KONICA MINOLTA, INC.

150 YEARS

AUDITED FINANCIAL REPORT 2023

Giving Shape to Ideas

Consolidated Statement of Financial Position

Konica Minolta, Inc. and Subsidiaries
As of March 31, 2023 and 2022

Assets	Note	Millions of yen 2023	Millions of yen 2022	Thousands of U.S. dollars 2023
Current assets				
Cash and cash equivalents	32	¥ **180,574**	¥ 117,670	$ **1,352,310**
Trade and other receivables	7, 14, 32	**313,494**	280,214	**2,347,742**
Inventories	8	**242,108**	185,661	**1,813,136**
Income tax receivables		**4,444**	3,884	**33,281**
Other financial assets	9, 32	**2,481**	970	**18,580**
Other current assets		**34,487**	30,449	**258,272**
Total current assets		**777,590**	618,851	**5,823,336**
Non-current assets				
Property, plant and equipment	10, 12	**289,127**	287,749	**2,165,259**
Goodwill and intangible assets	11, 12	**258,886**	354,094	**1,938,785**
Investments accounted for using the equity method	13	**391**	9	**2,928**
Other financial assets	9, 32	**21,444**	28,320	**160,593**
Deferred tax assets	15	**32,648**	29,570	**244,499**
Other non-current assets		**33,688**	19,527	**252,288**
Total non-current assets	5	**636,187**	719,272	**4,764,375**
Total assets		¥ **1,413,777**	¥ 1,338,124	$ **10,587,711**

Liabilities	Note	Millions of yen 2023	Millions of yen 2022	Thousands of U.S. dollars 2023
Current liabilities				
Trade and other payables	16, 32	¥ 200,508	¥ 182,063	$ 1,501,595
Bonds and borrowings	17, 18, 32	284,220	194,597	2,128,510
Lease liabilities	14, 18	17,985	17,336	134,689
Income tax payables		3,323	4,389	24,886
Provisions	19	14,910	11,319	111,660
Other financial liabilities	18, 20, 32	39,079	45,095	292,661
Other current liabilities		59,661	56,192	446,798
Total current liabilities		619,688	510,995	4,640,815
Non-current liabilities				
Bonds and borrowings	17, 18, 32	184,874	159,709	1,384,513
Lease liabilities	14, 18	81,211	77,012	608,185
Retirement benefit liabilities	21	8,839	10,603	66,195
Provisions	19	7,456	6,685	55,838
Other financial liabilities	18, 20, 32	1,533	4,076	11,481
Deferred tax liabilities	15	4,960	4,719	37,145
Other non-current liabilities		5,335	2,821	39,954
Total non-current liabilities		294,211	265,628	2,203,333
Total liabilities		913,899	776,623	6,844,147
Equity				
Share capital	22	37,519	37,519	280,978
Share premium	22	204,154	194,060	1,528,900
Retained earnings	22	164,682	269,461	1,233,296
Treasury shares	22	(9,358)	(9,517)	(70,082)
Share acquisition rights	31	427	464	3,198
Other components of equity	22	89,999	57,822	673,998
Equity attributable to owners of the Company		487,424	549,810	3,650,296
Non-controlling interests		12,453	11,690	93,260
Total equity		499,877	561,500	3,743,556
Total liabilities and equity		¥ 1,413,777	¥ 1,338,124	$ 10,587,711

Consolidated Statement of Profit or Loss

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

		Millions of yen		Thousands of U.S. dollars
	Note	2023	2022	2023
Revenue	5, 24	¥ 1,130,397	¥ 911,426	$ 8,465,491
Cost of sales	27	644,453	518,689	4,826,279
Gross profit		485,943	392,736	3,639,205
Other income	25	6,533	10,274	48,925
Selling, general and administrative expenses	27	456,204	404,890	3,416,491
Other expenses	12, 26, 27	131,398	20,418	984,034
Operating loss	5	(95,125)	(22,297)	(712,387)
Finance income	28	4,024	6,892	30,136
Finance costs	28	10,675	8,211	79,945
Share of loss in investments accounted for using the equity method	13	(96)	-	(719)
Loss before tax		(101,872)	(23,617)	(762,915)
Income tax expense	15	1,944	2,589	14,559
Loss for the year		¥ (103,816)	¥ (26,206)	$ (777,473)
Loss for the year attributable to:				
Owners of the Company		¥ (103,153)	¥ (26,123)	$ (772,508)
Non-controlling interests		(663)	(83)	(4,965)

		Yen		U.S. dollars
Loss per share	29			
Basic		¥(208.89)	¥(52.93)	$(1.56)
Diluted		(208.89)	(52.93)	(1.56)

Consolidated Statement of Comprehensive Income

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Note	Millions of yen 2023	Millions of yen 2022	Thousands of U.S. dollars 2023
Loss for the year		¥ (103,816)	¥ (26,206)	$ (777,473)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans (net of tax)	30	9,466	14,140	70,890
Net gain (loss) on revaluation of financial assets measured at fair value (net of tax)	30	(335)	1,571	(2,509)
Total items that will not be reclassified to profit or loss		9,130	15,711	68,374
Items that may be subsequently reclassified to profit or loss				
Net gain (loss) on derivatives designated as cash flow hedges (net of tax)	30	(21)	408	(157)
Exchange differences on translation of foreign operations (net of tax)	30	34,894	44,872	261,320
Share of other comprehensive income of investments accounted for using the equity method (net of tax)	13, 30	-	0	-
Total items that may be subsequently reclassified to profit or loss		34,872	45,280	261,155
Total other comprehensive income		44,003	60,992	329,536
Total comprehensive income for the year		¥ (59,812)	¥ 34,786	$ (447,929)
Total comprehensive income for the year attributable to:				
Owners of the Company		¥ (60,228)	¥ 34,397	$ (451,045)
Non-controlling interests		415	388	3,108

Consolidated Statement of Changes in Equity

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

		Millions of yen								
	Note	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
Previous balance reported at April 1, 2021		¥ 37,519	¥ 203,753	¥ 294,283	¥ (9,694)	¥ 551	¥ 13,475	¥ 539,888	¥ 10,814	¥ 550,703
Loss for the year		-	-	(26,123)	-	-	-	(26,123)	(83)	(26,206)
Other comprehensive income	30	-	-	-	-	-	60,520	60,520	471	60,992
Total comprehensive income for the year		-	-	(26,123)	-	-	60,520	34,397	388	34,786
Dividends	23	-	-	(14,806)	-	-	-	(14,806)	(23)	(14,830)
Acquisition and disposal of treasury shares	22	-	-	(66)	177	-	-	111	-	111
Share-based payments	31	-	53	-	-	(87)	-	(34)	-	(34)
Changes in ownership interests in subsidiaries		-	(510)	-	-	-	-	(510)	510	-
Equity and other transactions with non-controlling shareholders		-	(84)	-	-	-	-	(84)	-	(84)
Put options written on non-controlling interests		-	(9,150)	-	-	-	-	(9,150)	-	(9,150)
Transfer from other components of equity to retained earnings	22	-	-	16,173	-	-	(16,173)	-	-	-
Total transactions with owners		-	(9,692)	1,300	177	(87)	(16,173)	(24,475)	486	(23,988)
Balance at March 31, 2022		37,519	194,060	269,461	(9,517)	464	57,822	549,810	11,690	561,500
Loss for the year		**-**	**-**	**(103,153)**	**-**	**-**	**-**	**(103,153)**	**(663)**	**(103,816)**
Other comprehensive income	30	**-**	**-**	**-**	**-**	**-**	**42,924**	**42,924**	**1,079**	**44,003**
Total comprehensive income for the year		**-**	**-**	**(103,153)**	**-**	**-**	**42,924**	**(60,228)**	**415**	**(59,812)**
Dividends	23	**-**	**-**	**(12,343)**	**-**	**-**	**-**	**(12,343)**	**-**	**(12,343)**
Acquisition and disposal of treasury shares	22	**-**	**-**	**(28)**	**158**	**-**	**-**	**130**	**-**	**130**
Share-based payments	31	**-**	**(90)**	**-**	**-**	**(36)**	**-**	**(126)**	**-**	**(126)**
Changes in ownership interests in subsidiaries		**-**	**187**	**-**	**-**	**-**	**-**	**187**	**347**	**534**
Equity and other transactions with non-controlling shareholders		**-**	**(20)**	**-**	**-**	**-**	**-**	**(20)**	**-**	**(20)**
Put options written on non-controlling interests		**-**	**10,016**	**-**	**-**	**-**	**-**	**10,016**	**-**	**10,016**
Transfer from other components of equity to retained earnings	22	**-**	**-**	**10,747**	**-**	**-**	**(10,747)**	**-**	**-**	**-**
Total transactions with owners		**-**	**10,093**	**(1,624)**	**158**	**(36)**	**(10,747)**	**(2,156)**	**347**	**(1,809)**
Balance at March 31, 2023		**¥ 37,519**	**¥ 204,154**	**¥ 164,682**	**¥ (9,358)**	**¥ 427**	**¥ 89,999**	**¥ 487,424**	**¥ 12,453**	**¥ 499,877**

	Thousands of U.S. dollars								
	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 at March 31, 2022	$ 280,978	$ 1,453,306	$ 2,017,981	$ (71,272)	$ 3,475	$ 433,026	$ 4,117,502	$ 87,546	$ 4,205,048
Loss for the year	-	-	(772,508)	-	-	-	(772,508)	(4,965)	(777,473)
Other comprehensive income	-	-	-	-	-	321,456	321,456	8,081	329,536
Total comprehensive income for the year	-	-	(772,508)	-	-	321,456	(451,045)	3,108	(447,929)
Dividends	-	-	(92,436)	-	-	-	(92,436)	-	(92,436)
Acquisition and disposal of treasury shares	-	-	(210)	1,183	-	-	974	-	974
Share-based payments	-	(674)	-	-	(270)	-	(944)	-	(944)
Changes in ownership interests in subsidiaries	-	1,400	-	-	-	-	1,400	2,599	3,999
Equity and other transactions with non-controlling shareholders	-	(150)	-	-	-	-	(150)	-	(150)
Put options written on non-controlling interests	-	75,009	-	-	-	-	75,009	-	75,009
Transfer from other components of equity to retained earnings	-	-	80,484	-	-	(80,484)	-	-	-
Total transactions with owners	-	75,586	(12,162)	1,183	(270)	(80,484)	(16,146)	2,599	(13,548)
Balance at March 31, 2023	$ 280,978	$ 1,528,900	$ 1,233,296	$ (70,082)	$ 3,198	$ 673,998	$ 3,650,296	$ 93,260	$ 3,743,556

Consolidated Statement of Cash Flows

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Note	Millions of yen		Thousands of U.S. dollars
		2023	2022	2023
Cash flows from operating activities				
Loss before tax		¥ (101,872)	¥ (23,617)	$ (762,915)
Depreciation and amortization expenses		75,295	75,754	563,881
Impairment losses and reversal of impairment losses	12	116,668	10,951	873,721
Share of loss in investments accounted for using the equity method		96	-	719
Interest and dividends income		(3,753)	(3,256)	(28,106)
Interest expenses		9,144	6,565	68,479
Losses on sales and disposals of property, plant and equipment and intangible assets		939	1,697	7,032
(Increase) Decrease in trade and other receivables		(14,007)	3,995	(104,898)
Increase in inventories		(46,878)	(17,301)	(351,067)
Increase in trade and other payables		2,305	2,141	17,262
Decrease due to transfer of rental assets		(5,279)	(4,017)	(39,534)
Decrease in retirement benefit liabilities		(2,646)	(2,748)	(19,816)
Others		(3,685)	(10,112)	(27,597)
Subtotal		26,326	40,051	197,154
Dividends received		640	622	4,793
Interest received		3,265	2,566	24,451
Interest paid		(8,909)	(6,499)	(66,719)
Income taxes (paid) refunded		(8,003)	696	(59,934)
Net cash provided by operating activities		13,319	37,438	99,745
Cash flows from investing activities				
Purchase of property, plant and equipment		(21,770)	(41,261)	(163,035)
Purchase of intangible assets		(19,009)	(19,784)	(142,358)
Proceeds from sales of property, plant and equipment, and intangible assets		948	1,086	7,100
Purchase of investments in subsidiaries		(806)	-	(6,036)
Proceeds from sales of investments in subsidiaries		-	2,155	-
Proceeds from sales of investment securities		4,709	6,162	35,265
Proceeds from transfer of business		-	2,077	-
Payments for transfer of business		(89)	(38)	(667)
Others		(1,481)	(1,398)	(11,091)
Net cash used in investing activities		(37,498)	(50,999)	(280,821)
Cash flows from financing activities				
Increase in short-term loans payable	18	114,153	57,879	854,887
Proceeds from bonds issuance and long-term loans payable	17, 18	133,841	10,670	1,002,329
Redemption of bonds and repayments of long-term loans payable	17, 18	(131,546)	(32,314)	(985,142)
Repayments of lease liabilities	18	(20,251)	(19,206)	(151,659)
Cash dividends paid	23	(12,424)	(14,877)	(93,043)
Payment of dividends to non-controlling shareholders		-	(23)	-
Proceeds from stock issuance to non-controlling interests		470	-	3,520
Proceeds from sales of investments in subsidiaries without loss of control		78	-	584
Others		(1)	(1)	(7)
Net cash provided by financing activities		84,321	2,125	631,476
Effect of exchange rate changes on cash and cash equivalents		2,760	5,283	20,670
Net increase (decrease) in cash and cash equivalents		62,904	(6,152)	471,085
Cash and cash equivalents at the beginning of the year		117,670	123,823	881,225
Cash and cash equivalents at the end of the year		¥ 180,574	¥ 117,670	$ 1,352,310

Notes to the Consolidated Financial Statements

Konica Minolta, Inc. and Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

1. Reporting company

Konica Minolta, Inc. (the "Company") is a company incorporated and located in Japan and listed on the Prime Market of the Tokyo Stock Exchange. The consolidated financial statements comprise the Company and its subsidiaries (the "Group") and the Group's interest in associates. The principal businesses are those related to Digital Workplace Business, Professional Print Business, Healthcare Business and Industry Business.

Toshimitsu Taiko, Director, President and CEO, and Representative Executive Officer of the Company authorized the consolidated financial statements for the fiscal year ended March 31, 2023 for issue on June 20, 2023.

2. Basis of preparation

(1) Statement of compliance

As the Company satisfies all conditions stipulated for a "Specified Company under Designated International Accounting Standards" as provided in Article 1-2 of the "Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements", the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as provided in Article 93 of the same regulation.

(2) Basis of measurement

The consolidated financial statements of the Group are prepared on the basis of historical cost, except for financial instruments measured at fair value, post-retirement benefit plan liabilities and post-retirement benefit plan assets, etc. as described in note 3 "Significant accounting policies".

(3) Functional and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. All financial information presented in Japanese yen has been rounded down to the million.

Financial information in United States (U.S.) dollars is included solely for the convenience of readers, and are translated from the corresponding Japanese yen amounts using the exchange rate on March 31, 2023, which is ¥133.53 to U.S. $1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

(4) Changes in accounting policies

The Group applied the same accounting policies that were applied to the consolidated financial statements of the previous fiscal year. There are no changes in accounting policies.

There were minor changes in some standards; however, they do not have a material impact on the Group's results of operations and financial position.

(5) Standards and interpretations announced but not adopted

Standards and interpretations that were announced by the approval date of the consolidated financial statements of the Group are described below.

As of the end of current fiscal year, the Group has not adopted these standards and interpretations. The Group has determined that the impact of these standards and interpretations is not significant on the consolidated financial statements in the fiscal year ending March 31, 2024, which is the fiscal year in which the Group will adopt these standards and interpretations. The Group is considering the impact of these standards and interpretations on the consolidated financial statements in or after the fiscal year ending March 31, 2025, which is the fiscal year in which the Group will adopt these standards and interpretations.

Standards and interpretations	Mandatory adoption (From fiscal year beginning on or after)	Fiscal year in which Company will adopt standard	Summary
IAS 12 Income Taxes	January 1, 2023	Fiscal year ending March 31, 2024	Amendment to deferred tax related to assets and liabilities arising from a single transaction
IFRS 16 Leases	January 1, 2024	Fiscal year ending March 31, 2025	Lease liabilities in sale and leaseback transactions

3. Significant accounting policies

Significant accounting policies of the Group are described below. These policies have been applied consistently to all fiscal years presented in the consolidated financial statements.

(1) Basis of consolidation

The consolidated financial statements of the Group have been prepared based on the financial statements of the Company, its subsidiaries, and the Group's associates and joint ventures, which applied the accounting policies consistently.

The financial statements of subsidiaries, associates and joint ventures have been adjusted when necessary for them to align with the Group accounting policies.

1) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when, it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that the control commences until the date that the control ceases. In the event that the control continues after the Company has relinquished a portion of its interest in subsidiaries, this change is accounted for as a transaction with owners. Adjustments to non-controlling interests (NCI) and differences with the fair value of consideration are recognized directly in equity as equity attributable to owners of the Company.

Balances and transactions within the Group and any unrealized income and expenses arising from these transactions are eliminated in preparing the consolidated financial statements.

With respect to the comprehensive income of subsidiaries, even if the balance of NCI is negative, this income is attributed to owners of the Company and NCI respectively based on their proportional ownership.

2) Associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities.

Joint ventures are those entities over which multiple parties including the Group have joint control under a contractual arrangement whereby unanimous consent is required for important decision-making on business activities of the entity, and have rights to net assets of the entity under this arrangement.

Investments in associates and joint ventures are accounted for using the equity method. Investments in associates and joint ventures to which the equity method was applied (hereafter, "associates accounted for using the equity method") are initially recognized at cost. Subsequent to initial recognition, the Group's share in the profit or loss and other comprehensive income (OCI) of associates accounted for using the equity method, is recognized as changes in the Group's investment in associates accounted for using the equity method from the day that significant influence or joint control commences until the date that significant influence or joint control ceases.

(2) Business combinations

The Group accounts for business combinations using the acquisition method, recording as historical cost the total amount of the fair value of the consideration transferred on the acquisition date and the recognized amount of any NCI in the acquiree. NCI are measured based on the proportional ownership of their fair value or the fair value of the recognized amount of the identifiable assets acquired and liabilities assumed. If put options are written on non-controlling interests, the Group derecognizes non-controlling interests related to these put options and recognizes financial liabilities for the present value of the redemption price, and the difference was recorded as share premium.

In the event the total amount of the fair value of consideration transferred, the recognized amount of NCI and the fair value of the pre-existing interest in the acquiree as of the date on which control was acquired exceeds the net recognized amount of the identifiable assets acquired and liabilities assumed on the date of acquisition, this excess is recognized as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Additional acquisitions of NCI subsequent to the initial acquisition are treated as capital transactions, and no goodwill is recognized on these transactions.

In the case of business combinations achieved in stages, pre-existing interest in the acquiree held by the Group is remeasured at fair value as of the date when control is obtained and any resulting gains or losses are recognized in profit or loss.

Intermediary fees, attorneys' fees, due diligence fees and other specialist remuneration, consulting fees and any similar costs are expensed as incurred.

If the initial accounting for a business combination is not completed by the end of the fiscal year in which that business combination occurred, uncompleted items are recognized at their provisional amounts. If information pertaining to the reality and conditions likely to affect the measurement of amounts recognized on the acquisition date and information on the determined period (the "measurement period") exist and are known on the acquisition date, that information is reflected and the provisionally recognized amounts are retroactively adjusted on the acquisition date. This additional information may be recognized as additional assets and liabilities. The maximum measurement period is one year.

(3) Foreign currency translation

1) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. The foreign operations of the Group principally use local currencies as their functional currencies. However, if the currency of the primary economic environment in which an entity operates is other than its local currency, the functional currency other than the local currency is used.

2) Foreign currency transactions

Foreign currency transactions, or transactions that occur in currencies other than entities' functional currencies, are translated to the respective functional currencies of the Group entities at exchange rates or approximate rates at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate on the fiscal year-end date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences resulting from translation or settlement are recognized in profit or loss. However, foreign currency differences resulting from financial instruments measured at fair value through OCI, cash flow hedges and a hedge of the net investment in a foreign operation are recognized in OCI.

3) Foreign operations

The assets and liabilities of foreign operations employing functional currencies other than Japanese yen are translated to Japanese yen at the exchange rates as of the fiscal year-end date, while income, expenses and cash flows are translated to Japanese yen at the exchange rates on their transaction dates or at the average exchange rates for the fiscal period that approximates the exchange rates on their transaction dates. Resulting foreign currency differences are recognized in OCI, and their cumulative amount is presented in other components of equity.

In the event all interests in a foreign operation are disposed or a portion of the interest is disposed such that the control is lost, these cumulative amount in the other components of equity is reclassified in whole or in part, from OCI to profit or loss in the period of disposal.

4) Hedge of a net investment in a foreign operation

The Group uses financial instruments to hedge a portion of its foreign exchange exposure in equity investments in foreign operations, adopting hedge accounting for this purpose.

Foreign currency differences arising from translation of the financial instruments designated as a hedge of a net investment in a foreign operation are recognized in OCI to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. Concerning the effective portion of the hedge that is recognized as OCI, in the event all interests in a foreign operation are disposed or a portion of the interest is disposed such that the control is lost, the relevant amount is transferred from OCI to profit or loss in the period of disposal.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be withdrawn as needed, and short-term investments that are easily converted into cash with little risk from a change in value.

