,601)

Nine months ended December 31, 2021

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	333,721	140,924	84,380	101,352	660,379	1,144	—	661,524
Intersegment (Note 1)	1,701	101	507	3,841	6,150	13,358	(19,509)	—
Total	335,423	141,025	84,887	105,194	666,530	14,503	(19,509)	661,524
Segment profit (loss)	(8,997)	499	(9,782)	19,715	1,435	(1,540)	(10,054)	(10,159)

(Notes)

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

Three months ended December 31, 2020

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	125,015	45,305	28,153	31,516	229,990	241	—	230,231
Intersegment (Note 1)	384	67	160	764	1,376	3,747	(5,124)	—
Total	125,399	45,372	28,313	32,280	231,366	3,989	(5,124)	230,231
Segment profit (loss)	3,109	(42)	(539)	4,770	7,298	(82)	(3,940)	3,275

Three months ended December 31, 2021

(Millions of yen)

	Reportable segments					Others (Note 2)	Adjustments (Note 3) (Note 4)	Total
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Total			
Revenue								
External	107,608	47,408	28,162	32,767	215,946	473	—	216,420
Intersegment (Note 1)	598	55	182	1,420	2,256	4,140	(6,397)	—
Total	108,207	47,463	28,345	34,187	218,203	4,614	(6,397)	216,420
Segment profit (loss)	(4,617)	(969)	(4,509)	5,239	(4,856)	(450)	(3,289)	(8,595)

(Notes)

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