(5) Financial instruments

The Group initially recognizes financial instruments as financial assets and liabilities on the transaction date on which the Group becomes a party to the contractual provisions of these financial instruments.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the contractual rights to receive the cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group only sets off the balances of financial assets and financial liabilities and presents their net amount in the consolidated statement of financial position if the Group has the legal right to set off these balances and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value of financial instruments that are traded in active financial markets at the fiscal year-end makes reference to quoted market prices of identical assets and liabilities. If there is no active market, fair value of financial instruments is determined using appropriate valuation techniques.

1) Non-derivative financial assets

Upon initial recognition, the Group classifies and holds non-derivative financial assets as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (FVTOCI) (debt instruments and equity instruments), and financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

The Group classifies financial assets as financial assets measured at amortized cost only if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For these financial assets, trade receivables that do not contain any significant financial component are initially measured at the transaction price, and other financial assets are initially measured at their fair value plus transaction costs. After initial recognition, the financial assets are measured at amortized cost using the effective interest method.

(b) Financial assets measured at FVTOCI

Upon initial recognition, the Group elects irrevocably to recognize the valuation differences of those equity instruments held to expand its revenue base by maintaining or strengthening relations with business partners in OCI.

Debt instruments are classified as financial assets measured at FVTOCI only if the instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and if the contractual terms give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVTOCI are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, fair value is measured, and any changes in fair value are recognized in OCI. Upon derecognition of these financial assets or when they fall substantially below their fair value, the cumulative amounts recognized in OCI are transferred to retained earnings.

Dividends on financial assets measured at FVTOCI are recognized as finance income in profit or loss.

(c) Financial assets measured at FVTPL

The Group measures all financial assets that are not classified as financial assets measured at amortized cost or FVTOCI described above at fair value with changes in the fair value recognized in profit or loss.

Transaction costs related to financial assets measured at FVTPL are recognized in profit or loss as incurred.

(d) Impairment of financial assets

The Group recognizes allowance for doubtful accounts for expected credit loss for impairment of financial assets measured at amortized cost, lease receivables, contract assets, and debt instruments measured at FVTOCI. The Group assesses, at the end of each reporting period, whether credit risk on the financial asset measured has significantly increased since initial recognition. If credit risk has not significantly increased since initial recognition, an amount equal to 12-month expected credit loss is recognized as allowance for doubtful accounts. On the other hand, if credit risk has significantly increased since initial recognition, an amount equal to lifetime expected credit loss is recognized as allowance for doubtful accounts. However, for trade receivables that do not contain any significant financial component, lease receivables and contract assets, the Group does not assess whether credit risk has significantly increased since initial recognition and always recognizes an amount equal to lifetime expected credit loss as allowance for doubtful accounts. In addition, the Group quarterly confirms whether there is any objective evidence showing an indication of impairment such as significant deterioration of financial position of the borrower or a group of borrowers, default or delinquency in payment and bankruptcy of the borrower.

Specific expected credit loss is measured on individually significant financial assets. Financial assets that are not individually significant are collectively measured for expected credit loss by grouping together financial assets with similar risk characteristics.

Expected credit loss is measured at an amount calculated by discounting a difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows that the entity expects to receive, using the original effective interest rate, and is recognized in profit or loss by recognizing the allowance for doubtful accounts. Subsequently, if the Group determines that the financial asset is non-recoverable due to deterioration of the business partner's financial position and other reasons, the carrying amount of the asset is directly reduced, offsetting the carrying amount by the allowance for doubtful accounts.

2) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these liabilities are measured at amortized cost using the effective interest method. However, contingent consideration on recognition as a financial liability is remeasured at fair value and any changes are recognized in profit or loss.

3) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge exchange rate risk exposures and interest rate risk exposures. The Group limits its transactions in these instruments to those actually required for hedging purposes and not for speculation purposes.

Derivative financial instruments are initially recognized at fair value, with any attributable transaction costs recognized in profit or loss as they occur. After initial recognition, fair value is remeasured, and the following accounting policies are applied for changes depending on whether the derivative financial instruments specified as the hedging instrument satisfy the conditions for hedge accounting. The Group specifies those derivative financial instruments that satisfy the conditions for hedge accounting as hedging instruments and applies hedge accounting on them.

(a) Derivative financial instruments that do not satisfy the conditions for hedge accounting

The Group recognizes changes in fair value of derivative financial instruments that do not satisfy the conditions for hedge accounting in profit or loss. However, the changes in fair value of put options written on non-controlling interests are recognized in share premium.

(b) Derivative financial instruments that satisfy the conditions for hedge accounting

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, and the objectives and strategies of risk management for undertaking the hedge, as well as the method for assessing the effectiveness of the hedge. At the inception of the hedge and on an ongoing basis thereafter, hedges are assessed as to whether the derivative specified as the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

For cash flow hedge, the effective portion of changes in the fair value of the hedging instrument is recognized in OCI, while the ineffective portion is recognized immediately in profit or loss. The cumulative profits or losses recognized through OCI are reclassified from OCI to profit or loss in the consolidated statement of comprehensive income in the same period during which the cash flows of the hedged item affect profit and loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or if the forecast transaction is no longer expected to occur, then hedge accounting is discontinued prospectively.

(6) Inventories

The cost of inventories includes purchase costs, processing costs and all other costs incurred to bring inventories to their present location and condition.

Inventories are measured at the lower of cost or net realizable value. The weighted average method is used to calculate cost. If net realizable value is less than the cost, that difference is accounted for as a write off and recognized as an expense. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to make the sale.

(7) Property, plant and equipment (excluding right-of-use assets)

The cost of property, plant and equipment includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs, as well as borrowing costs that satisfy the conditions for capitalization.

When measuring property, plant and equipment after initial recognition, the cost model is adopted, whereby such items are measured at cost less accumulated depreciation and accumulated impairment losses.

Except for land and construction in progress, the cost less residual value of each asset is depreciated on a straight-line basis over its estimated useful life.

Estimated useful life, residual value or depreciation method are reviewed at the fiscal year-end date, and the effect of any changes in estimate are accounted for during the period in which the change occurred and on a prospective basis. The effect of any changes in estimate is recognized in the period in which the change occurs.

The estimated useful lives of major assets are as follows:

Buildings and structures:	3–50 years
Machinery and vehicles:	2–15 years
Tools and equipment:	2–20 years
Rental assets:	3–5 years

(8) Goodwill

Details on the measurement of goodwill at initial recognition are described in (2) Business combinations.

Goodwill is not amortized. It is allocated to an asset, cash-generating unit (CGU) or group of CGUs that are identified according to locations and types of business and tested for impairment annually or when there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss, and no subsequent reversal is made.

After initial recognition, goodwill is presented at cost less accumulated impairment losses.

(9) Intangible assets

Intangible assets acquired separately are measured at cost at the initial recognition, and the cost of intangible assets acquired through business combinations are recognized at fair value at the acquisition date.

Expenditures on internally generated intangible assets are recognized as expenses in the period when incurred, except for those that satisfy the criteria for recognition as assets. Internally generated intangible assets that satisfy the criteria for recognition as assets are stated at cost in the total amount of spending that is incurred after the assets first met recognition criteria.

When performing subsequent measurement of intangible assets, the cost model is adopted and such items are measured at cost less accumulated amortization and accumulated impairment losses.

1) Intangible assets with definite useful lives

Intangible assets for which useful lives can be determined are amortized on a straight-line basis over their estimated useful lives from the date the assets are available for use. These assets are also tested for impairment whenever there is any indication of impairment.

Estimated useful lives, residual values and amortization methods are reviewed at fiscal year-end date, and the effect of any changes in estimate are accounted for during the period in which the change occurred and on a prospective basis. The effect of any changes in estimate is recognized in the period in which the change occurs.

The estimated useful lives of major assets are as follows:

Customer relationships:	5–21 years
Software:	3–10 years
Technologies:	6–18 years
Others:	4–20 years

2) Intangible assets with indefinite useful lives and intangible assets that are not yet in use

Intangible assets for which useful lives cannot be determined and intangible assets that are not yet in use are not amortized. These assets are tested for impairment each fiscal year and whenever any indication of impairment is identified.

(10) Research and development expense

Research-related expenditures are recognized as expenses when incurred. Development-related expenditures are recorded as assets only when they can be reliably measured, when they are technologically and commercially realizable as products or processes, when they are highly likely to generate future economic benefits, and when the Group intends to complete development and use or sell the assets and has sufficient resources to do so. Other expenditures are recognized as expenses when incurred.

(11) Leases

1) Lessees

The Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease, excluding short-term leases and leases of low-value assets.

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Interest expense is allocated over the lease term using a constant rate on the remaining balance of lease liabilities, and is recognized as an expense in the attributable period.

Right-of-use assets are measured at the amount of the initial measurement of the lease liability, adjusted by any initial direct costs and adding restoring costs of the underlying asset. After the initial measurement, the Group applies a cost model and measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses, presented as property, plant and equipment in the consolidated statement of financial position. Costs are depreciated over the shorter period of the estimated useful life or the lease term of the underlying asset on a straight-line basis.

Lease payments relating to the short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

2) Lessors

The Group classifies leases as finance leases when lease agreements transfer substantially all the risks and rewards incidental to ownership to the lessee. All other lease agreements are classified as operating leases.

In finance lease transactions, investment in the lease is recognized in the consolidated statement of financial position as trade and other receivables. Unearned finance income is apportioned at a constant rate against net investment over the lease term and recognized as revenue in the period to which it is attributable.

In operating lease transactions, underlying assets are recorded as property, plant and equipment in the consolidated statement of financial position. Lease payments are recognized as revenue on a straight-line basis over the lease term.

(12) Impairment of non-financial assets and investments accounted for using the equity method

During each fiscal year, the Group assesses whether there is any indication that a non-financial asset (excluding inventories, deferred tax assets and post-retirement benefit plan assets) or investment accounted for using the equity method may be impaired. If any such indication exists, then an impairment test is performed. For goodwill and intangible assets with indefinite useful lives or that are not yet in use, an impairment test is performed each year and whenever there is any indication of impairment.

In an impairment test, the recoverable amount is estimated, and the carrying amount and recoverable amount are compared. The recoverable amount of an asset, CGU or group of CGUs is determined at the higher of its fair value less costs of disposal or its value in use. In determining the value in use, estimated future cash flows are discounted to the present value, using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In calculating the fair value less costs of disposal, the Group uses an appropriate valuation model based on available fair value inputs.

If as the result of the impairment test, the recoverable amount of an asset, CGU or group of CGUs is below its carrying amount, an impairment loss is recognized. In recognizing impairment losses on CGUs, including goodwill, first the carrying amount of goodwill allocated to the CGUs is reduced. Next, the carrying amounts of other assets within the CGUs are reduced proportionally.

If there is any indication that an impairment loss recognized in previous periods may be reversed, the impairment loss is reversed if the recoverable amount exceeds the carrying amount as a result of estimating the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses on goodwill are not reversed.

Goodwill that forms part of the carrying amount of an investment accounted for using the equity method is not recognized separately, and the investment accounted for using the equity method is to be impaired as a single asset.

(13) Non-current assets or disposal groups classified as held for sale

For non-current assets or disposal groups that are not in continuing use and for which recovery through sale is expected, that are highly likely to be sold within one year, and that can be quickly sold in their current condition, assets held for sale and liabilities directly related to assets held for sale are classified into disposal groups separately from other assets and liabilities and recorded in the consolidated statement of financial position.

(14) Employee benefits

1) Post-retirement benefits

The Group employs defined benefit plans and defined contribution plans as post-retirement benefit plans for employees.

(a) Defined benefit plans

The Group calculates the present value of the defined benefit obligations, related current service cost and past service cost using the projected unit credit method.

For a discount rate, a discount period is determined based on the period until the expected date of benefit payment in each fiscal year, and the discount rate is determined by reference to market yields for the period corresponding to the discount period at the end of the fiscal year on high-quality corporate bonds.

Assets and liabilities related to the post-retirement benefit plans are calculated by the present value of the defined benefit obligation, deducting the fair value of any plan assets, and their amounts are recognized in the consolidated statement of financial position. The net amount of interest income related to plan assets in the post-retirement benefit plans, interest costs related to defined benefit obligation, and current service cost is recognized as profit or loss.

Remeasurements of defined benefit pension plans are recognized in full in OCI in the period when they are incurred and transferred to retained earnings from other components of equity immediately. The entire amount of past service costs is recognized as profit or loss in the period when incurred.

(b) Defined contribution plans

The cost for defined-contribution post-retirement benefit plans is recognized as an expense when related services are provided by the employee.

2) Short-term employee benefits

Short-term employee benefits are not discounted, but are recognized as expenses when related services are provided by the employee.

If the Group has a present legal or constructive obligation to pay bonuses and paid vacation expenses and the obligation can be estimated reliably, a liability is recognized for the estimated payment amounts.

(15) Share-based payment

1) Share option plan

The Group has in place for directors (excluding outside directors), executive officers, and group executives of the Company a share option plan as an equity-settled share-based payment plan. Share options are estimated at fair value at grant date and are recognized as an expense over the vesting period after considering the number of share options that are expected to be eventually vested. The corresponding amount is recognized as an increase in equity. For the share option plan, the Group has decided not to grant new share options after the 12th share options, which were issued in August 2016, being as the last ones.

2) Share-based payment plan

The Group has in place for non-executive inside directors, executive officers, corporate vice presidents and technology fellows of the Company an equity-settled Directors' Compensation Board Incentive Plan (BIP) Trust. In addition, the Company's shares held by the trust are recognized as treasury shares. Consideration for services received is measured by reference to fair value of the Company's shares on the grant date and recognized as expenses from the grant date over the vesting period, and the corresponding amount is recognized as share premium.

(16) Provisions

The Group has present legal or constructive obligations resulting from past events and recognizes provisions when it is probable that the obligations are required to be settled and the amount of the obligations can be estimated reliably.

Where the effect of the time value of money is material to the provisions, the amount of provisions is measured at the present value of the estimated future cash flows discounted to present value using the pre-tax discount rates reflecting current market assessments of the time value of money and the risks specific to the liability. Reversals of discounts to reflect the passage of time are recognized as finance costs.

(17) Revenue

The Group recognizes revenue based on the following five steps.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) a performance obligation is satisfied

Revenue from sales of goods is recognized when control of the goods is transferred to a customer, and revenue is measured at an amount of the consideration promised in a contract with a customer less returns, discounts, rebates, and other similar items.

Revenue from providing services is recognized upon completion of providing services when the performance obligation is satisfied at a point in time, and it is recognized over the term of a contract depending on the progress at the end of each reporting period when the performance obligation is satisfied over time.

The incremental costs of obtaining a contract with a customer, and the costs incurred to fulfill a contract with a customer, are capitalized if they are expected to be recovered. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Assets recognized from contract costs are amortized on a straight-line basis over the estimated contract period of the customer.

(18) Government grants

The Group initially recognizes government grant as deferred income at fair value when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attached to it.

After initial recognition, grants associated with assets are recognized in profit or loss on a systematic basis over the useful lives of the assets. For grants associated with revenue, revenue is recognized as other income in profit or loss in the periods when related expenses are recognized.

(19) Income taxes

Current and deferred taxes are stated as income tax expense in the consolidated statement of profit or loss except when they relate to business combinations or on items recognized in OCI or directly in equity.

The current and deferred taxes relating to items recognized in OCI are recognized as OCI.

"The International Tax Reform—Pillar Two Model Rules (amendments to IAS 12)" (hereinafter, the "amended IAS 12") published on May 23, 2023 has established a temporary and mandatory exception where recognition and disclosure of deferred taxes with respect to taxes arising from the tax system related to the Pillar Two Model Rules (hereinafter, "Pillar Two income taxes") are not required. Since the tax system related to the Pillar Two Model Rules is anticipated to apply to the Group, it has applied the exception retrospectively from the current fiscal year in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". As a result, deferred taxes in relation to Pillar Two income taxes have been neither recognized nor disclosed in the notes regarding deferred taxes. In addition, as the amended IAS 12 requires disclosures of current tax expense (or income) related to Pillar Two income taxes and exposure to Pillar Two income taxes in the Group from an annual reporting period beginning on and after January 1, 2023, the requirement was not applied in the current fiscal year and the Group has not made these disclosures.

1) Current taxes

Current income taxes are measured at the amount that is expected to be paid to or refunded from the tax authorities. For the calculation of the tax amount, the Group uses the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

2) Deferred taxes

Deferred income taxes are calculated based on the temporary differences between the amounts used for tax purpose and the carrying amount for assets and liabilities at the fiscal year end. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax liabilities are recognized for taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the fiscal year when the asset is realized or the liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted by the fiscal year end.

Deferred tax assets and deferred tax liabilities are not recognized for the following temporary differences:

- taxable temporary differences on initially recognized goodwill
- temporary differences arising from the initial recognition of assets or liabilities in transactions that are not business combinations and at the time of transaction affect neither accounting profit nor taxable profit or tax loss
- taxable temporary differences on investments in subsidiaries and associates to the extent that the timing of the reversal of the temporary difference is controlled and that it is probable the temporary difference will not reverse in the foreseeable future
- deductible temporary differences on investments in subsidiaries and associates to the extent that it is not probable the temporary differences will reverse in the foreseeable future

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority on the same taxable entity (including consolidated tax payments).

4. Critical accounting estimates and determining estimates

(1) Estimation and determination

The consolidated financial statements for the Group incorporate management's estimates and judgments.

The assumptions serving as bases for estimation are reviewed on an ongoing basis. Effects due to changes in estimates are recognized in the period when the estimate is changed and for future fiscal periods.

Actual results may differ from accounting estimates and the assumptions forming their basis.

(2) Estimates and determinations that have significant effects on the amounts recognized in the consolidated financial statements of the Group are as follows.

1) Impairment of non-financial assets

The Group conducts impairment tests whenever there is any indication that the recoverable amount of a non-financial asset (excluding inventories, deferred tax assets and post-retirement benefit plan assets) may fall below its carrying amount. For goodwill and intangible assets with indefinite useful lives or that are not yet in use, an impairment test is performed each year and whenever there is any indication of impairment.

When conducting an impairment test, principal factors indicating that impairment may have occurred include a substantial worsening of business performance compared with past or estimated operating performance, significant changes in the uses of acquired assets or changes in overall strategy, or a substantial worsening of industry or economic trends.

Goodwill is allocated to an asset, CGU or group of CGUs based on the region where business is conducted and business category, and impairment tests are conducted on goodwill once each year or when there is an indication of impairment.

Calculations of recoverable amounts used in impairment tests are based on assumptions set using such factors as an asset's useful life, future cash flows, the pre-tax discount rates that reflect the risks specific to the asset, and long-term growth rates. These assumptions are based on the best estimates and judgments made by management. However, these assumptions may be affected by changes in uncertain future economic conditions, which may have a material impact on the consolidated financial statements in future periods.

The method for calculating recoverable amounts is described in note 3 "Significant accounting policies (12) Impairment of non-financial assets and investments accounted for using the equity method". In addition, significant goodwill in the current fiscal year is described in note 12 "Impairment of non-financial assets (2) Impairment tests on goodwill and intangible assets with indefinite useful lives".

2) Provisions

The Group records various provisions in the consolidated statement of financial position, including provision for product warranties and provision for restructuring.

These provisions are recognized based on the best estimates of the expenditures required to settle the obligations taking into consideration of risks and the uncertainty related to the obligations as of the fiscal year-end date.

Expenditures required to settle the obligations are calculated by taking possible results into account comprehensively. However, they may be affected by the occurrence of unexpected events or changes in conditions which may have a material impact on the consolidated financial statements in future periods.

The nature and amount of provisions are described in note 19 "Provisions".

3) Employee benefits
The Group has in place various post-retirement benefit plans, including defined benefits plans. The present value of defined benefit obligations on each of these plans and the service costs are calculated based on actuarial assumptions. These actuarial assumptions require estimates and judgments on variables, such as discount rates. The Group obtains advice from external pension actuaries with respect to the appropriateness of these actuarial assumptions including these variables.

The actuarial assumptions are determined based on the best estimates and judgments made by management. However, there is the possibility that these assumptions may be affected by changes in uncertain future economic conditions, or by the publication or the amendment of related laws, which may have a material impact on the consolidated financial statements in future periods.

These actuarial assumptions and related sensitivity analysis are described in note 21 “Employee benefits”.

4) Recoverability of deferred tax assets
In recognizing deferred tax assets, when judging the possibility of the future taxable income, the Group estimates the timing and amount of future taxable income based on the business plan.

The timing when taxable income arises and the amount of such income may be affected by changes in uncertain future economic conditions. Therefore, this may have a material impact on the consolidated financial statements in future periods.

The content and amount related to deferred tax assets are described in note 15 “Income taxes”.

5) Fair value of financial instruments
To assess fair value of certain financial instruments, the Group uses valuation techniques using inputs that are not based on observable market data. Inputs that are not based on observable market data may be affected by the result of changes in uncertain future economic conditions, and may have significant impact on amounts reported in the consolidated financial statements when the inputs need to be reviewed.

The content and amount related to fair value of financial instruments are described in note 32 “Financial instruments”.

Impact of COVID-19
In the current fiscal year, the impact of COVID-19 on economic activities has diminished. As China’s zero-COVID policy was lifted in the third quarter, and infections of COVID-19 have become more under control globally as of the end of the current fiscal year, normalization of economic activities has been progressing. The Group assumes that the impact of COVID-19 will be resolved.

To calculate the recoverable amounts in the impairment tests of non-financial assets, future cash flows are used based on the business plan. When recognizing deferred tax assets, the taxable income earned in the future is estimated based on the business plan and the evaluation of recoverability. However, the Group assumes that COVID-19 will not have a material impact in the next fiscal year or subsequent fiscal years.

If there is a resurgence of infections caused by variants of COVID-19 in the future, it could have a material effect on the amounts recognized for non-financial assets such as goodwill and for deferred tax assets in the next fiscal year or subsequent fiscal years.

5. Operating segments

(1) Reportable segments

Operating segments of the Group are the constituent business units of the Group 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 establishes business segments 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 category. Since the Group comprises segments organized by product and service category, the Group determines four reportable segments: the “Digital Workplace Business”, “Professional Print Business”, “Healthcare Business” and “Industry Business”, after taking into account the primary usage of products of the respective businesses in the markets and their similarities.

The business content of each reportable segment is 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 service solutions
Professional Print Business	Development, manufacture, and sales of digital printing systems and related consumables; provision of various printing services and solutions
Healthcare Business	<Healthcare> Development, manufacture, sales, and provision of services for diagnostic imaging systems (digital X-ray diagnostic imaging, diagnostic ultrasound systems, etc.); provision of digitalization, networking, solutions, and services in the medical field
	<Precision medicine> Genetic testing; provision of services related to primary care; provision of drug discovery support services
Industry Business	<Sensing> Development, manufacture, and sales of measuring instruments
	<Materials and Components> Development, manufacture, and sales of functional film for displays, industrial inkjet printheads, and lenses for industrial and professional use, etc.
	<Imaging-IoT Solutions> Development, manufacture, and sales of instruments related to imaging-IoT and visual; provision of related solution services

(2) Financial information on reportable segments

Methods of accounting for reportable statements are described in note 3 "Significant accounting policies" and are consistent with the accounting policies of the Group.

Financial information on reportable segments is provided below. Segment profit refers to operating profit.

Previous fiscal year (From April 1, 2021 to March 31, 2022)

	Millions of yen							
	2022							
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Subtotal	Others (Note 2)	Adjust-ments (Note 3) (Note 4) (Note 5) (Note 6)	Reported in consolidated financial statements
Revenue								
External --------	¥465,421	¥194,729	¥109,930	¥139,240	¥909,322	¥2,103	¥ -	¥911,426
Inter-segment (Note 1) ---------	2,595	122	719	5,088	8,525	17,833	(26,359)	-
Total -----------	468,017	194,851	110,650	144,329	917,847	19,937	(26,359)	911,426
Segment profit (loss) -------------	(6,200)	1,035	(20,330)	18,538	(6,956)	(2,143)	(13,198)	(22,297)
Other items								
Depreciation and amortization expenses -------	32,975	13,729	10,868	10,965	68,539	175	7,039	75,754
Impairment losses on non-financial assets -	¥8	¥1,493	¥ -	¥9,421	¥10,924	¥ -	¥27	¥10,951

Current fiscal year (From April 1, 2022 to March 31, 2023)

	Millions of yen							
	2023							
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Subtotal	Others (Note 2)	Adjust-ments (Note 3) (Note 4) (Note 5)	Reported in consolidated financial statements
Revenue								
External --------	**¥600,279**	**¥252,604**	**¥137,841**	**¥137,547**	**¥1,128,273**	**¥2,124**	**¥ -**	**¥1,130,397**
Inter-segment (Note 1) ---------	**4,144**	**135**	**666**	**6,000**	**10,947**	**16,075**	**(27,022)**	**-**
Total -----------	**604,423**	**252,740**	**138,508**	**143,547**	**1,139,220**	**18,199**	**(27,022)**	**1,130,397**
Segment profit (loss) -------------	**9,262**	**16,637**	**(112,230)**	**10,806**	**(75,524)**	**(3,871)**	**(15,728)**	**(95,125)**
Other items								
Depreciation and amortization expenses -------	**32,484**	**13,583**	**11,386**	**11,420**	**68,874**	**161**	**6,259**	**75,295**
Impairment losses on non-financial assets -	**¥2,927**	**¥856**	**¥103,568**	**¥8,113**	**¥115,465**	**¥1,202**	**-**	**¥116,668**

(Note 1) Inter-segment revenue is based on market prices, etc.
(Note 2) Others include businesses related to quality-of-life solutions and other businesses not included in the reportable segments.
(Note 3) Adjustments to revenue are elimination of intersegment transactions.
(Note 4) Adjustments to 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 and Others. Other income and other expenses not attributable to any of the reportable segments are included.
(Note 5) Adjustments to depreciation and amortization expenses are mainly related to equipment not attributable to any of the reportable segments.
(Note 6) Adjustments to impairment losses on non-financial assets are related to property, plant and equipment not attributable to any of the reportable segments.

	Thousands of U.S. dollars							
	2023							
	Digital Workplace Business	Professional Print Business	Healthcare Business	Industry Business	Subtotal	Others	Adjust-ments	Reported in consolidated financial statements
Revenue								
External	$4,495,462	$1,891,740	$1,032,285	$1,030,083	$8,449,584	$15,907	$ -	$8,465,491
Inter-segment	31,034	1,011	4,988	44,934	81,982	120,385	(202,367)	-
Total	4,526,496	1,892,758	1,037,280	1,075,017	8,531,566	136,291	(202,367)	8,465,491
Segment profit (loss)	69,363	124,594	(840,485)	80,926	(565,596)	(28,990)	(117,786)	(712,387)
Other items								
Depreciation and amortization expenses	243,271	101,722	85,269	85,524	515,794	1,206	46,873	563,881
Impairment losses on non-financial assets	$21,920	$6,411	$775,616	$60,758	$864,712	$9,002	$ -	$873,721

(3) Financial information by geographical region

External revenue by geographical area is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Japan	¥ 179,192	¥ 177,285	$ 1,341,961
United States	334,006	230,141	2,501,356
European countries	330,661	260,860	2,476,305
China	108,423	95,980	811,975
Asia, excluding Japan and China	98,813	85,882	740,006
Others	79,300	61,276	593,874
Total	¥ 1,130,397	¥ 911,426	$ 8,465,491

(Note) Revenue classifications are based on customers' geographical regions. There are no key countries presented separately other than the ones in the above table.

Summary by geographical region of the carrying amounts of non-current assets (excluding financial assets, deferred tax assets and post-retirement benefit assets) is set out as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Japan	¥ 245,516	¥ 246,514	$ 1,838,658
United States	150,307	238,240	1,125,642
European countries	117,025	120,138	876,395
China	19,039	19,946	142,582
Asia, excluding Japan and China	15,202	15,324	113,847
Others	5,801	6,143	43,443
Total	¥ 552,893	¥ 646,307	$ 4,140,590

(4) Information on principal customers

No single external customer contributed to 10% of revenue or more.

6. Business combinations

Previous fiscal year (From April 1, 2021 to March 31, 2022)

Not applicable.

Current fiscal year (From April 1, 2022 to March 31, 2023)

Information is omitted because business combinations arising in the fiscal year ended March 31, 2023 were not material.

7. Trade and other receivables

The components of trade and other receivables as of March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Notes and accounts receivable–trade	**¥ 261,547**	¥ 235,296	**$ 1,958,713**
Contract assets	**9**	359	**67**
Finance lease receivables	**43,574**	37,920	**326,324**
Others	**17,103**	14,447	**128,084**
Allowance for doubtful accounts	**(8,739)**	(7,809)	**(65,446)**
Total	**¥ 313,494**	¥ 280,214	**$ 2,347,742**

8. Inventories

The components of inventories as of March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Merchandise and finished goods	**¥ 178,638**	¥ 132,390	**$ 1,337,812**
Work in progress	**21,908**	17,839	**164,068**
Materials and supplies (Note 1)	**41,561**	35,431	**311,248**
Total	**¥ 242,108**	¥ 185,661	**$ 1,813,136**

(Note 1) Materials include spare parts for maintenance purpose to be used after 12 months from each fiscal year-end. They are included as inventories as they are held within the ordinary course of business.

(Note 2) The acquisition costs of inventories recognized as expenses during the current fiscal year is primarily included in "cost of sales".

(Note 3) The amount of inventories written down to their net realizable value in the current fiscal year is ¥2,488 million ($18,633 thousand) (previous fiscal year: ¥2,488 million), which is included in "cost of sales".

9. Other financial assets

The components of other financial assets as of March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Loans receivable	**¥ 885**	¥ 1,041	**$ 6,628**
Investment securities	**8,367**	13,525	**62,660**
Lease and guarantee deposits	**6,453**	6,568	**48,326**
Derivative financial assets	**1,490**	648	**11,159**
Others	**7,263**	8,007	**54,392**
Allowance for doubtful accounts	**(535)**	(499)	**(4,007)**
Total	**23,925**	29,291	**179,173**
Current	**2,481**	970	**18,580**
Non-current	**¥ 21,444**	¥ 28,320	**$ 160,593**

10. Property, plant and equipment

(1) Components of property, plant and equipment

The components of "property, plant and equipment" in the consolidated statement of financial position as of March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Property, plant and equipment	**¥ 193,552**	¥ 196,670	**$ 1,449,502**
Right-of-use assets	**95,575**	91,078	**715,757**
Total	**¥ 289,127**	¥ 287,749	**$ 2,165,259**

(2) Increases or decreases in property, plant and equipment (excluding right-of-use assets)

Changes in the carrying amounts of property, plant and equipment for fiscal years ended March 31, 2023 and 2022, are as follows:

(Cost)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2021	¥ 206,873	¥ 225,769	¥ 201,546	¥ 45,480	¥ 42,386	¥ 4,922	¥ 726,978
Acquisitions	1,011	1,896	7,023	4,165	-	12,552	26,650
Transfer from construction in progress to other account	2,763	11,256	2,890	-	-	(16,910)	-
Disposals	(3,317)	(5,953)	(16,035)	(5,895)	(1)	(110)	(31,313)
Others (Note)	802	127	717	837	-	4,133	6,620
Effect of foreign currency exchange differences	4,325	3,759	10,554	1,929	230	48	20,846
Balance at March 31, 2022	212,459	236,856	206,696	46,519	42,615	4,636	749,783
Acquisitions	**831**	**2,480**	**6,650**	**5,499**	**-**	**14,613**	**30,076**
Acquisitions through business combinations	**102**	**26**	**23**	**-**	**35**	**-**	**188**
Transfer from construction in progress to other account	**1,631**	**6,309**	**3,579**	**-**	**-**	**(11,520)**	**-**
Disposals	**(1,313)**	**(5,859)**	**(11,434)**	**(6,140)**	**(21)**	**(48)**	**(24,816)**
Others (Note)	**4,983**	**283**	**(5,986)**	**(592)**	**-**	**805**	**(506)**
Effect of foreign currency exchange differences	**3,141**	**2,229**	**5,075**	**1,624**	**249**	**49**	**12,370**
Balance at March 31, 2023	**¥ 221,837**	**¥ 242,325**	**¥ 204,604**	**¥ 46,910**	**¥ 42,879**	**¥ 8,536**	**¥ 767,094**

(Note) Others includes transfer to other account.

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2022	$ 1,591,096	$ 1,773,804	$ 1,547,937	$ 348,379	$ 319,142	$ 34,719	$ 5,615,090
Acquisitions	**6,223**	**18,573**	**49,802**	**41,182**	**-**	**109,436**	**225,238**
Acquisitions through business combinations	**764**	**195**	**172**	**-**	**262**	**-**	**1,408**
Transfer from construction in progress to other account	**12,214**	**47,248**	**26,803**	**-**	**-**	**(86,273)**	**-**
Disposals	**(9,833)**	**(43,878)**	**(85,629)**	**(45,982)**	**(157)**	**(359)**	**(185,846)**
Others	**37,317**	**2,119**	**(44,829)**	**(4,433)**	**-**	**6,029**	**(3,789)**
Effect of foreign currency exchange differences	**23,523**	**16,693**	**38,006**	**12,162**	**1,865**	**367**	**92,638**
Balance at March 31, 2023	**$ 1,661,327**	**$ 1,814,761**	**$ 1,532,270**	**$ 351,307**	**$ 321,119**	**$ 63,926**	**$ 5,744,732**

(Accumulated depreciation and accumulated impairment losses)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at April 1, 2021	¥ (131,969)	¥ (194,282)	¥ (167,659)	¥ (32,640)	¥ (1,358)	¥ (304)	¥ (528,214)
Depreciation expenses	(6,842)	(9,677)	(14,325)	(5,131)	-	-	(35,977)
Impairment losses	(5)	-	-	(8)	(27)	-	(41)
Disposals	2,631	5,565	14,762	4,950	-	-	27,909
Others (Note)	102	(70)	(90)	(1,483)	-	-	(1,541)
Effect of foreign currency exchange differences	(2,615)	(2,795)	(8,418)	(1,405)	(10)	-	(15,245)
Balance at March 31, 2022	(138,699)	(201,261)	(175,731)	(35,719)	(1,395)	(304)	(553,112)
Depreciation expenses	**(6,902)**	**(9,902)**	**(11,720)**	**(5,358)**	**-**	**-**	**(33,884)**
Impairment losses	**(251)**	**(1,018)**	**(138)**	**(6)**	**-**	**(3)**	**(1,418)**
Disposals	**1,227**	**5,499**	**10,676**	**5,457**	**0**	**-**	**22,861**
Others (Note)	**(2,312)**	**(526)**	**3,348**	**(472)**	**-**	**203**	**240**
Effect of foreign currency exchange differences	**(1,856)**	**(1,314)**	**(3,807)**	**(1,237)**	**(11)**	**-**	**(8,228)**
Balance at March 31, 2023	**¥ (148,796)**	**¥ (208,523)**	**¥ (177,373)**	**¥ (37,336)**	**¥ (1,407)**	**¥ (105)**	**¥ (573,541)**

(Note) Others includes transfer to other account.

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2022	$ (1,038,710)	$ (1,507,234)	$ (1,316,041)	$ (267,498)	$ (10,447)	$ (2,277)	$ (4,142,230)
Depreciation expenses	(51,689)	(74,156)	(87,771)	(40,126)	-	-	(253,756)
Impairment losses	(1,880)	(7,624)	(1,033)	(45)	-	(22)	(10,619)
Disposals	9,189	41,182	79,952	40,867	0	-	171,205
Others	(17,314)	(3,939)	25,073	(3,535)	-	1,520	1,797
Effect of foreign currency exchange differences	(13,899)	(9,840)	(28,510)	(9,264)	(82)	-	(61,619)
Balance at March 31, 2023	**$ (1,114,326)**	**$ (1,561,619)**	**$ (1,328,338)**	**$ (279,608)**	**$ (10,537)**	**$ (786)**	**$ (4,295,222)**

(Carrying amount)

	Millions of yen						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2022	¥73,759	¥35,594	¥30,965	¥10,800	¥41,219	¥4,331	¥196,670
Balance at March 31, 2023	**¥73,040**	**¥33,802**	**¥27,231**	**¥9,573**	**¥41,472**	**¥8,431**	**¥193,552**

	Thousands of U.S. dollars						
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Construction in progress	Total
Balance at March 31, 2023	**$546,993**	**$253,142**	**$203,932**	**$71,692**	**$310,582**	**$63,139**	**$1,449,502**

(3) Right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Total
Balance at March 31, 2022	¥58,575	¥4,284	¥630	¥1,175	¥26,414	¥91,078
Balance at March 31, 2023	**¥59,675**	**¥4,533**	**¥540**	**¥2,113**	**¥28,713**	**¥95,575**

(Note) An increase in right-of-use assets in the current fiscal year is ¥21,078 million ($157,852 thousand) (previous fiscal year: ¥15,890 million).

	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Tools and equipment	Rental assets	Land	Total
Balance at March 31, 2023	**$446,903**	**$33,947**	**$4,044**	**$15,824**	**$215,030**	**$715,757**

11. Goodwill and intangible assets

Changes in the carrying amounts of goodwill and intangible assets for fiscal years ended March 31, 2023 and 2022 are set out as follows:

(Cost)

	Millions of yen					
	Goodwill	Customer relationships	Software	Technologies	Others (Note)	Total
Balance at April 1, 2021	¥ 244,181	¥ 60,699	¥ 74,873	¥ 47,105	¥ 49,834	¥ 476,694
Acquisitions	-	-	4,212	-	11,735	15,948
Transfer from software in progress to Software	-	-	6,596	-	(6,596)	-
Disposals	-	-	(7,458)	-	(826)	(8,285)
Others	(122)	253	856	-	(2,616)	(1,629)
Effect of foreign currency exchange differences	16,898	5,459	3,719	4,373	2,691	33,142
Balance at March 31, 2022	260,957	66,412	82,799	51,479	54,222	515,870
Acquisitions	**-**	**-**	**4,134**	**-**	**10,408**	**14,542**
Acquisitions through business combinations	**1,246**	**111**	**90**	**171**	**75**	**1,695**
Transfer from software in progress to Software	**-**	**-**	**6,175**	**-**	**(6,175)**	**-**
Disposals	**-**	**-**	**(7,288)**	**-**	**(1,957)**	**(9,246)**
Others	**2**	**-**	**817**	**-**	**3,414**	**4,234**
Effect of foreign currency exchange differences	**16,792**	**4,911**	**3,424**	**4,480**	**2,802**	**32,411**
Balance at March 31, 2023	**¥ 278,998**	**¥ 71,435**	**¥ 90,153**	**¥ 56,131**	**¥ 62,790**	**¥ 559,508**

(Note) Software in progress is included in "Others" within intangible assets.

	Thousands of U.S. dollars					
	Goodwill	Customer relationships	Software	Technologies	Others	Total
Balance at March 31, 2022	$ 1,954,295	$ 497,356	$ 620,078	$ 385,524	$ 406,066	$ 3,863,327
Acquisitions	**-**	**-**	**30,959**	**-**	**77,945**	**108,904**
Acquisitions through business combinations	**9,331**	**831**	**674**	**1,281**	**562**	**12,694**
Transfer from software in progress to Software	**-**	**-**	**46,244**	**-**	**(46,244)**	**-**
Disposals	**-**	**-**	**(54,579)**	**-**	**(14,656)**	**(69,243)**
Others	**15**	**-**	**6,118**	**-**	**25,567**	**31,708**
Effect of foreign currency exchange differences	**125,755**	**36,778**	**25,642**	**33,551**	**20,984**	**242,724**
Balance at March 31, 2023	**$ 2,089,403**	**$ 534,973**	**$ 675,152**	**$ 420,362**	**$ 470,231**	**$ 4,190,130**

(Accumulated amortization and accumulated impairment losses)

	Millions of yen					
	Goodwill	Customer relationships	Software	Technologies	Others (Note 1)	Total
Balance at April 1, 2021	¥ (2,867)	¥ (46,465)	¥ (45,561)	¥ (12,122)	¥ (22,198)	¥ (129,216)
Amortization expenses (Note 2)	-	(3,261)	(10,731)	(3,522)	(2,285)	(19,800)
Impairment losses	(10,909)	-	-	-	-	(10,909)
Disposals	-	-	7,259	-	674	7,933
Others	-	-	151	-	(7)	143
Effect of foreign currency exchange differences	(663)	(4,436)	(2,391)	(1,278)	(1,154)	(9,925)
Balance at March 31, 2022	(14,441)	(54,163)	(51,274)	(16,923)	(24,972)	(161,776)
Amortization expenses (Note 2)	**-**	**(3,574)**	**(11,619)**	**(3,937)**	**(2,222)**	**(21,353)**
Impairment losses	**(109,055)**	**(242)**	**(1,249)**	**(4,297)**	**(266)**	**(115,112)**
Disposals	**-**	**-**	**7,192**	**-**	**1,399**	**8,592**
Others	**-**	**(24)**	**19**	**-**	**(14)**	**(18)**
Effect of foreign currency exchange differences	**(1,942)**	**(3,978)**	**(2,279)**	**(1,462)**	**(1,290)**	**(10,954)**
Balance at March 31, 2023	**¥ (125,440)**	**¥ (61,983)**	**¥ (59,211)**	**¥ (26,621)**	**¥ (27,365)**	**¥ (300,622)**

(Note 1) Software in progress is included in "Others" within intangible assets.

(Note 2) Amortization expenses on intangible assets are included in "cost of sales" and "selling, general and administrative expenses" in the consolidated statement of profit or loss.

	Thousands of U.S. dollars					
	Goodwill	Customer relationships	Software	Technologies	Others	Total
Balance at March 31, 2022	$ (108,148)	$ (405,624)	$ (383,989)	$ (126,736)	$ (187,014)	$ (1,211,533)
Amortization expenses	-	(26,766)	(87,014)	(29,484)	(16,640)	(159,912)
Impairment losses	(816,708)	(1,812)	(9,354)	(32,180)	(1,992)	(862,068)
Disposals	-	-	53,861	-	10,477	64,345
Others	-	(180)	142	-	(105)	(135)
Effect of foreign currency exchange differences	(14,544)	(29,791)	(17,067)	(10,949)	(9,661)	(82,034)
Balance at March 31, 2023	**$ (939,414)**	**$ (464,188)**	**$ (443,428)**	**$ (199,363)**	**$ (204,935)**	**$ (2,251,344)**

(Carrying amount)

	Millions of yen					
	Goodwill	Customer relationships	Software	Technologies	Others (Note 1)	Total
Balance at March 31, 2022	¥ 246,516	¥ 12,248	¥ 31,525	¥ 34,555	¥ 29,249	¥ 354,094
Balance at March 31, 2023	**¥ 153,558**	**¥ 9,451**	**¥ 30,941**	**¥ 29,510**	**¥ 35,424**	**¥ 258,886**

(Note 1) Software in progress is included in “Others” within intangible assets.

(Note 2) Of the carrying amount of intangible assets, the amount for intangible assets with indefinite useful lives was ¥6,055 million ($45,346 thousand) (previous fiscal year: ¥5,545 million). Of these intangible assets, major assets are trademark acquired at the time of business combination. Since these assets basically exist as long as the business is continued, the Group considers that useful lives of the assets are indefinite.

(Note 3) Of the carrying amount of intangible assets, the technologies acquired from the acquisition of Ambry are significant assets, and the amount of these intangible assets was ¥22,127 million ($165,708 thousand) (previous fiscal year: ¥26,086 million). The number of remaining years of amortization for these intangible assets is 13 years.

(Note 4) The carrying amount of intangible assets includes internally generated intangible assets of ¥5,527 million ($41,391 thousand) (previous fiscal year: ¥3,630 million).

	Thousands of U.S. dollars					
	Goodwill	Customer relationships	Software	Technologies	Others	Total
Balance at March 31, 2023	**$1,149,989**	**$70,778**	**$231,716**	**$220,999**	**$265,289**	**$1,938,785**

12. Impairment of non-financial assets

(1) Impairment losses

The Group recognizes impairment losses when the recoverable amount of assets falls below their carrying amount. Impairment losses are included in other expenses in the consolidated statement of profit or loss.

Breakdown of impairment losses by type of assets are as follows.

In addition, a breakdown of impairment losses by operating segment is described in note 5 “Operating segments”, (2) “Financial information on reportable segments”.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Property, plant and equipment	¥ 1,418	¥ 41	$ 10,619
Goodwill	¥ 109,055	¥ 10,909	$ 816,708
Intangible assets	¥ 6,056	¥ -	$ 45,353
Other non-current assets	¥ 137	¥ -	$ 1,026
Total	¥ 116,668	¥ 10,951	$ 873,721

Impairment losses of ¥10,951 million were recognized in the previous fiscal year. The main details are described below. The carrying amounts of CGUs or groups of CGUs, including goodwill, were reduced to their recoverable amounts.

Due to the decline in profitability caused by delays in solution development and supply restrictions on semiconductors and other components, of the goodwill arising from the acquisition of MOBOTIX AG (“MOBOTIX”), which belongs to the Industry Business, an impairment loss of ¥5,893 million was recognized on the goodwill allocated to MOBOTIX alone. In addition, of the goodwill arising from the acquisition of MOBOTIX in the Industry Business, an impairment loss of ¥3,528 million was recognized on goodwill allocated to the imaging-IoT solutions field due to lower profitability caused by slower than expected market development and other factors. Details regarding the impairment test of MOBOTIX are described in “(2) Impairment tests on goodwill and intangible assets with indefinite useful lives 3) Goodwill arising from the acquisition of MOBOTIX related to the imaging-IoT solutions field”.

Furthermore, an impairment loss of ¥1,487 million was recognized on goodwill that arose from the acquisition of Konica Minolta Marketing Services EMEA Limited related to the Professional Print Business due to a decline in profitability caused by declining demand for printed sales promotion materials and services amid the prolonged spread of COVID-19. The recoverable amount after the recognition of the impairment loss, which was calculated based on their value in use, was ¥3,128 million, and the pre-tax discount rate was 10.8%.

Impairment losses of ¥116,668 million ($873,721 thousand) were recognized in the current fiscal year, mainly due to impairment losses on goodwill related to the Precision Medicine field (Healthcare Business) and goodwill arising from the acquisition of MOBOTIX related to the imaging-IoT solutions field (Industry Business). The details are described in (2) Impairment tests on goodwill and intangible assets with indefinite useful lives 2) Goodwill and intangible assets with indefinite useful lives related to the Precision Medicine field and 3) Goodwill arising from the acquisition of MOBOTIX related to the imaging-IoT solutions field.

(2) Impairment tests on goodwill and intangible assets with indefinite useful lives

Goodwill by reportable segments are as follows. Intangible assets with indefinite useful lives totaled ¥6,055 million ($45,346 thousand) and are not significant.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Digital Workplace Business	**¥ 75,210**	¥ 75,096	**$ 563,244**
Professional Print Business	**¥ 35,495**	¥ 33,522	**$ 265,820**
Healthcare Business	**¥ 8,875**	¥ 99,806	**$ 66,464**
Industry Business	**¥ 33,976**	¥ 36,999	**$ 254,445**
Others	**¥ -**	¥ 1,091	**$ -**
Total	**¥ 153,558**	¥ 246,516	**$ 1,149,989**

Of goodwill of the Group in the current fiscal year, items of significance are as follows: goodwill allocated to the Digital Workplace Business and Professional Print Business among goodwill generated during management integration between the Company and Minolta Co., Ltd., goodwill related to the Precision Medicine field (Healthcare Business), goodwill arising from the acquisition of MOBOTIX related to the imaging-IoT solutions field (Industry Business), and goodwill arising from the acquisition of Radiant Vision Systems, LLC related to the Sensing field (Industry Business).

1) Goodwill related to the management integration with Minolta Co., Ltd.

Goodwill of ¥46,208 million ($346,050 thousand) (previous fiscal year: ¥46,208 million) related to the management integration with Minolta Co., Ltd. was mainly allocated to the following CGUs.

(a) Goodwill allocated to Digital Workplace Business

The carrying amount of goodwill allocated to the Digital Workplace Business for the current fiscal year was ¥31,568 million ($236,411 thousand) (previous fiscal year: ¥31,568 million). Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows have been estimated based on external and internal information, the plans entail uncertainty with respect to predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the long-term average rate of growth for markets to which the CGUs belong. The growth rate and the pre-tax discount rate used in measurement of value in use in the current fiscal year were 0.0% and 7.9%, respectively (previous fiscal year: 0.0% and 8.6%, respectively). As a result of the abovementioned impairment tests, impairment losses on the goodwill were not recognized.

In the event of changes in principal assumptions used in the impairment tests within the scope of reasonable possibility in forecasting, management judges that the likelihood that impairment losses will be generated for the group of CGUs is low.

(b) Goodwill allocated to Professional Print Business

The carrying amount of goodwill allocated to the Professional Print Business for the current fiscal year was ¥10,045 million ($75,227 thousand) (previous fiscal year: ¥10,045 million).

Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue growth, have been estimated based on external and internal information, the plans entail uncertainty with respect to predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the long-term average rate of growth for markets to which the CGUs belong. The growth rate and the pre-tax discount rate used in measurement of value in use in the current fiscal year were 1.0% and 7.4%, respectively (previous fiscal year: 1.0% and 8.1%, respectively). As a result of the abovementioned impairment tests, impairment losses on the goodwill were not recognized.

In the event of changes in principal assumptions used in the impairment tests within the scope of reasonable possibility in forecasting, management judges that the likelihood that impairment losses will be incurred for the group of CGUs is low.

2) Goodwill and intangible assets with indefinite useful lives related to the Precision Medicine field

The carrying amount of non-financial assets subject to impairment tests related to the Precision Medicine field after the recognition of impairment losses in the current fiscal year was ¥46,795 million ($350,446 thousand) (previous fiscal year: ¥140,437 million), which comprises goodwill of zero (previous fiscal year: ¥91,631 million), intangible assets with indefinite useful lives of ¥5,621 million ($42,095 thousand) (previous fiscal year: ¥5,152 million), and other non-financial assets of ¥41,173 million ($308,343 thousand) (previous fiscal year: ¥43,653 million). The goodwill related to the Precision Medicine field includes goodwill related to the acquisition of Ambry and Invicro, LLC. However, since synergy effects expected from the acquisition were brought widely on group companies that belong to this business, the goodwill was allocated with the Precision Medicine field as one group of CGUs. Intangible assets with indefinite useful lives are trademark recognized upon the acquisition of Ambry.

Calculation of the recoverable amount in impairment tests for the previous fiscal year is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the five-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue, have been estimated based on external and internal information, the plans entail uncertainty with respect to predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the long-term average rate of growth for markets to which each of the CGUs belongs. The growth rate and the pre-tax discount rate used in measurement of value in use were 2.5% and 11.1%, respectively. As a result of the abovementioned impairment tests, impairment losses on the goodwill were not recognized.

In the current fiscal year, the lower-than-expected demand growth on genetic testing, excessive delays in clinical trials conducted by pharmaceutical companies, delays in proceeding with corporate strategies, such as alliances with other companies, and other factors have caused the revision of the business plans. These circumstances as well as the increase in the discount rate used for impairment testing because of the rise in interest rates led to the recognition of an impairment loss of ¥103,568 million ($775,616 thousand) on non-financial assets in the Precision Medicine field as a result of reducing the carrying amounts to the recoverable amounts of ¥46,795 million ($350,446 thousand) due to the recoverable amounts becoming lower than the carrying amounts (the impairment losses of goodwill and intangible assets of ¥99,058 million yen ($741,841 thousand) and ¥4,509 million ($33,768 thousand), respectively).

The recoverable amount in the abovementioned impairment test for the current fiscal year was calculated based on the fair value less costs of disposal. The fair value less costs of disposal is determined in view of results of the market approach and the income approach. Its fair value hierarchy is Level 3. Under the income approach, the calculation was made by discounting estimated future cash flows based on the eight-year business plans approved by the management and the growth rate after the business plan period to the present value. The business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows have been estimated by including forecasts of revenue and selling, general and administrative expenses based on external and internal information. However, forecasts of future revenue and selling, general and administrative expenses entail uncertainty, and rely considerably on estimates and judgments of the management. The growth rate used in the estimation of periods beyond the approved business plans was determined based on the long-term average growth rate of the market to which each CGU belongs. The growth rate used in the estimation of future cash flows under the income approach was 3.0%, and the post-tax discount rate was 14.7%. Under the market approach, the calculation was made based on EV/revenue valuation multiple of similar companies comparable to the Precision Medicine field. In the event of changes in principal assumptions used in the impairment tests, additional impairment losses may be incurred.

3) Goodwill arising from the acquisition of MOBOTIX related to the imaging-IoT solutions field (including goodwill arising from the acquisition implemented by MOBOTIX after the acquisition of MOBOTIX by the Company; the same shall apply hereinafter)

Goodwill arising from the acquisition of MOBOTIX for the current fiscal year was zero (previous fiscal year: ¥6,350 million). The goodwill was allocated to MOBOTIX (from the current fiscal year, the MOBOTIX Group (a group of CGUs comprising MOBOTIX and its subsidiaries)), and in addition, to groups of CGUs (imaging-IoT solutions field, etc.) on which synergy effects are brought other than MOBOTIX because synergy effects can also be expected on other businesses. In the current fiscal year, the unit to which the goodwill was allocated was changed from solely MOBOTIX to the MOBOTIX Group due to the acquisition of VAXTOR Technologies,S.L. by MOBOTIX. Of goodwill arising from the acquisition of MOBOTIX, details of goodwill allocated to the MOBOTIX Group and goodwill allocated to the imaging-IoT solutions field are as follows.

(a) Goodwill allocated to MOBOTIX (previous fiscal year) and the MOBOTIX Group (current fiscal year)

The carrying amount of non-financial assets subject to impairment tests after the recognition of impairment losses in the current fiscal year was ¥5,508 million ($41,249 thousand) (previous fiscal year: ¥8,805 million), which comprises goodwill of zero (previous fiscal year: ¥3,094 million) and other non-financial assets of ¥5,508 million ($41,249 thousand) (previous fiscal year: ¥5,711 million).

Calculation of the recoverable amount in impairment tests for the previous fiscal year is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue growth, have been estimated based on external and internal information, the plans entail uncertainty with respect to predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the inflation rate of countries to which the CGU belongs. The growth rate and the pre-tax discount rate used in measurement of value in use were 1.0% and 11.8%, respectively.

In the current fiscal year, mainly due to the supply constraints of semiconductors and other materials and the effects of the economic stagnation in our main market, Europe, the recoverable amount was lower than the carrying amount. As a result, the carrying amount was reduced to the recoverable amount of ¥5,508 million ($41,249 thousand) and an impairment loss of ¥3,722 million ($27,874 thousand) was recognized on the goodwill allocated to the MOBOTIX Group.

The recoverable amount in the abovementioned impairment test for the current fiscal year was calculated based on the fair value less costs of disposal. The fair value less costs of disposal was calculated at the corporate value based on the quoted price of shares of MOBOTIX with interest bearing liabilities, etc. adjusted, using the market approach. Its fair value hierarchy is Level 3.

(b) Goodwill allocated to the imaging-IoT solutions field

The carrying amount of non-financial assets subject to impairment tests after the recognition of impairment losses in the current fiscal year was zero (previous fiscal year: ¥2,866 million), which comprises goodwill of zero (previous fiscal year: ¥2,164 million) and other non-financial assets of zero (previous fiscal year: ¥702 million).

In the current fiscal year, the recoverable amount was zero mainly due to more time than expected being required to achieve results in North America where the Group focuses its efforts on sales, and the geopolitical impacts in Eastern Europe. As a result, impairment losses of ¥3,156 million ($23,635 thousand) were recognized on goodwill allocated to the imaging-IoT solutions field and related non-financial assets (the impairment losses of goodwill, intangible assets, property, plant and equipment, and other non-current assets of ¥2,249 million ($16,843 thousand), ¥776 million ($5,811 thousand), ¥124 million ($929 thousand), and ¥5 million ($37 thousand), respectively).

Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue growth, have been estimated based on external and internal information, the plans entail uncertainty with respect to predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the inflation rate of countries to which the CGU belongs. The growth rate and the pre-tax discount rate used in measurement of value in use in the current fiscal year were 1.0% and 9.3%, respectively (previous fiscal year: 1.0% and 9.2%, respectively).

4) Goodwill arising from the acquisition of Radiant Vision Systems, LLC related to the Sensing field (Industry Business)

The carrying amount of goodwill arising from the acquisition of Radiant Vision Systems, LLC in the current fiscal year is ¥19,429 million ($145,503 thousand) (previous fiscal year: ¥17,808 million).

Calculation of the recoverable amount in impairment tests is based on value in use. Value in use is calculated as estimated future cash flows discounted to the present value, based on the three-year business plans approved by management and a growth rate after the business plan periods. Although the business plans reflect the management's assessment on the future outlook of the industry and past results, and the future cash flows, including the predictions of revenue growth, have been estimated based on the business environment and internal information, the plans entail uncertainty with respect to predictions of future revenue and rely considerably on the estimates and judgments of the management. The growth rate used to estimate future cash flows for periods subsequent to approved business plans is determined based on the inflation rate of countries to which the CGU belongs. The growth rate and the pre-tax discount rate used in measurement of value in use in the current fiscal year were 2.0% and 17.0%, respectively (previous fiscal year: 1.0% and 13.9%, respectively). As a result of the abovementioned impairment tests, impairment losses on the goodwill were not recognized.

In the event of changes in principal assumptions used in the impairment tests within the scope of reasonable possibility in forecasting, management judges that the likelihood that impairment losses will be generated for the CGU is low.

13. Investments accounted for using the equity method

(1) Investments in associates

Information related to associates is below. The Group has no material associates.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Carrying amount of investments accounted for using the equity method	**¥391**	¥9	**$2,928**

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Share of profit (loss) in investments accounted for using the equity method	**¥ (96)**	¥ –	**$ (719)**
Share of other comprehensive income of investments accounted for using the equity method	**–**	0	**0**
Total share of comprehensive income for the year	**¥ (96)**	¥ 0	**$ (719)**

14. Leases

(1) As lessee

The Group primarily leases offices and buildings for plants under lease agreements. The Group does not engage in significant lease agreements containing payment terms linked to index or revenue, and there are no significant restrictions imposed by lease agreements (such as limitations on dividend, additional borrowing or additional leases).

In addition, the Group has implemented transactions in which certain land and buildings are sold and leased back, for the purpose of liquidation of fixed assets. With respect to the assets leased back, there are no contractual provisions or situations whereby the Group is continuously involved in such assets.

The components of profit or loss on leases as a lessee are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Depreciation expenses of right-of-use assets			
Buildings and structures	**¥ 15,466**	¥ 15,704	**$ 115,824**
Machinery and vehicles	**2,636**	2,648	**19,741**
Tools and equipment	**213**	277	**1,595**
Rental assets	**948**	594	**7,100**
Land	**792**	750	**5,931**
Total	**¥ 20,057**	¥ 19,976	**$ 150,206**
Interest expense on lease liabilities	**2,295**	1,931	**17,187**
Expenses for short term leases	**1,281**	1,469	**9,593**
Expenses for leases of low value assets	**¥ 647**	¥ 655	**$ 4,845**

The components of the carrying amounts of right-of-use assets and an increase in right-of-use assets are provided in note 10 "Property, plant and equipment (3) Right-of-use assets".

The maturity analysis of lease liabilities is described in note 32 "Financial instruments (3) Financial risk management".

The total amount of cash outflows for leases in the current fiscal year is ¥24,476 million ($183,300 thousand) (previous fiscal year: ¥23,263 million).

(2) As lessor

The Group primarily leases business technologies equipment to third parties based on lease agreements. The Group classifies leases as finance leases when lease agreements transfer substantially all the risks and rewards incidental to ownership of assets to the lessee. All other lease agreements are classified as operating leases.

In addition, the Group regularly implements review of contractual provisions and monitoring of credit risks as risk management for underlying assets.

The components of profit or loss on leases as a lessor are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Finance leases			
Selling profit or loss	**¥ 5,072**	¥ 5,413	**$ 37,984**
Finance income on the net investment in the lease	**1,073**	1,125	**8,036**
Lease income under operating leases			
Lease income	**13,745**	13,615	**102,936**
Income relating to variable lease payments	**¥ 1,856**	¥ 2,001	**$ 13,899**

The maturity analysis of lease receivables under finance leases and lease payments to be received under operating leases is as follows:

As of March 31, 2022

	Millions of yen	
	Lease receivables under finance leases	Lease payments to be received under operating leases
1 year or less	¥ 15,037	¥ 8,928
More than 1 year, 2 years or less	10,792	4,745
More than 2 years, 3 years or less	7,444	3,084
More than 3 years, 4 years or less	4,614	1,672
More than 4 years, 5 years or less	2,274	447
More than 5 years	979	53
Total	¥ 41,143	¥ 18,932
Unearned finance income	3,222	
Net investment in the lease	¥ 37,920	

As of March 31, 2023

	Millions of yen	
	Lease receivables under finance leases	Lease payments to be received under operating leases
1 year or less	¥ 17,215	¥ 7,706
More than 1 year, 2 years or less	12,248	3,365
More than 2 years, 3 years or less	8,715	2,349
More than 3 years, 4 years or less	5,406	1,219
More than 4 years, 5 years or less	2,752	488
More than 5 years	961	62
Total	¥ 47,299	¥ 15,192
Unearned finance income	3,724	
Net investment in the lease	¥ 43,574	

	Thousands of U.S. dollars	
	Lease receivables under finance leases	Lease payments to be received under operating leases
1 year or less	$ 128,922	$ 57,710
More than 1 year, 2 years or less	91,725	25,200
More than 2 years, 3 years or less	65,266	17,592
More than 3 years, 4 years or less	40,485	9,129
More than 4 years, 5 years or less	20,610	3,655
More than 5 years	7,197	464
Total	$ 354,220	$ 113,772
Unearned finance income	27,889	
Net investment in the lease	$ 326,324	

15. Income taxes

(1) Deferred tax assets and deferred tax liabilities

1) Recognized deferred tax assets and deferred tax liabilities

The major components giving rise to deferred tax assets and liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Retirement benefits	¥ (983)	¥ 4,157	$ (7,362)
Property, plant and equipment	(1,399)	(1,219)	(10,477)
Goodwill and intangible assets	(13,607)	(14,214)	(101,902)
Inventories	11,001	10,336	82,386
Others	20,211	8,591	151,359
Net losses carried forward	33,365	33,320	249,869
Valuation allowance	(20,900)	(16,120)	(156,519)
Total	27,688	24,850	207,354
Deferred tax assets	32,648	29,570	244,499
Deferred tax liabilities	¥ 4,960	¥ 4,719	$ 37,145

Changes in net deferred tax assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Balance, beginning of the year	¥ 24,850	¥ 25,146	$ 186,101
Recognized in profit or loss	4,618	2,693	34,584
Recognized in other comprehensive income	(2,594)	(5,722)	(19,426)
Business combinations	(73)	–	(547)
Others	886	2,733	6,635
Balance, end of the year	¥ 27,688	¥ 24,850	$ 207,354

2) Temporary differences not recognized as deferred tax assets

The Group recognizes deferred tax assets after taking into consideration deductible temporary differences, the forecasted future taxable profits and tax planning. Deductible temporary differences and net losses carried forward that are not recognized for deferred tax assets on this basis are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Deductible temporary differences	**¥ 19,925**	¥ 16,349	**$ 149,217**
Net losses carried forward	**¥ 60,915**	¥ 45,270	**$ 456,190**

Presentation by carried forward accounting term of net losses carried forward that are not expected to be recognized for deferred tax assets is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
5 years or less	**¥ 43,190**	¥ 25,930	**$ 323,448**
More than 5 years	**17,725**	19,339	**132,742**
Total	**¥ 60,915**	¥ 45,270	**$ 456,190**

The Group does not recognize deferred tax liabilities for temporary differences if the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. In the current fiscal year, total temporary differences associated with investments in subsidiaries and associates that have not been recognized as deferred tax liabilities were ¥66,458 million ($497,701 thousand) (previous fiscal year: ¥45,205 million).

(2) Income tax expense

1) Income tax expense recognized in profit or loss

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Current income tax expense	**¥ 6,563**	¥ 5,282	**$ 49,150**
Deferred income tax expense			
(Increase) decrease in temporary differences	**(11,359)**	2,430	**(85,067)**
(Increase) decrease in net losses carried forward	**1,938**	(5,527)	**14,514**
Increase (decrease) in valuation allowance	**4,802**	403	**35,962**
Subtotal	**(4,618)**	(2,693)	**(34,584)**
Total	**¥ 1,944**	¥ 2,589	**$ 14,559**

2) Income tax expense recognized in OCI

Income tax expense recognized in OCI is indicated in note 30 “Other comprehensive income”.

3) Reconciliation of the effective tax rate

The Company and its domestic subsidiaries are mainly subject to corporate tax and inhabitant tax as well as business tax, which is deductible. The statutory income tax rate calculated based on such taxes is 30.6% for the fiscal years ended March 31, 2019 and thereafter.

Income taxes for foreign operations are based on the tax laws of the respective jurisdictions.

Differences in the statutory income tax rate and average effective tax rate are attributable to the following.

	%	
	2023	2022
Statutory income tax rate	**30.6**	30.6
Valuation allowance	**(4.7)**	(1.7)
Non-taxable revenue	**0.5**	1.5
Non-deductible expenses	**(1.0)**	(4.3)
Difference in statutory tax rate of foreign subsidiaries	**1.0**	(2.2)
Tax credits for research and development cost and others	**1.3**	10.4
Expiration of net losses carried forward	**(0.1)**	(9.3)
Impairment losses on goodwill	**(27.5)**	(14.1)
Effect of business restructuring	**(0.2)**	(9.6)
Others	**(1.7)**	(12.2)
Average effective tax rate after application of tax effect accounting	**(1.9)**	(11.0)

(Note) Because loss before tax was recorded in the previous fiscal year and the current fiscal year, a positive value represents a decrease in tax expense and a negative value represents an increase in tax expense.

16. Trade and other payables

The components of trade and other payables as of March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Notes and accounts payable-trade	**¥ 113,271**	¥ 103,722	**$ 848,281**
Accounts payable-capital expenditure	**8,591**	5,565	**64,338**
Accounts payable-others	**77,103**	71,426	**577,421**
Others	**1,540**	1,348	**11,533**
Total	**¥ 200,508**	¥ 182,063	**$ 1,501,595**

17. Bonds and borrowings

(1) Summary of bonds and borrowings

Summary of bonds and borrowings is as follows:

	Millions of yen			Thousands of U.S. dollars
	2023	2022	Interest rate (%) (Note 1)	**2023**
Short-term loans payable	**¥ 232,034**	¥ 117,375	1.368	**$ 1,737,692**
Current portion of long-term loans payable	**29,186**	31,543	1.596	**218,573**
Non-current portion of bonds (Note 2) (Note 5)	**29,944**	29,925	0.345	**224,249**
Non-current portion of long-term loans payable (Note 2) (Note 3) (Note 4)	**177,930**	175,463	1.062	**1,332,510**
Total	**469,095**	354,307		**3,513,031**
Current	**284,220**	194,597		**2,128,510**
Non-current	**¥ 184,874**	¥ 159,709		**$ 1,384,513**

(Note 1) Interest rates indicated are weighted average interest rates on balances at the end of the current fiscal year.
(Note 2) Expected repayments for bonds and long-term loans payable for each year in the period within five years after the fiscal year-end date are listed in note 32 "Financial instruments".
(Note 3) The repayment deadlines for balances of long-term loans payable at the end of the current fiscal year are from May 2024 to October 2057.
(Note 4) Long-term loans payable in breach of financial covenants at the end of the current fiscal year are presented as current liabilities in the consolidated statement of financial position. Details are described in "(2) Financial covenants".
(Note 5) The carrying amounts of bonds by issuance name are as follows.

			Millions of yen				Thousands of U.S. dollars
Company	Name	Issue date	**2023**	2022	Interest rate (%)	Redemption date	**2023**
Konica Minolta	No. 6 Unsecured Bonds	December 15, 2017	**¥ 14,982**	¥ 14,971	0.300	December 13, 2024	**$ 112,200**
Konica Minolta	No. 7 Unsecured Bonds	December 15, 2017	**14,961**	14,953	0.390	December 15, 2027	**112,042**
Total	–	–	**¥ 29,944**	¥ 29,925	–	–	**$ 224,249**

(2) Financial covenants

Financial covenants apply to certain syndicated loan agreements, etc. with the Company as a borrower. The agreements and the major financial covenants related to the agreements are as follows.

1) One term loan agreement and three syndicated loan agreements
Balance of borrowings: ¥46,280 million ($346,589 thousand)
Commitment not to record operating loss for two consecutive fiscal years with respect to operating profit (loss) in the consolidated statement of profit or loss

2) Revolving credit facility agreement
Aggregate borrowing limit: ¥50,000 million ($374,448 thousand)
Balance of borrowings: ¥50,000 million ($374,448 thousand)
Commitment not to record operating loss for two consecutive fiscal years with respect to operating profit (loss) in the consolidated statement of profit or loss

3) Global credit facility agreement
Aggregate borrowing limit: ¥50,000 million ($374,448 thousand)
Balance of borrowings: ¥50,0000 million ($374,448 thousand)
Commitment not to record operating loss for two consecutive fiscal years with respect to operating profit (loss) in the consolidated statement of profit or loss

4) Revolving facility (multicurrency type) agreement
Aggregate borrowing limit: ¥50,000 million ($374,448 thousand)
Balance of borrowings: ¥0 million ($0 thousand)
Commitment not to record operating loss for two consecutive fiscal years with respect to operating profit (loss) in the consolidated statement of profit or loss

5) Bilateral type commitment line agreement
Aggregate borrowing limit: ¥5,000 million ($37,445 thousand)
Balance of borrowings: ¥5,000 million ($37,445 thousand)
Commitment not to record operating loss for two consecutive fiscal years with respect to operating profit (loss) in the consolidated statement of profit or loss

As of the end of the current fiscal year, the Company was in breach of the financial covenants under the aforementioned agreements. However, all financial institutions concerned have agreed not to demand acceleration of loan repayments on account of such breach after the end of the fiscal year.

Since the consent was obtained after the end of the current fiscal year, the borrowings that are subject to the breach of financial covenants are presented as current liabilities on the consolidated statement of financial position, including ¥23,000 million ($172,246 thousand) borrowings with repayment periods exceeding one year.

18. Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

	Millions of yen						
	Bonds and borrowings						
	Short-term loans payable	Long-term loans payable	Bonds	Lease liabilities	Derivative liabilities (assets)	Put options written on non-controlling interests	Total
Balance at April 1, 2021	¥ 59,355	¥ 226,056	¥ 29,907	¥ 95,381	¥ 818	¥ 32,792	¥ 444,311
Cash flows	57,879	(21,644)	–	(19,206)	631	–	17,659
Effect of exchange rate changes	1,373	1,574	–	4,642	–	–	7,591
Changes in fair value	–	–	–	–	(1,299)	9,150	7,850
New leases	–	–	–	16,338	–	–	16,338
Others	(1,233)	1,018	18	(2,806)	–	–	(3,003)
Balance at March 31, 2022	¥ 117,375	¥ 207,006	¥ 29,925	¥ 94,349	¥ 149	¥ 41,943	¥ 490,749
Cash flows	114,153	2,294	–	(20,251)	(1,127)	–	95,069
Effect of exchange rate changes	533	840	–	3,994	–	–	5,367
Changes in fair value	–	–	–	–	(411)	(10,016)	(10,427)
New leases	–	–	–	21,656	–	–	21,656
Others	(28)	(3,024)	18	(552)	–	–	(3,586)
Balance at March 31, 2023	**¥ 232,034**	**¥ 207,116**	**¥ 29,944**	**¥ 99,197**	**¥ (1,389)**	**¥ 31,927**	**¥ 598,829**

	Thousands of U.S. dollars						
	Bonds and borrowings						
	Short-term loans payable	Long-term loans payable	Bonds	Lease liabilities	Derivative liabilities (assets)	Put options written on non-controlling interests	Total
Balance at March 31, 2022	$ 879,016	$ 1,550,258	$ 224,107	$ 706,575	$ 1,116	$ 314,109	$ 3,675,197
Cash flows	854,887	17,180	–	(151,659)	(8,440)	–	711,967
Effect of exchange rate changes	3,992	6,291	–	29,911	–	–	40,193
Changes in fair value	–	–	–	–	(3,078)	(75,009)	(78,087)
New leases	–	–	–	162,181	–	–	162,181
Others	(210)	(22,647)	135	(4,134)	–	–	(26,855)
Balance at March 31, 2023	**$ 1,737,692**	**$ 1,551,082**	**$ 224,249**	**$ 742,882**	**$ (10,402)**	**$ 239,100**	**$ 4,484,603**

19. Provisions

Summary of provisions and the changes are as follows:

	Millions of yen				
	Provision for product warranties (Note 1)	Provision for restructuring (Note 2)	Asset retirement obligations (Note 3)	Other provisions (Note 4)	Total
Balance at March 31, 2022	¥ 1,654	¥ 917	¥ 6,331	¥ 9,100	¥ 18,005
Provisions made	915	1,437	9	8,378	10,741
Interest cost from discounting	–	–	30	–	30
Provisions utilized	(628)	(773)	(18)	(4,783)	(6,203)
Provisions reversed	(356)	(30)	(3)	(499)	(890)
Effects of changes in foreign exchange rates	75	69	20	517	682
Balance at March 31, 2023	**1,660**	**1,621**	**6,370**	**12,713**	**22,366**
Current	1,660	1,621	59	11,568	14,910
Non-current	¥ –	¥ –	¥ 6,311	¥ 1,145	¥ 7,456

(Note 1) The provision for product warranties is the amount set by the Group to guarantee the reliability and functionality of its products. This provision is calculated based on the historical occurrence of customer claims. Future occurrence of such claims may differ from past experience. However, the Company is of the opinion that the provision amounts will not be significantly different should the assumptions and estimates change.

(Note 2) The provision for restructuring corresponds to expenses recognized for rationalization or business restructuring to improve the profitability of the Group's businesses. Payment periods are affected by future business plans and other factors.

(Note 3) Asset retirement obligations are provided for the Group's obligation to restore leased offices, buildings and other facilities to their original condition. Recognized amounts are future payments estimated based on past experience with restoring properties to their original condition. In principle, these obligations are paid more than one year after incurred. However, they may be affected by future business plans and other factors.

(Note 4) Other provisions include provisions, etc. for litigation-related expenditure.

	Thousands of U.S. dollars				
	Provision for product warranties	Provision for restructuring	Asset retirement obligations	Other provisions	Total
Balance at March 31, 2022	$ 12,387	$ 6,867	$ 47,413	$ 68,149	$ 134,839
Provisions made	6,852	10,762	67	62,742	80,439
Interest cost from discounting	–	–	225	–	225
Provisions utilized	(4,703)	(5,789)	(135)	(35,820)	(46,454)
Provisions reversed	(2,666)	(225)	(22)	(3,737)	(6,665)
Effects of changes in foreign exchange rates	562	517	150	3,872	5,107
Balance at March 31, 2023	**12,432**	**12,140**	**47,705**	**95,207**	**167,498**
Current	12,432	12,140	442	86,632	111,660
Non-current	$ –	$ –	$ 47,263	$ 8,575	$ 55,838

20. Other financial liabilities

The components of other financial liabilities as of March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Derivative financial liabilities (Note)	**¥ 36,812**	¥ 45,419	**$ 275,683**
Contingent consideration	**612**	178	**4,583**
Others	**3,188**	3,573	**23,875**
Total	**40,613**	49,171	**304,149**
Current	**39,079**	45,095	**292,661**
Non-current	**¥ 1,533**	¥ 4,076	**$ 11,481**

(Note) Derivative financial liabilities include put options written on non-controlling interests of ¥31,927 million ($239,100 thousand) (previous fiscal year: ¥41,943 million).

21. Employee benefits

The Group has in place a corporate pension plan and lump-sum payments on retirement plan as defined benefit plans, and a defined contribution-type corporate pension plan as a defined contribution plan. These pension plans are exposed to general investment risk, interest rate risk, etc., but the Group judges that those risks are not significant. In some cases, the Group pays additional severance benefits to retiring employees.

Funding standards, fiduciary responsibility, disclosure and other matters are consistent for domestic corporate pension plans, and the officer in charge and responsible departments hold a meeting on the investment policy and results in a timely manner, based on the basic policy regarding investment of plan assets. An actuarial review is conducted every three years based on the Company's financial condition and asset investment forecast. If funding standards are not satisfied, premiums are increased. The Company set a retirement benefit trust as the Company's plan assets.

Plan assets are legally separate from the Group. Asset investment beneficiaries are responsible for plan assets and have a duty of loyalty to pension plan enrollees, such management responsibilities as a dispersed investment obligation, and a duty to prevent conflicts of interest.

(1) Defined benefit plan

Amounts of defined benefit plan in the consolidated statement of financial position are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Present value of the defined benefit obligation	**¥ 132,299**	¥ 149,893	**$ 990,781**
Fair value of the plan assets	**152,660**	154,363	**1,143,264**
Net amount of liabilities and assets in the consolidated statement of financial position	**(20,360)**	(4,469)	**(152,475)**
Defined benefit liabilities	**8,839**	10,603	**66,195**
Defined benefit assets	**¥ 29,200**	¥ 15,073	**$ 218,677**

Changes in the present value of the defined benefit obligation are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Balance, beginning of the year	**¥149,893**	¥156,334	**$1,122,542**
Current service cost	**4,412**	4,564	**33,041**
Past service cost	**2**	51	**15**
Interest cost	**1,191**	961	**8,919**
Remeasurement:			
Actuarial gains and losses arising from changes in demographic assumptions	**(67)**	(34)	**(502)**
Actuarial gains and losses arising from changes in financial assumptions	**(14,119)**	(4,292)	**(105,737)**
Benefits paid	**(9,957)**	(8,768)	**(74,568)**
Benefits paid on settlement	**–**	(240)	**–**
Effect of foreign currency exchange differences	**962**	1,570	**7,204**
Others	**(18)**	(251)	**(135)**
Balance, end of the year	**¥132,299**	¥149,893	**$990,781**

(Note) As of the end of the current fiscal year, the weighted average payment period for defined benefit obligations was 9.6 years.

Changes in the fair value of the plan assets are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Balance, beginning of the year	¥154,363	¥138,222	$1,156,017
Interest income	1,324	896	9,915
Remeasurement:			
Return on plan assets (net)	(789)	15,481	(5,909)
Contributions by the employer	5,033	5,643	37,692
Benefits paid	(8,078)	(7,105)	(60,496)
Benefits paid on settlement	–	(229)	–
Effect of foreign currency exchange differences	781	1,412	5,849
Others	24	41	180
Balance, end of the year	¥152,660	¥154,363	$1,143,264

(Note) Expected contributions to plan assets in the next fiscal year are ¥6,909 million ($51,741 thousand).

Summary of the fair value of the plan assets is as follows:

	Millions of yen					
	2023			2022		
	Quoted market price in an active market			Quoted market price in an active market		
	Yes	No	Total	Yes	No	Total
Equity securities (Domestic)	¥ 16,230	¥ 2,109	¥ 18,340	¥ 15,558	¥ 2,386	¥ 17,944
Equity securities (Foreign)	12,951	31,455	44,407	17,788	27,554	45,342
Debt securities (Domestic)	3,274	328	3,602	3,237	499	3,737
Debt securities (Foreign)	20,206	5,789	25,996	18,682	4,743	23,425
Employee pension trust (Domestic equity securities)	7,905	–	7,905	7,354	–	7,354
Life insurance company general accounts	–	10,074	10,074	–	9,904	9,904
Cash and cash equivalents	13,437	339	13,777	18,908	305	19,214
Others	¥ 16,464	¥ 12,091	28,555	¥ 15,612	¥ 11,827	27,439
Total			¥ 152,660			¥ 154,363

(Note 1) Plan assets are invested in shares and securities.

(Note 2) The investment policy for the Company's defined benefit plans is aimed to secure necessary total returns in the long term within the range of allowable risks to ensure the payment of defined benefit obligations in the future. Specifically, in accordance with the requirements of defined-benefit pension plans, a contribution must be made annually after taking into consideration deductible amounts under tax law, the status of plan assets reserves and various actuarial calculations. The contribution amount is subject to actuarial review every three years to ensure a financial balance in the future. Furthermore, if the reserve amount is below that provided by minimum funding standards, a fixed amount must be contributed.

	Thousands of U.S. dollars		
	2023		
	Quoted market price in an active market		
	Yes	No	Total
Equity securities (Domestic)	$ 121,546	$ 15,794	$ 137,347
Equity securities (Foreign)	96,989	235,565	332,562
Debt securities (Domestic)	24,519	2,456	26,975
Debt securities (Foreign)	151,322	43,354	194,683
Employee pension trust (Domestic equity securities)	59,200	–	59,200
Life insurance company general accounts	–	75,444	75,444
Cash and cash equivalents	100,629	2,539	103,175
Others	$ 123,298	$ 90,549	213,847
Total			$ 1,143,264

Principal actuarial assumptions used to measure defined benefit obligations are as follows:

	%	
	2023	2022
Discount rate	0.82	0.46

The table below indicates the effect of a 0.5% increase or decrease in major actuarial assumptions, while other variables are kept constant. In reality, individual assumptions may be simultaneously affected by fluctuations in economic indicators and conditions. Accordingly, the actual impact of these fluctuations on defined benefit obligations may differ from these assumptions because fluctuations may occur independently or mutually.

	Millions of yen				Thousands of U.S. dollars	
	2023		2022		**2023**	
	Increase	**Decrease**	Increase	Decrease	**Increase**	**Decrease**
Effect of change of discount rate -------	**¥(3,834)**	**¥4,190**	¥(4,775)	¥5,250	**$(28,713)**	**$31,379**

(2) Defined contribution plan

The amount of expenses in relation to defined contribution plans was ¥8,286 million ($62,053 thousand) for the current fiscal year (previous fiscal year: ¥6,666 million).

(3) Other employee benefits

Certain U.S. subsidiaries employ a Supplemental Executive Retirement Plan (SERP). Obligations incurred under this plan amounted to ¥452 million ($3,385 thousand) for the current fiscal year (previous fiscal year: ¥494 million). These amounts are recognized as other non-current liabilities.

22. Equity and other equity items

(1) Share capital and treasury shares

	Number of authorized shares	Number of issued shares (Note 1) (Note 2)	Number of treasury shares (Note 3)
At April 1, 2021 ------------------------------------	1,200,000,000	502,664,337	9,155,998
Increase --	–	–	3,015
Decrease --	–	–	167,671
At March 31, 2022 ---------------------------------	1,200,000,000	502,664,337	8,991,342
Increase --	**–**	**–**	**2,904**
Decrease --	**–**	**–**	**241,422**
At March 31, 2023 --------------------------------	**1,200,000,000**	**502,664,337**	**8,752,824**

(Note 1) Shares issued by the Company are non-par value ordinary shares.
(Note 2) Issued shares are fully paid.
(Note 3) The numbers of Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust that are included in the number of treasury shares for each of the above entries are as follows: 2,809,437 shares at April 1, 2021, 49,921 shares in the decrease (previous fiscal year), 2,759,516 shares at March 31, 2022, 191,698 shares in the decrease (current fiscal year), and 2,567,818 shares at March 31, 2023.

(2) Share premium

Under the Companies Act of Japan ("Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to share capital. The remainder of the proceeds shall be credited to additional paid-in capital, which is included in share premium. The Companies Act permits, upon approval at the general meeting of shareholders, the transfer of amounts from additional paid-in capital to share capital.

(3) Retained earnings

The Companies Act provides that 10% of the amount of deduction from surplus by dividends of retained earnings shall be appropriated as additional paid-in capital or as a legal reserve until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of share capital. The legal reserve may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval at the general meeting of shareholders.

(4) Other components of equity

	Millions of yen					
	Remeasure-ments of defined benefit pension plans (Note 1)	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income (Note 2)	Net gain (loss) on derivatives designated as cash flow hedges (Note 3)	Exchange differences on translation of foreign operations (Note 4)	Share of other comprehensive income of investments accounted for using the equity method (Note 5)	Total
Balance at April 1, 2021	¥ –	¥2,769	¥ (239)	¥ 10,944	¥ (0)	¥13,475
Increase (decrease)	14,140	1,571	408	44,400	0	60,520
Transfer to retained earnings	(14,140)	(2,033)	–	–	–	(16,173)
Balance at March 31, 2022	–	2,308	169	55,345	–	57,822
Increase (decrease)	**9,466**	**(335)**	**(21)**	**33,815**	**–**	**42,924**
Transfer to retained earnings	**(9,466)**	**(1,281)**	**–**	**–**	**–**	**(10,747)**
Balance at March 31, 2023	**¥ –**	**¥691**	**¥ 147**	**¥ 89,160**	**¥ –**	**¥89,999**

(Note 1) Remeasurements of defined benefit pension plans are differences in return on plan assets and interest income on plan assets due to differences between actuarial assumptions at the start of the year and actual results.

(Note 2) Net gain (loss) on revaluation of financial assets measured at fair value through OCI is cumulative in nature.

(Note 3) Net gain (loss) on derivatives designated as cash flow hedges is that the effective portion of the cumulative differences in fair value of derivative transactions designated as cash flow hedges.

(Note 4) Exchange differences on translation of foreign operations are exchange differences resulting from the translation of financial statements of foreign operations and exchange differences on the net investment hedge on foreign operations.

(Note 5) Share of other comprehensive income of investments accounted for using the equity method includes the exchange differences resulting from the translation of financial statements of foreign operations.

	Thousands of U.S. dollars					
	Remeasurements of defined benefit pension plans	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using the equity method	Total
Balance at March 31, 2022	$ –	$ 17,285	$ 1,266	$ 414,476	$ –	$ 433,026
Increase (decrease)	**70,890**	**(2,509)**	**(157)**	**253,239**	**–**	**321,456**
Transfer to retained earnings	**(70,890)**	**(9,593)**	**–**	**–**	**–**	**(80,484)**
Balance at March 31, 2023	**$ –**	**$ 5,175**	**$ 1,101**	**$ 667,715**	**$ –**	**$ 673,998**

23. Dividends

(1) Dividend payments

Previous fiscal year (From April 1, 2021 to March 31, 2022)

Resolution	Class of shares	Millions of yen	Yen	Record date	Effective date	Source of dividends
		Amount of dividends (Note 1) (Note 2)	Dividends per share			
Board of Directors' meeting held on May 14, 2021	Ordinary shares	¥7,444	¥15.00	March 31, 2021	May 28, 2021	Retained earnings
Board of Directors' meeting held on November 2, 2021	Ordinary shares	¥7,445	¥15.00	September 30, 2021	November 29, 2021	Retained earnings

(Note 1) The amount of dividends based on the resolution at the Board of Directors' meeting held on May 14, 2021 includes ¥42 million of dividends on the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust.

(Note 2) The amount of dividends based on the resolution at the Board of Directors' meeting held on November 2, 2021 includes ¥41 million of dividends on the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust.

Current fiscal year (From April 1, 2022 to March 31, 2023)

Resolution	Class of shares	Millions of yen	Yen	Record date	Effective date	Source of dividends	Thousands of U.S. dollars	U.S. dollars
		Amount of dividends (Note 1) (Note 2)	Dividends per share				Amount of dividends	Dividends per share
Board of Directors' meeting held on May 12, 2022	Ordinary shares	**¥7,446**	**¥15.00**	March 31, 2022	May 27, 2022	Retained earnings	**$55,763**	**$0.11**
Board of Directors' meeting held on November 2, 2022	Ordinary shares	**¥4,964**	**¥10.00**	September 30, 2022	November 29, 2022	Retained earnings	**$37,175**	**$0.07**

(Note 1) The amount of dividends based on the resolution at the Board of Directors' meeting held on May 12, 2022 includes ¥41 million ($307 thousand) of dividends on the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust.

(Note 2) The amount of dividends based on the resolution at the Board of Directors' meeting held on November 2, 2022 includes ¥25 million ($187 thousand) of dividends on the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust.

(2) Of the dividends whose record date belongs to the current fiscal year, the dividend whose effective date comes after the last day of the fiscal year

Not applicable.

24. Revenue

(1) Disaggregation of revenue

The Group presents revenue recognized from contracts with customers and other sources as revenue.
Disaggregated revenue is as follows:

		Millions of yen	Millions of yen	Thousands of U.S. dollars
		2023	2022	2023
Digital Workplace Business		¥ 600,279	¥ 465,421	$ 4,495,462
Professional Print Business		252,604	194,729	1,891,740
Healthcare Business	Healthcare	94,585	86,312	708,343
	Precision Medicine	43,256	23,618	323,942
	Subtotal	137,841	109,930	1,032,285
Industry Business	Sensing	46,910	42,350	351,307
	Materials and Components	76,043	84,248	569,483
	Imaging-IoT Solutions	14,592	12,641	109,279
	Subtotal	137,547	139,240	1,030,083
Others		2,124	2,103	15,907
Total		1,130,397	911,426	8,465,491
Revenue recognized from contracts with customers		1,095,587	869,636	8,204,800
Revenue recognized from other sources (Note)		¥ 34,809	¥ 41,790	$ 260,683

(Note) Revenue recognized from other sources includes lease income under IFRS 16.

(Digital Workplace Business and Professional Print Business)
The Digital Workplace Business and the Professional Print Business principally engage in sales of MFPs, digital printing systems and related consumables, provision of services incidental to them, and provision of solution services.

For sales of MFPs, digital printing systems and related consumables, revenue is recognized at the time of shipment or delivery of products, which is when control of the products is considered to be transferred to customers. If acceptance inspection by customers is required for performance of products, revenue is recognized at the time of acceptance inspection by customers.

Because services incidental to sales of MFPs and digital printing systems are mainly maintenance contracts based on pay-as-you-go fees in accordance with the usage of the products, and performance obligations are satisfied as the products are used, revenue is recognized based on the amount specified in the contract in accordance with the usage.

For solution services, revenue is recognized at the time of completion of the provision of services, which is when performance obligations are satisfied.

Consideration for transactions is principally received within one year after satisfaction of performance obligations and does not include any significant financial component. For services incidental to sales, charges are principally made and received on a monthly basis.

(Healthcare Business)
The Healthcare Business mainly engages in sales of medical equipment including diagnostic imaging systems and related consumables, provision of services incidental to them, provision of medical IT services, provision of genetic testing services, and provision of drug discovery support services.

Control of products is considered to be transferred to customers at the time of acceptance inspection by customers for sales of medical equipment, and at the time of delivery of products for sales of consumables, and revenue is recognized at that time.

Since services incidental to sales of medical equipment mainly consist of maintenance contracts for products and performance obligations are satisfied over time, revenue is recognized equally over the contract period based on the amount specified in the contract.

For medical IT services, revenue is recognized at the time of completion of the provision of services, which is when performance obligations are satisfied.

For genetic testing services, revenue is recognized at the time of completion of the test results report, which is when performance obligations are satisfied.

For drug discovery support services, revenue is recognized in accordance with the progress of the provision of services.

Consideration for transactions is principally received within one year after satisfaction of performance obligations and does not include any significant financial component. For services incidental to sales, consideration is received in lump sum at the time of signing the contract or expiry of the contract period, or in installments monthly.

(Industry Business)
The Industry Business principally engages in sales of products, such as TAC films, lenses for industrial and professional use and measuring instruments. Revenue is recognized when control of products is transferred to customers, that is, at the time of shipment or delivery of products. Consideration for transactions is principally received within one year after satisfaction of performance obligations and does not include any significant financial component.

(2) Contract balance

Balances of receivables arising from contracts with customers, contract assets and contract liabilities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Receivables arising from contracts with customers	**¥ 261,547**	¥ 235,296	**$ 1,958,713**
Contract assets	**9**	359	**67**
Contract liabilities	**¥ 21,692**	¥ 18,599	**$ 162,450**

(Note 1) In the consolidated statement of financial position, receivables arising from contracts with customers and contract assets are included in trade and other receivables, and contract liabilities are included in other current liabilities. Contract liabilities are mainly related to advance received from customers.

(Note 2) Of revenue recognized, the amount included in the balance of contract liabilities at the beginning of the year is ¥6,398 million ($47,914 thousand) (previous fiscal year: ¥6,609 million). The amount of revenue recognized from performance obligations that were satisfied (or partially satisfied) in prior periods is not significant.

(3) Transaction price allocated to the remaining performance obligations

The amount of transaction price allocated to the remaining performance obligations of which the original expected period exceeds one year by timing of satisfaction is as follows. The transaction price is mainly related to service contracts in the Digital Workplace Business and the Professional Print Business.

The Group has applied a practical expedient and does not provide information on the remaining performance obligations of which the original expected period is one year or less and that are based on pay-as-you-go fees.

In addition, among consideration arising from contracts with customers, there is no significant amount that is not included in transaction price.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
1 year or less	**¥ 7,934**	¥ 6,055	**$ 59,417**
More than 1 year, 2 years or less	**1,716**	1,800	**12,851**
More than 2 years, 3 years or less	**1,405**	1,302	**10,522**
More than 3 years	**1,904**	1,722	**14,259**
Total	**¥ 12,960**	¥ 10,879	**$ 97,057**

(4) Contract costs

Capitalized contract costs are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Assets recognized from contract acquisition costs	**¥ 267**	¥ 253	**$ 2,000**
Assets recognized from contract fulfillment costs	**–**	–	**–**
Total	**¥ 267**	¥ 253	**$ 2,000**

(Note) Amortization expenses arising from assets recognized from contract costs were ¥166 million ($1,243 thousand) (previous fiscal year: ¥166 million).

25. Other income

The components of other income for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Insurance claim income (Note 1)	**¥ 2,084**	¥ 2,473	**$ 15,607**
Subsidy income including compensation for sustaining businesses (Note 2)	**34**	2,081	**255**
Gain on transfer of business (Note 3)	**–**	1,811	**–**
Others	**4,414**	3,907	**33,056**
Total	**¥ 6,533**	¥ 10,274	**$ 48,925**

(Note 1) Insurance claim income for the current fiscal year, mainly consists of insurance claim income concerning settlement payments related to lawsuits for a subsidiary in North America and property insurance claim income from the accidental explosion that occurred in the previous fiscal year at the Tatsuno Factory of Konica Minolta Supplies Manufacturing Co., Ltd.

(Note 2) Subsidy income including compensation for sustaining businesses is mainly proceeds from compensation benefits for sustaining businesses in association with responses to COVID-19, and others.

(Note 3) Gain on transfer of business for the previous fiscal year mainly pertains to transfer of part of business by a subsidiary in North America.

26. Other expenses

The components of other expenses for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Impairment losses (Note 1)	**¥ 116,668**	¥ 10,951	**$ 873,721**
Business restructuring improvement expenses (Note 2)	**4,453**	893	**33,348**
Settlement payments (Note 3)	**3,223**	–	**24,137**
Losses on sales and disposals of property, plant and equipment and intangible assets	**1,108**	1,881	**8,298**
Toner supply measure expenses (Note 4)	**986**	1,990	**7,384**
Others	**4,959**	4,701	**37,138**
Total	**¥ 131,398**	¥ 20,418	**$ 984,034**

(Note 1) Impairment losses are described in note 12 "Impairment on non-financial assets".

(Note 2) Business restructuring improvement expenses are mainly related to structural reform of sales sites in Europe, North America, and other areas in the Digital Workplace Business and the Professional Print Business.

(Note 3) Settlement payments for the current fiscal year are related to lawsuits for a subsidiary in North America in the Digital Workplace Business and the Professional Print Business and a subsidiary in North America in the Healthcare Business.

(Note 4) Toner supply measure expenses were incurred in dealing with the shortage of toner supply caused by the accidental explosion that occurred in the previous fiscal year at the Tatsuno Factory of Konica Minolta Supplies Manufacturing Co., Ltd.

27. Operating expenses by nature

Principal components within operating expenses (total of cost of sales, selling, general and administrative expenses and other expenses) by nature are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Personnel expenses	**¥ 380,148**	¥ 336,990	**$ 2,846,911**
Depreciation and amortization expenses	**¥ 75,295**	¥ 75,754	**$ 563,881**

The total amount of research and development expenses included in operating expenses for the current fiscal year is ¥63,894 million ($478,499 thousand) (previous fiscal year: ¥62,677 million).

28. Finance income and costs

The components of finance income and costs for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Finance income			
Interest income			
Financial assets measured at amortized cost	¥ 1,421	¥ 1,204	$ 10,642
Financial assets and liabilities measured at FVTPL	1,394	1,429	10,440
Dividends received			
Financial assets measured at FVTOCI	937	622	7,017
Foreign exchange gain (Note)	–	1,292	–
Others			
Financial assets and liabilities measured at FVTPL	271	2,342	2,030
Total	4,024	6,892	30,136
Finance costs			
Interest expense			
Financial liabilities measured at amortized cost	5,820	3,389	43,586
Financial assets and liabilities measured at FVTPL	1,028	1,244	7,699
Lease liabilities	2,295	1,931	17,187
Foreign exchange losses (Note)	990	–	7,414
Others			
Financial liabilities measured at amortized cost	475	444	3,557
Financial assets and liabilities measured at FVTPL	65	1,202	487
Total	¥ 10,675	¥ 8,211	$ 79,945

(Note) Valuation gains or losses on currency derivatives are included in foreign exchange differences.

29. Earnings per share

A calculation of basic and diluted loss per share attributable to owners of the Company for the fiscal years ended March 31, 2023 and 2022 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Basis of calculating basic loss per share			
Loss for the year attributable to owners of the Company	¥ (103,153)	¥ (26,123)	$ (772,508)
Loss for the year not attributable to owners of the Company	–	–	–
Loss for the year to calculate basic loss per share	(103,153)	(26,123)	(772,508)
Adjustments to loss for the year	–	–	–
Loss for the year to calculate diluted loss per share	¥ (103,153)	¥ (26,123)	$ (772,508)

	Thousands of shares	
	2023	2022
Weighted average number of ordinary shares outstanding during the period (Note 1)	493,815	493,580
Impact of dilutive effects (Note 2)	–	–
Weighted average number of diluted ordinary shares outstanding during the period	493,815	493,580

(Note 1) In calculating basic loss per share and diluted loss per share, the Company's shares owned by the trust account associated with the Directors' Compensation BIP Trust are included in treasury shares to be deducted in the calculation of weighted average number of shares outstanding during the period.

(Note 2) Since exercise of share acquisition rights, etc. reduces loss per share for the year, potential shares have no dilutive effect.

	Yen		U.S. dollars
	2023	2022	2023
Basic loss per share attributable to owners of the Company	¥(208.89)	¥(52.93)	$(1.56)
Diluted loss per share attributable to owners of the Company	¥(208.89)	¥(52.93)	$(1.56)

30. Other comprehensive income

Changes in each item of other comprehensive income during the year are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plans			
Amount arising during the year	¥ 13,397	¥ 19,808	$ 100,330
Tax expense	(3,930)	(5,668)	(29,432)
Net of tax	9,466	14,140	70,890
Net gain on revaluation of financial assets measured at fair value			
Amount arising during the year	(483)	2,256	(3,617)
Tax expense	148	(684)	1,108
Net of tax	(335)	1,571	(2,509)
Subtotal	9,130	15,711	68,374
Items that may be subsequently reclassified to profit or loss			
Net gain (loss) on derivatives designated as cash flow hedges			
Amount arising during the year	506	450	3,789
Reclassification adjustments	(577)	135	(4,321)
Tax income (expense)	49	(177)	367
Net of tax	(21)	408	(157)
Exchange differences on translation of foreign operations			
Amount arising during the year	34,409	44,232	257,687
Reclassification adjustments	–	824	–
Tax income (expense)	485	(185)	3,632
Net of tax	34,894	44,872	261,320
Share of other comprehensive income of investments accounted for using the equity method	–	0	–
Subtotal	34,872	45,280	261,155
Total	¥ 44,003	¥ 60,992	$ 329,536

Among the above, amounts attributable to non-controlling interests are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Exchange differences on translation of foreign operations	¥1,079	¥471	$8,081
Total	¥1,079	¥471	$8,081

31. Share-based payment

(1) Share option plan

The Group's share-based payments arise from the share options given to the Company's executive officers, directors (excluding outside directors), and group executives (hereinafter "officers, etc.").

No vesting conditions are attached, but in the event that an officer, etc. retires prior to the completion of his target service period, he may retain a number of share acquisition rights corresponding to that number granted multiplied by the number of months in appointment (from the month prior to the month in which the target service period started until the month in which the officer, etc. retired) and divided by 12. The remaining share acquisition rights are to be returned free of charge.

The exercise period is defined in an allocation agreement, and the options are forfeited if not exercised during that period. Options are also forfeited if the officer, etc. retires between the grant date and the date of rights allotment. Rights exercise conditions stipulate that the date that the rights become exercisable is the day following the day on which one year has elapsed from the date when the officer, etc. steps down from his position.

The Group accounts for share-based payments as equity-settled and recognizes them as selling, general and administrative expenses in the consolidated statement of profit or loss. The Group uses valuation technique, i.e., Black-Scholes model, to estimate the fair value of the share options.

Since the Group has decided not to grant new share options after the 12th share options, which were issued in August 2016, being the last ones, expenses for this transaction were not recorded in the current fiscal year.

	Number of share options granted	Grant date	Exercise period	Exercise price (Yen)	Fair value at the grant date (Yen)
1st	194,500	August 23, 2005	June 30, 2025	¥1	¥ 1,071
2nd	105,500	September 1, 2006	June 30, 2026	1	1,454
3rd	113,000	August 22, 2007	June 30, 2027	1	1,635
4th	128,000	August 18, 2008	June 30, 2028	1	1,419
5th	199,500	August 19, 2009	June 30, 2029	1	776
6th	188,000	August 27, 2010	June 30, 2030	1	664
7th	239,500	August 23, 2011	June 30, 2031	1	428
8th	285,500	August 22, 2012	June 30, 2032	1	518
9th	257,500	August 22, 2013	June 30, 2043	1	678
10th	159,600	September 11, 2014	June 30, 2044	1	1,068
11th	110,100	August 18, 2015	June 30, 2045	1	1,148
12th	191,400	August 31, 2016	June 30, 2046	¥1	¥ 687

	2023		2022	
	Number of shares	Weighted average exercise price (Yen)	Number of shares	Weighted average exercise price (Yen)
Outstanding, beginning of the year	**585,200**	**¥1**	702,900	¥1
Exercised	**49,600**	**1**	117,700	1
Outstanding, end of the year	**535,600**	**1**	585,200	1
Exercisable, end of the year	**535,600**	**¥1**	585,200	¥1

(Note 1) The number of share options outstanding for each fiscal year is converted to the number of shares.

(Note 2) The weighted average share price for share options exercised during the year was ¥493 ($3.69) (previous fiscal year: ¥524).

(Note 3) The weighted average remaining number of years for unexercised share options as of the end of the current fiscal year was 16 years (previous fiscal year: 18 years).

(2) Share-granting trust plan

The Group has in place a system called a Directors' Compensation Board Incentive Plan (BIP) Trust as share-based payments, and grants points to executive officers, non-executive inside directors, corporate vice presidents and technology fellows of the Company (hereinafter, "officers, etc.").

Based on the share distribution regulations, points are granted to officers, etc. according to the corporate position, achievement level of performance targets, etc. According to these points, the Company's shares and cash equivalent to the price of conversion of the Company's shares are delivered or provided (hereinafter, "delivery, etc.") after the period covered by the Medium Term Business Plan ends or after the officers, etc. retire.

No vesting conditions are attached, but in the event that an officer, etc. retires prior to the completion of his target service period, delivery, etc. according to the number of points corresponding to that number granted multiplied by the number of months in appointment (from the month prior to the month in which the target service period starts until the month in which the officer, etc. retires) and divided by 12 is made to the officers, etc.

Funds for the above delivery, etc. are contributed to the trust to acquire the Company's shares from the stock market. As of the end of the current fiscal year, the balance of the Company's shares owned by the trust was ¥1,276 million ($9,556 thousand) (previous fiscal year: ¥1,371 million) and recorded as treasury shares in the consolidated statement of financial position.

The Group introduced this plan from FY2017 and continues to employ the plan in and after FY2020.

	2023	2022
Number of points	**100,013**	454,363
Fair value (Note) (Yen)	**¥172**	¥172

(Note) The fair value of the Company's shares delivered, etc. according to points granted during the period is measured based on the observable market price, and expected dividends are taken into accounted in the fair value measurement.

(3) Expenses recognized for the current fiscal year

The Group's share-based payment plan is accounted for as equity-settled share-based payments, and the amount of expenses for equity-settled share-based payment transactions is ¥17 million ($127 thousand) (previous fiscal year: ¥78 million), and is recorded as selling, general and administrative expenses in the consolidated statement of profit or loss.

32. Financial instruments

(1) Capital management

In order to achieve growth and improvement in corporate value over the medium- to long-term, the Group ensures financial soundness while increasing the capital efficiency, as its basic policy for capital management.

The principal indicators the Company uses for capital management are as follows:

	2023	2022
ROE (Note 1)	(19.9)%	(4.8)%
Equity ratio attributable to owners of the Company (Note 2)	34.5%	41.1%
D/E ratio (Note 3)	0.96 times	0.64 times
Net D/E ratio (Note 4)	0.59 times	0.43 times

(Note 1) Profit for the year attributable to owners of the Company / equity attributable to owners of the Company (average for the period)
(Note 2) Equity attributable to owners of the Company / total equity
(Note 3) Interest-bearing debt / equity attributable to owners of the Company
(Note 4) (Interest-bearing debt - cash and cash equivalents) / equity attributable to owners of the Company

(2) Categories of financial instruments

1) The Group classifies financial instruments as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Financial assets			
Financial assets measured at amortized cost			
Cash and cash equivalents	¥ 180,574	¥ 117,670	$ 1,352,310
Trade and other receivables	269,911	241,934	2,021,351
Other financial assets	11,669	12,744	87,389
Financial assets measured at FVTOCI			
Other financial assets	7,924	12,268	59,342
Financial assets measured at FVTPL			
Other financial assets	4,330	4,278	32,427
Financial liabilities			
Financial liabilities measured at amortized cost			
Trade and other payables	200,508	182,063	1,501,595
Bonds and borrowings	469,095	354,307	3,513,031
Other financial liabilities	3,188	3,573	23,875
Financial liabilities measured at FVTPL			
Other financial liabilities	¥ 5,497	¥ 3,655	$ 41,167

Other than the above, there are finance lease receivables of ¥43,574 million ($326,324 thousand) (previous fiscal year: ¥37,920 million), contract assets of ¥9 million ($67 thousand) (previous fiscal year: ¥359 million), put options written on non-controlling interests of ¥31,927 million ($239,100 thousand) (previous fiscal year: ¥41,943 million).

2) Financial assets designated as FVTOCI

Shares and other equity financial instruments are held primarily for the purpose of participating in the management of the investees, encouraging an alliance of enterprises or reinforcing sales foundations. These are financial assets designated as FVTOCI.

The names and fair value of principal equity financial instruments are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Sumitomo Mitsui Financial Group, Inc.	¥ 1,502	¥ 1,108	$ 11,248
MS&AD Insurance Group Holdings, Inc.	1,096	1,249	8,208
JCB Co., Ltd.	847	797	6,343
T&D Holdings, Inc.	618	1,259	4,628
NIKON CORPORATION	616	597	4,613
The Hyakujushi Bank, Ltd.	565	510	4,231
Resona Holdings, Inc.	548	449	4,104
MURATEC FRONTIER, LTD.	402	402	3,011
Sompo Holdings, Inc.	253	259	1,895
ispace, inc.	213	1,051	1,595
Other	1,260	4,582	9,436
Total	¥ 7,924	¥ 12,268	$ 59,342

To increase the efficiency of held assets and use them effectively, regular monitoring is performed in relation to the fair value of equity financial instruments and the financial condition of the issuers, and the ongoing holding status of these instruments is reviewed. The fair value at the time of sale of shares during the year and cumulative gains or losses recognized in other components of equity (before tax effects) are as follows.

Cumulative gains or losses on financial assets measured at FVTOCI recognized in other components of equity are transferred from other components of equity to retained earnings when the investment is disposed.

In addition, such gains or losses are also transferred from other components of equity to retained earnings when the fair value declined significantly. In the current fiscal year, cumulative gains or losses in OCI (after tax effects) transferred to retained earnings were losses of ¥441 million ($3,303 thousand).

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Fair value at time of sale	**¥ 4,709**	¥ 6,029	**$ 35,265**
Cumulative gains (net of tax effects)	**¥ 2,289**	¥ 2,932	**$ 17,142**

Breakdown of dividends income recognized from equity financial instruments is as follows:

Millions of yen				Thousands of U.S. dollars	
2023		2022		**2023**	
Financial assets derecognized during the period	Financial assets held as of March 31, 2023	Financial assets derecognized during the period	Financial assets held as of March 31, 2022	Financial assets derecognized during the period	Financial assets held as of March 31, 2023
¥ 115	**¥ 822**	¥ 53	¥ 569	**$ 861**	**$ 6,156**

(3) Financial risk management

1) Credit risk (risk that counterparties will fail to fulfill their contractual obligations)

Customer credit risk is an inherent part of trade and other receivables. For that reason, with respect to its trade receivables the Group regularly monitors the condition of its key business partners to determine potential unrecoverability due to worsening financial conditions at an early stage and to reduce this risk. The Group also has a policy of managing receivables for each of its transaction partners by due date and balance. Basically, if receivables are significantly past due and it is considered impossible or extremely difficult to recover all or part of the receivables, it is deemed that default has occurred. In addition, if material financial difficulty has arisen in the borrower and it is considered difficult to recover receivables, it is also deemed that default has occurred. The Group determines whether or not credit risk has increased, based on changes in the risk of default occurring. For new customers, the Group employs third-party credit ratings, bank references and other available information to analyze individual credit conditions. The Group's policy is to set credit limits for each customer and monitor these on an ongoing basis.

The Group uses derivative transactions to hedge foreign exchange fluctuation risk and interest rate fluctuation risk. The financial institutions that are counterparties to such transactions present credit risks. However, the Group believes its credit risk related to counterparties failing to fulfill their obligations is very low or limited, as the Group only conducts such transactions with financial institutions of high credit ratings.

The maximum exposure to credit risk in financial assets is stated in the carrying amounts presented in the consolidated statement of financial position.

(a) Credit exposures related to trade and other receivables

The Group estimates expected credit loss and recognizes allowance for doubtful accounts, taking into consideration the recoverability of receivables and the estimated recoverable amount. The Group judges trade and other receivables in light of business partners' financial conditions, past due status of receivables, past records of bad debts losses reported, etc., taking into account projection of future economic conditions and others. Allowance for doubtful accounts for trade and other receivables is always measured at an amount equal to lifetime expected credit loss.

In cases where one or more events that have adverse effects on estimated future cash flows of financial assets, such as cases where the number of months past due is more than six months and where the number of months past due is six months or less and material financial difficulty has arisen in the borrower, the receivables are classified as credit-impaired financial assets.

Past due information on trade and other receivables is as follows:

As of March 31, 2022

	Millions of yen	
Number of months past due	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit loss	Credit-impaired financial assets
No days past due	¥ 232,748	¥ -
3 months or less	27,266	-
More than 3 months, 6 months or less	9,010	-
More than 6 months	-	19,487
Total	¥ 269,025	¥ 19,487

As of March 31, 2023

Number of months past due	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit loss (Millions of yen)	Credit-impaired financial assets (Millions of yen)
No days past due	¥ 256,731	¥ -
3 months or less	35,088	-
More than 3 months, 6 months or less	9,067	-
More than 6 months	-	21,569
Total	¥ 300,887	¥ 21,569

Number of months past due	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit loss (Thousands of U.S. dollars)	Credit-impaired financial assets (Thousands of U.S. dollars)
No days past due	$ 1,922,647	$ -
3 months or less	262,772	-
More than 3 months, 6 months or less	67,902	-
More than 6 months	-	161,529
Total	$ 2,253,329	$ 161,529

With respect to other financial assets, the balances for the fiscal years ended March 31, 2022 and 2023 are not significant.

(b) Allowance for doubtful accounts

The Group uses the allowance for doubtful accounts to record impairment losses at the non-recoverable amount for individually significant financial assets, and to record impairment losses based on projection of future economic conditions and others, taking into account past records of bad debts losses reported, etc., for financial assets that are not individually significant. The allowance for doubtful accounts for these financial assets is included in "trade and other receivables" and "other financial assets" in the consolidated statement of financial position.

Changes in allowances for doubtful accounts in the respective fiscal years are as follows.

Previous fiscal year (From April 1, 2021 to March 31, 2022)
Trade and other receivables

	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit loss (Millions of yen)	Credit-impaired financial assets (Millions of yen)
Balance, beginning of the year	¥ 2,370	¥ 5,324
Provisions made	1,634	831
Transfer to credit-impaired financial assets	(585)	585
Provisions utilized	(506)	(523)
Provisions reversed	(593)	(751)
Effects of changes in foreign exchange rates	118	379
Balance, end of the year	¥ 2,439	¥ 5,845

Current fiscal year (From April 1, 2022 to March 31, 2023)
Trade and other receivables

	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit loss (Millions of yen)	Credit-impaired financial assets (Millions of yen)
Balance, beginning of the year	¥ 2,439	¥ 5,845
Provisions made	4,023	1,653
Transfer to credit-impaired financial assets	(753)	753
Provisions utilized	(2,307)	(534)
Provisions reversed	(1,015)	(1,395)
Effects of changes in foreign exchange rates	112	429
Balance, end of the year	¥ 2,498	¥ 6,751

	Thousands of U.S. dollars	
	Financial assets for which allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit loss	Credit-impaired financial assets
Balance, beginning of the year	$ 18,266	$ 43,773
Provisions made	30,128	12,379
Transfer to credit-impaired financial assets	(5,639)	5,639
Provisions utilized	(17,277)	(3,999)
Provisions reversed	(7,601)	(10,447)
Effects of changes in foreign exchange rates	839	3,213
Balance, end of the year	$ 18,707	$ 50,558

Changes in allowances for doubtful accounts for other financial assets are not significant.

2) Liquidity risk (risk of not being able to pay on the payment due date)

The Group raises funds through borrowings and other means. With these liabilities, the Group assumes liquidity risk arising from the possibility that it may become unable to meet its payment obligations on their due dates, owing to deterioration in the financing environment.

To control liquidity risk, the Company's finance department creates and updates cash plans as necessary, based on information obtained from its consolidated subsidiaries and various departments. At the same time, the Company constantly monitors the operating environment to maintain and ensure appropriate on-hand liquidity in response to changing conditions.

Certain long-term loan agreements and commitment line agreements with the Company as the borrower are subject to financial covenants. As of the end of the current fiscal year, the Company was in breach of financial covenants attached to some of the syndicated loan agreements, etc. that the Company has concluded with several financial institutions. After the end of the fiscal year, the Company has obtained the consent from all the financial institutions concerned not to demand acceleration of loan repayments by reason of such breach of financial covenants. Details are described in note 17 "Bonds and borrowings (2) Financial covenants".

Balances of long-term financial liabilities by due date are shown below. Contractual cash flows are undiscounted cash flows that do not include interest payment amounts. Notes to "trade and other payables", and "short-term loans payable", have been omitted because they are settled in the short term.

As of March 31, 2022

	Millions of yen							
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable	¥ 207,006	¥ 207,431	¥ 31,543	¥ 28,588	¥ 5,164	¥ 10,102	¥ 14,008	¥ 118,024
Bonds	29,925	30,000	-	-	15,000	-	-	15,000
Lease liabilities	94,349	116,723	19,101	15,249	11,671	9,645	7,317	53,737
Derivative financial liabilities	45,419	45,419	43,150	2,269	-	-	-	-
Others	3,752	3,752	1,978	1,773	-	-	-	-
Total	¥ 380,453	¥ 403,326	¥ 95,772	¥ 47,880	¥ 31,836	¥ 19,747	¥ 21,326	¥ 186,761

As of March 31, 2023

	Millions of yen							
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable	¥ 207,116	¥ 210,781	¥ 29,186	¥ 6,923	¥ 41,778	¥ 14,862	¥ 13,011	¥ 105,018
Bonds	29,944	30,000	-	15,000	-	-	15,000	-
Lease liabilities	99,197	121,090	20,224	16,625	12,653	9,736	7,607	54,243
Derivative financial liabilities	36,812	36,812	36,812	-	-	-	-	-
Others	3,800	3,800	2,266	1,533	-	-	-	-
Total	¥ 376,871	¥ 402,485	¥ 88,490	¥ 40,082	¥ 54,432	¥ 24,598	¥ 35,619	¥ 159,261

	Thousands of U.S. dollars							
	Carrying amounts	Contractual cash flows	1 year or less	More than 1 year, 2 years or less	More than 2 years, 3 years or less	More than 3 years, 4 years or less	More than 4 years, 5 years or less	More than 5 years
Long-term loans payable	$ 1,551,082	$ 1,578,529	$ 218,573	$ 51,846	$ 312,874	$ 111,301	$ 97,439	$ 786,475
Bonds	224,249	224,669	-	112,334	-	-	112,334	-
Lease liabilities	742,882	906,837	151,457	124,504	94,758	72,912	56,968	406,223
Derivative financial liabilities	275,683	275,683	275,683	-	-	-	-	-
Others	28,458	28,458	16,970	11,481	-	-	-	-
Total	$ 2,822,370	$ 3,014,192	$ 662,698	$ 300,172	$ 407,639	$ 184,213	$ 266,749	$ 1,192,698

3) Market risks (foreign exchange, share price and interest rate fluctuation risks)

(a) Foreign exchange fluctuation risk

As part of developing its global business, the Group has foreign currency receivables and payables, which are subject to foreign exchange fluctuation risk. To manage this risk, the Group determines its foreign exchange fluctuation risk in each currency every month and, in principle, hedges this risk by using forward exchange transactions and currency option transactions. Depending on foreign exchange market conditions, the Group may also enter into forward exchange contracts and currency option transactions for limited time periods on foreign currency receivables and payables for expected transactions it deems certain to occur. In addition, derivatives are used in hedge mainly to avoid foreign exchange risk of net investments in foreign operations.

Foreign exchange sensitivity analysis
The table below shows the impact on profit before tax in the consolidated statement of profit or loss of a 1% increase in value of the U.S. dollar, the euro and the pound sterling against the yen due to its balances of foreign currency receivables and payables at the end of each fiscal year. On the assumption that other variables remain constant, a 1% decline in the value of the yen against the U.S. dollar, the euro and the pound sterling has the opposite impact at the same amounts as shown in the table below. The analysis is based on the assumption that currencies other than each currency used in the calculation do not fluctuate, and does not include financial instruments in the functional currency and effects of the translation of assets, liabilities, revenue and expenses of foreign operations to Japanese yen.

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
U.S. dollar	**¥ 344**	¥ 300	**$ 2,576**
Euro	**498**	548	**3,729**
Pound sterling	**¥ 4**	¥ 8	**$ 30**

(b) Share price fluctuation risk

The Group holds shares in other listed companies in the interest of cultivating business relationships, and these equity financial instruments are subject to share price fluctuation risk. Equity financial instruments are held to ensure the smooth operation of business strategies by reinforcing business alliances and business synergies, and not for earning investment returns through sales. With respect to equity financial instruments, the Group regularly monitors share prices and checks the issuing entity's financial condition.

Share price fluctuation sensitivity analysis
In the sensitivity analysis below, the Group calculates sensitivity based on the price risk on equity financial instruments at the end of the fiscal year. A 1% increase or decrease in share prices had a ¥56 million ($419 thousand) impact on other components of equity (before tax effects) as of the end of the current fiscal year (previous fiscal year: ¥93 million).

(c) Interest rate fluctuation risk

For debt instrument bearing variable interest rates, the Company enters into interest-rate swap contracts to hedge the potential risk to cash flows of interest rate fluctuations. The Company uses these derivative transactions according to defined policies for the purpose of reducing risk. No interest rate sensitivity analysis is conducted, as interest rate payments have only a slight impact on profits or loss of the Group.

(4) Fair value of financial instruments

Fair value calculation method
The fair value of financial assets and financial liabilities is calculated as described below. Information about defining the level of the hierarchy is described in (5) Fair value hierarchy.

1) Derivative financial assets and liabilities

Fair value of currency derivatives is based on forward quotations and prices quoted by financial institutions that enter into these contracts. Fair value of interest rate derivatives is based on prices quoted by financial institutions that enter into these contracts, and both are classified in level 2.

Fair value of put options written on non-controlling interests is calculated by forecasting the future exercise price using Monte Carlo simulations with expected earnings multiples, etc. of the acquired group in the expected exercise period and other data used as inputs, and discounting the amount paid to the counterparty according to that forecast at an appropriate discount rate. The fair value is classified in level 3 because inputs that are not based on observable market data are used in the calculation. If expected earnings of the acquired group increases (decreases), the fair value increases (decreases).

2) Investment securities

Where market prices are available, fair value is based on market prices and classified in level 1. For financial instruments whose market prices are not available, fair value is calculated by discounting future cash flows or using other appropriate valuation methods and classified in level 3, taking into account the individual nature, characteristics and risks of the assets.

3) Borrowings

As short-term loans payable is to be settled in a short period of time, their fair value is assumed to be equivalent to the carrying amounts.

For long-term loans payable with fixed interest rates, fair value is calculated by discounting the total amount of principal and interest using assumed interest rate of a new similar borrowing and classified in level 3. As the interest rates of long-term loans payable with variable interest rates are revised upon each repricing period, their fair value is assumed to be equivalent to the carrying amounts.

4) Bonds

Fair value is calculated on the basis of market value and classified in level 2.

5) Contingent consideration

Fair value is calculated by estimating the amount of additional payment that may occur in the future, using an appropriate valuation method, and classified in level 3.

6) Financial instruments other than those indicated above

Financial instruments other than those indicated above are mainly settled in the short term, so their fair value is assumed to be equivalent to their carrying amounts.

Carrying amounts and fair value of major financial instruments measured at amortized cost are as follows:

	Millions of yen				Thousands of U.S. dollars	
	2023		2022		2023	
	Carrying amounts	Fair value	Carrying amounts	Fair value	Carrying amounts	Fair value
Long-term loans payable	**¥ 207,116**	**¥ 199,596**	¥ 207,006	¥ 185,843	**$ 1,551,082**	**$ 1,494,765**
Bonds	**29,944**	**29,893**	29,925	29,932	**224,249**	**223,867**
Total	**¥ 237,061**	**¥ 229,489**	¥ 236,932	¥ 215,776	**$ 1,775,339**	**$ 1,718,633**

(Note 1) Long-term loans payable and bonds include balances redeemable within one year.

(Note 2) Financial instruments that are to be settled in a short period of time are not included in the above table because their fair value approximates their carrying amounts.

(5) Fair value hierarchy

Financial instruments which are measured at fair value after initial recognition are classified according to fair value hierarchy. The fair value hierarchy comprises levels 1 through 3, defined as follows:

Level 1: Fair value measured at the quoted price in the active market
Level 2: Fair value that is calculated using the observable market inputs other than quoted price directly or indirectly
Level 3: Fair value that is calculated based on valuation techniques which include inputs that are not based on observable market data

Transfers between fair value hierarchy levels are recognized on the date the event or condition prompting the transfer occurred.

Financial assets and financial liabilities measured at fair value in the previous fiscal year and the current fiscal year, by fair value hierarchy are as follows:

	Millions of yen			
	2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	¥ 9,312	¥ -	¥ 4,213	¥ 13,525
Derivative financial assets	-	648	-	648
Others	513	-	1,860	2,373
Total	9,826	648	6,073	16,547
Financial liabilities				
Derivative financial liabilities	-	3,476	41,943	45,419
Others	-	-	178	178
Total	¥ -	¥ 3,476	¥ 42,121	¥ 45,598

(Note) No transfers between level 1, 2 and 3 occurred during the previous fiscal year.

	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	¥ 5,673	¥ -	¥ 2,694	¥ 8,367
Derivative financial assets	-	1,490	-	1,490
Others	471	-	1,925	2,396
Total	6,144	1,490	4,620	12,255
Financial liabilities				
Derivative financial liabilities	-	4,885	31,927	36,812
Others	-	-	612	612
Total	¥ -	¥ 4,885	¥ 32,539	¥ 37,424

(Note) In the current fiscal year, certain stocks held by the Company were reclassified from Level 3 to Level 1 since the issuers went public and are listed on regulated markets.

	Thousands of U.S. dollars			
	2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investment securities	$ 42,485	$ -	$ 20,175	$ 62,660
Derivative financial assets	-	11,159	-	11,159
Others	3,527	-	14,416	17,944
Total	46,012	11,159	34,599	91,777
Financial liabilities				
Derivative financial liabilities	-	36,584	239,100	275,683
Others	-	-	4,583	4,583
Total	$ -	$ 36,584	$ 243,683	$ 280,267

Increases or decreases in financial instruments classified as level 3
Increases or decreases in financial instruments classified as level 3 in each fiscal year are as follows:

	Millions of yen	
	Financial assets	Financial liabilities
Balance at April 1, 2021	¥ 5,855	¥ 32,961
Gains (losses) (Note 1)		
Profit for the year	1,013	–
Other comprehensive income	56	–
Acquisitions	1	–
Grants (Note 2)	–	51,908
Disposals and settlements (Note 2)	(302)	(32,792)
Others (Note 3)	(570)	(9,965)
Effects of changes in foreign exchange rates	19	9
Balance at March 31, 2022	6,073	42,121
Gains (losses) (Note 1)		
Profit for the year	(79)	–
Other comprehensive income	(804)	–
Acquisitions	150	–
Business combination	–	599
Disposals and settlements	(3)	(184)
Transfer from Level 3 (Note 4)	(745)	–
Others (Note 3)	(0)	(10,016)
Effects of changes in foreign exchange rates	29	19
Balance at March 31, 2023	¥ 4,620	¥ 32,539

(Note 1) Gains or losses recognized in profit for the year are presented in the consolidated statement of profit or loss as "finance income" or "finance costs". Gains or losses recognized in other comprehensive income are presented in the consolidated statement of comprehensive income as "net gain (loss) on revaluation of financial assets measured at fair value".

(Note 2) "Grants" and "Disposals and settlements" of financial liabilities in the previous fiscal year pertain to the expiration of existing put options to non-controlling interests and the granting of new put options in connection with the reorganization of certain subsidiaries. The difference arising from this was recorded as share premium.

(Note 3) "Others" in financial liabilities principally include the difference in change arising from subsequently measuring fair value of put options written on non-controlling interests, and the difference in change was recorded as share premium.

(Note 4) In the current fiscal year, certain stocks held by the Company were reclassified from Level 3 to Level 1 since the issuers went public and are listed on regulated markets.

	Thousands of U.S. dollars	
	Financial assets	Financial liabilities
Balance at March 31, 2022	$ 45,480	$ 315,442
Gains (losses)		
Profit for the year	(592)	–
Other comprehensive income	(6,021)	–
Acquisitions	1,123	–
Business combination	–	4,486
Disposals and settlements	(22)	(1,378)
Transfer from Level 3	(5,579)	–
Others	(0)	(75,009)
Effects of changes in foreign exchange rates	217	142
Balance at March 31, 2023	**$ 34,599**	**$ 243,683**

(6) Derivatives and hedge accounting

The Group enters into derivative contracts with financial institutions, hedging fluctuations in cash flows on its financial assets and financial liabilities. The Group limits such transactions to those necessarily required for hedging purposes and not for speculation purposes.

In principle, the Group uses forward exchange contracts and currency options to hedge foreign exchange fluctuation risk categorized by currency and by month. Depending on foreign exchange market conditions, the Group may enter into forward exchange contracts and conduct currency option transactions for limited time periods on foreign currency receivables and payables for expected transactions it deems certain to occur.

The Group uses currency swap and interest-rate swap transactions to reduce interest rate fluctuation risk for borrowings with variable interest rates, as well as to mitigate fluctuation risk on expected future funding costs, and makes use of cash flow hedges.

In addition to these, the Group conducts hedge accounting treatment by using derivatives for the purpose of avoiding its foreign exchange exposure in net investments in foreign operations mainly.

The fair value of derivatives are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	**2023**
Derivatives employing hedge accounting			
Currency derivatives	¥ 20	¥ (60)	$ 150
Interest rate derivatives	61	301	457
Net investment hedge derivatives	(3,980)	(2,269)	(29,806)
Derivatives not employing hedge accounting			
Currency derivatives	504	(800)	3,774
Put options written on non-controlling interests	(31,927)	(41,943)	(239,100)
Total	¥ (35,322)	¥ (44,771)	$ (264,525)

(7) Offsetting financial assets and financial liabilities

Information related to offsetting recognized financial assets and financial liabilities with the same business partner is as follows:

Previous fiscal year (From April 1, 2021 to March 31, 2022)

		Millions of yen		
Financial assets	Type of transaction	Total amount of recognized financial assets	Total amount of recognized financial liabilities to be offset in consolidated statement of financial position	Net amount of financial assets reported in consolidated statement of financial position
Cash and cash equivalents	Notional pooling	¥ 7,890	¥ 7,366	¥ 524

Financial liabilities	Type of transaction	Total amount of recognized financial liabilities	Total amount of recognized financial assets to be offset in consolidated statement of financial position	Net amount of financial liabilities reported in consolidated statement of financial position
Bonds and borrowings	Notional pooling	¥ 7,366	¥ 7,366	¥ –

Current fiscal year (From April 1, 2022 to March 31, 2023)

		Millions of yen		
Financial assets	Type of transaction	Total amount of recognized financial assets	Total amount of recognized financial liabilities to be offset in consolidated statement of financial position	Net amount of financial assets reported in consolidated statement of financial position
Cash and cash equivalents	Notional pooling	¥ 13,928	¥ 13,108	¥ 820

Financial liabilities	Type of transaction	Total amount of recognized financial liabilities	Total amount of recognized financial assets to be offset in consolidated statement of financial position	Net amount of financial liabilities reported in consolidated statement of financial position
Bonds and borrowings	Notional pooling	¥ 13,108	¥ 13,108	¥ –

		Thousands of U.S. dollars		
Financial assets	Type of transaction	Total amount of recognized financial assets	Total amount of recognized financial liabilities to be offset in consolidated statement of financial position	Net amount of financial assets reported in consolidated statement of financial position
Cash and cash equivalents	Notional pooling	$ 104,306	$ 98,165	$ 6,141

Financial liabilities	Type of transaction	Total amount of recognized financial liabilities	Total amount of recognized financial assets to be offset in consolidated statement of financial position	Net amount of financial liabilities reported in consolidated statement of financial position
Bonds and borrowings	Notional pooling	$ 98,165	$ 98,165	$ –

33. Related parties

Remuneration for directors and audit and supervisory board members for the years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
Fixed remuneration	¥ 483	¥ 554	$ 3,617
Performance-linked remuneration	35	29	262
Share-based remuneration	29	124	217
Total	¥ 548	¥ 708	$ 4,104

34. Commitments

The amount of contractual commitments to acquire assets is negligible.

35. Contingencies

The Group guarantees lease liabilities, etc., for companies outside the Group. As of the end of the current fiscal year, guarantee obligations totaled to ¥163 million ($1,221 thousand) (previous fiscal year: ¥207 million). As the likelihood of performance of these guarantee obligations is low, they are not recognized as financial liabilities.

36. Disclosure of interests in other entities

The Group's subsidiaries as of March 31, 2023 are as follows:

Name	Location	Ownership interest (%)
Konica Minolta Japan, Inc.	Minato-ku, Tokyo	100
Kinko's Japan Co., Ltd.	Minato-ku, Tokyo	100
Konica Minolta Supplies Manufacturing Co., Ltd.	Kofu, Yamanashi	100
Konica Minolta Mechatronics Co., Ltd.	Toyokawa, Aichi	100
Konica Minolta Technoproducts Co., Ltd.	Sayama, Saitama	100
Konica Minolta Planetarium Co., Ltd.	Toshima-ku, Tokyo	100
Konica Minolta Business Associates Co., Ltd.	Hachioji, Tokyo	100
Konica Minolta Engineering Co., Ltd.	Hino, Tokyo	100
Konica Minolta Information System Co., Ltd.	Hachioji, Tokyo	100
Konica Minolta Business Solutions U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta Business Solutions Europe GmbH	Langenhagen, Germany	100
Konica Minolta Business Solutions Deutschland GmbH	Langenhagen, Germany	100
Konica Minolta Business Solutions France S.A.S.	Carrieres-sur-Seine, France	100
Konica Minolta Business Solutions (UK) Limited	Essex, United Kingdom	100
Konica Minolta Marketing Services EMEA Limited	London, United Kingdom	100
Konica Minolta Business Solutions (CHINA) Co., Ltd.	Shanghai, China	100
Konica Minolta Business Technologies Manufacturing (HK) Limited	Hong Kong, China	100
Konica Minolta Business Technologies (WUXI) Co., Ltd.	Wuxi, China	100
Konica Minolta Business Technologies (DONGGUAN) Co., Ltd.	Dongguan, China	100
Konica Minolta Business Solutions Asia Pte. Ltd.	Teban Gardens Crescent, Singapore	100
Konica Minolta Business Technologies (Malaysia) Sdn. Bhd.	Melaka, Malaysia	100
Konica Minolta Business Solutions India Private Ltd.	Haryana, India	100
Konica Minolta Business Solutions Australia Pty. Ltd.	New South Wales, Australia	100
Konica Minolta Healthcare Americas, Inc.	New Jersey, U.S.A.	100
Konica Minolta Medical & Graphic (SHANGHAI) Co., Ltd.	Shanghai, China	100
Radiant Vision Systems, LLC	Washington, U.S.A.	100
Konica Minolta Sensing Europe B.V.	Nieuwegein, Netherlands	100
Instrument Systems GmbH	Munich, Germany	100
Konica Minolta Opto (DALIAN) Co., Ltd.	Dalian, China	100
Ambry Genetics Corporation	California, U.S.A.	75.6
Invicro, LLC	Massachusetts, U.S.A.	75.6
MOBOTIX AG	Langmeil, Germany	65.2
Konica Minolta Holdings U.S.A., Inc.	New Jersey, U.S.A.	100
Konica Minolta (China) Investment Ltd.	Shanghai, China	100
134 other companies		

No significant change from the previous fiscal year.

The Group has no material non-controlling interests in subsidiaries.

No significant legal or contractual limitations exist with respect to the transfer or use of assets or liability settlement capabilities within the Group.

37. Events after the reporting period

Acquisition of Additional Shares in Shares of Consolidated Subsidiary

The Company and INCJ, Ltd. ("INCJ") made a joint acquisition of Ambry Genetics Corporation, the genetic testing company in 2017. After this acquisition, the Company established Konica Minolta Precision Medicine, Inc. (currently known as REALM IDx, Inc.), which has three subsidiaries, including Ambry Genetics Corporation, Invicro, LLC for supporting pharmaceutical development, and Konica Minolta REALM, Inc. that operates the business in Japan.

On July 3, 2023, the Company received the notice (the "Notice") from INCJ that it would exercise its option (the "Put Option") to request the Group to purchase all the shares of REALM IDx, Inc. held by INCJ. Upon receipt of this notice, the Group is required to acquire all the shares of REALM IDx, Inc. held by INCJ and complete the payment and share acquisition within approximately 180 days from the receipt of the Notice. The Group's ownership percentage in REALM IDx, Inc. will increase to 98.6% upon completion of the share acquisition.

The estimated acquisition cost of the additional shares in REALM IDx, Inc. is approximately $218 million, which is approximately ¥31.5 billion at the exchange rate as of July 3, 2023 (approximately ¥144.51 to one U.S. dollar).

This Put Option was recorded as other financial liabilities. The balance at the end of the current fiscal year was ¥31.9 billion. If there is a difference between the exercise price and the balance of other financial liabilities, it will be adjusted in share premium. As a result, there will be no impact to the consolidated statement of Profit or Loss for the fiscal year ending March 31, 2024.

Independent auditor's report

To the Board of Directors of Konica Minolta, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Konica Minolta, Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the group of cash-generating units associated with the Precision Medicine field	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 12, "Impairment of non-financial assets, (2) Impairment tests on goodwill and intangible assets with indefinite useful lives" to the consolidated financial statements, Konica Minolta Inc. (hereinafter referred to as the "Company") and its consolidated subsidiaries recognized an impairment loss of ¥103,568 million on the	The primary procedures we performed to assess the appropriateness of the valuation of the group of CGUs associated with the Precision Medicine field included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to measuring the recoverable amount used in the

group of cash-generating units ("CGUs") associated with the Precision Medicine field in the consolidated statement of profit or loss.

The goodwill that arose when the Company acquired Ambry Genetics Corporation and Invicro, LLC was allocated to the group of CGUs associated with the Precision Medicine field.

As a result of the impairment loss, the carrying amount of the non-financial assets of the group of CGUs associated with the Precision Medicine field was ¥46,795 million (of which, the carrying amount of goodwill was zero) as of March 31, 2023.

A CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives is tested for impairment annually or whenever the Company identifies any indications of impairment. In the impairment testing, an impairment loss is recognized if the recoverable amount of a CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives is less than its carrying amount. The recoverable amount is the higher of either the value in use or the fair value less cost of disposal.

As a result of the annual impairment testing conducted during the current fiscal year, the recoverable amount of the group of CGUs associated with the Precision Medicine field was less than the carrying amount. Accordingly, an impairment loss was recognized.

The recoverable amount of the group of CGUs associated with the Precision Medicine field was previously determined based on the value in use; however, in the current fiscal year, the recoverable amount was determined based on the fair value less cost of disposal as the fair value less cost of disposal exceeded the value in use. The fair value was measured as the weighted average of the results of the income approach and the market approach.

In the income approach, the future cash flows used were estimated based on the business plan for the Precision Medicine field and a terminal growth rate for the periods subsequent to the period covered by the business plan. The impairment testing of a CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives.

(2) Assessment of the reasonableness of the estimated fair value less cost of disposal

In order to assess whether key assumptions adopted by management in preparing the business plan for the Precision Medicine field, which was used as the basis for estimating the future cash flows, were appropriate, we inquired of the personnel responsible for the business about the rationale for the assumptions. In addition, we performed the procedures set forth below, among others.

- We assessed the appropriateness of the projections of future revenue adopted in the business plan by assessing the consistency of the future revenue growth rates in the business plan with the growth rate of the relevant markets as forecasted by external research organizations, and by comparing them to historical revenue growth rates and the achievement of the past business plans; and
- We assessed the appropriateness of the personnel plan and the projections of future selling, general and administrative expenses adopted in the business plan by assessing the consistency with the revenue growth rate per employee and the ratio of selling, general and administrative expenses to revenue at comparable companies.

In addition, we involved valuation specialists within our network firms who assisted in our assessment of the following, among others:

- Assessment of the appropriateness of the method used to calculate the fair value;
- Assessment of the appropriateness of the terminal growth rate for the periods subsequent to the period covered by the business plan by comparing it with external data including the growth rate of the relevant markets as forecasted by external research organizations;
- Assessment of the appropriateness of the discount rate used in the income approach by assessing the models used to estimate the discount rate and also by comparing input data with applicable data published by external organizations; and
- Assessment of the appropriateness of the multiples used in the market approach by comparing them with the values that we independently calculated using external data.

projections of future revenue and selling, general and administrative expenses adopted in the business plan and the estimated terminal growth rate for the periods subsequent to the period covered by the business plan involved a high degree of uncertainty as well as a high dependency upon management's judgment. In addition, estimating the discount rate used in the income approach and selecting the multiples used in the market approach required a high degree of expertise in valuation. We, therefore, determined that the valuation of the group of CGUs associated with the Precision Medicine field was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Valuation of the group of cash-generating units consisting of MOBOTIX AG and its subsidiaries	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 12, "Impairment of non-financial assets, (2) Impairment tests on goodwill and intangible assets with indefinite useful lives" to the consolidated financial statements, the Company and its consolidated subsidiaries recognized an impairment loss of ¥3,722 million on the group of CGUs consisting of MOBOTIX AG and its subsidiaries ("the MOBOTIX Group") in the consolidated statement of profit or loss. A portion of the goodwill that arose with the Company's acquisition of MOBOTIX AG and the goodwill that arose with the acquisitions implemented by MOBOTIX AG after such acquisition by the Company were allocated to the MOBOTIX Group. As a result of the impairment loss, the carrying amount of the non-financial assets of the MOBOTIX Group was ¥5,508 million (of which, the carrying amount of goodwill was zero) as of March 31, 2023. A CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives is	The primary procedures we performed to assess the appropriateness of the valuation of the goodwill allocated to the MOBOTIX Group included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to measuring the recoverable amount used in the impairment testing of a CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives. **(2) Assessment of the reasonableness of the estimated fair value** We performed the procedures set forth below, among others, to assess the reasonableness of the estimated fair value. ● We compared the share price, which was used as the basis for the fair value, with the share price published by external organizations. **(3) Assessment of the reasonableness of the estimated value in use** We performed the procedures set forth below, among others, to assess the reasonableness of the estimated value in use.

tested for impairment annually or whenever the Company identifies any indications of impairment. In the impairment testing, an impairment loss is recognized if the recoverable amount of a CGU or group of CGUs containing goodwill is less than its carrying amount. The recoverable amount is the higher of either the value in use or the fair value less cost of disposal. As a result of the annual impairment testing conducted during the current fiscal year, the recoverable amount of the MOBOTIX Group was less than the carrying amount. Accordingly, an impairment loss was recognized. The recoverable amount of the MOBOTIX Group was previously determined based on the value in use; however, in the current fiscal year, the recoverable amount was determined based on the fair value less cost of disposal as the fair value less cost of disposal exceeded the value in use. The fair value of the MOBOTIX Group was based on the share price of MOBOTIX AG as MOBOTIX AG is a listed company. On the other hand, the future cash flows used to measure the value in use were estimated based on the business plan for MOBOTIX AG and its subsidiaries and a terminal growth rate for the periods subsequent to the period covered by the business plan. The projections of future revenue adopted in the business plan and the estimated terminal growth rate for the periods subsequent to the period covered by the business plan involved a high degree of uncertainty as well as a high dependency upon management's judgment. In addition, selecting the appropriate models and input data for estimating the discount rate used to measure the value in use required a high degree of expertise in valuation. We, therefore, determined that the valuation of the goodwill allocated to the MOBOTIX Group was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	● We assessed the appropriateness of the projections of future revenue adopted in the business plan for MOBOTIX AG and its subsidiaries, by inquiring of personnel responsible for the business about the rationale of the projections of future revenue, and assessing the consistency of the future revenue growth rates in the business plan with the growth rate of the relevant markets as forecasted by external research organizations after comparing them with the historical revenue trends; ● We assessed the appropriateness of the terminal growth rate for the periods subsequent to the period covered by the business plan by comparing it with the inflation rate of the relevant countries or the growth rate of the relevant markets as forecasted by external research organizations; and ● We involved valuation specialists within our network firms who assisted in our assessment of the appropriateness of the discount rate by assessing the models used to estimate the discount rate and also by comparing input data with applicable data published by external organizations.

Valuation of the group of CGUs associated with the imaging-IoT solutions field	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 12, "Impairment of non-financial assets, (2) Impairment tests on goodwill and intangible assets with indefinite useful lives" to the consolidated financial statements, the Company and its consolidated subsidiaries recognized an impairment loss of ¥3,156 million on the group of CGUs associated with the imaging-IoT solutions field in the consolidated statement of profit or loss. A portion of the goodwill that arose with the Company's acquisition of MOBOTIX AG was allocated to the group of CGUs associated with the imaging-IoT solutions field. As a result of the impairment loss, the carrying amount of the non-financial assets of the group of CGUs associated with the imaging-IoT solutions field was zero as of March 31, 2023. A CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives is tested for impairment annually or whenever the Company identifies any indications of impairment. In the impairment testing, an impairment loss is recognized if the recoverable amount of a CGU or group of CGUs containing goodwill is less than its carrying amount. The recoverable amount is the higher of either the value in use or the fair value less cost of disposal. As a result of the annual impairment testing conducted during the current fiscal year, the recoverable amount of the group of CGUs associated with the imaging-IoT solutions field was less than the carrying amount. Accordingly, an impairment loss was recognized. The recoverable amount of the group of CGUs associated with the imaging-IoT solutions field was determined based on the value in use. The future cash flows used to measure the value in use were estimated based on the business plan for the imaging-IoT solutions field and a terminal growth rate for the periods subsequent to the period covered by the business plan. The projections of future revenue adopted in the	The primary procedures we performed to assess the appropriateness of the valuation of the group of CGUs associated with the imaging-IoT solutions field included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to measuring the recoverable amount used in the impairment testing of a CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives. **(2) Assessment of the reasonableness of the estimated value in use** We performed the procedures set forth below, among others, to assess the reasonableness of the estimated value in use. ● We assessed the appropriateness of the projections of future revenue adopted in the business plan for the imaging-IoT solutions field, by inquiring of personnel responsible for the business about the rationale of the projections of future revenue, and assessing the consistency of the future revenue growth rates in the business plan with the growth rate of the relevant markets as forecasted by external research organizations after comparing them with the historical revenue trends; ● We assessed the appropriateness of the terminal growth rate for the periods subsequent to the period covered by the business plan by comparing it with the inflation rate of the relevant countries or the growth rate of the relevant markets as forecasted by external research organizations; and ● We involved valuation specialists within our network firms who assisted in our assessment of the appropriateness of the discount rate by assessing the models used to estimate the discount rate and also by comparing input data with applicable data published by external organizations.

business plan and the estimated terminal growth rate for the periods subsequent to the period covered by the business plan involved a high degree of uncertainty as well as a high dependency upon management's judgment. In addition, selecting the appropriate models and input data for estimating the discount rate used to measure the value in use required a high degree of expertise in valuation. We, therefore, determined that the valuation of the group of CGUs associated with the imaging-IoT solutions field was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	

Valuation of the cash-generating unit containing goodwill that arose from the acquisition of Radiant	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 12, "Impairment of non-financial assets, (2) Impairment tests on goodwill and intangible assets with indefinite useful lives" to the consolidated financial statements, the Company and its consolidated subsidiaries recognized goodwill of ¥153,558 million in the consolidated statement of financial position, which included goodwill of ¥19,429 million that arose from the acquisition of Radiant Vision Systems, LLC ("Radiant"). A CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives is tested for impairment annually or whenever the Company identifies any indications of impairment. In the impairment testing, an impairment loss is recognized if the recoverable amount of a CGU or group of CGUs containing goodwill is less than its carrying amount. The recoverable amount is the higher of either the value in use or the fair value less cost of disposal. As a result of the annual impairment testing conducted during the current fiscal year, the recoverable amount of the CGU containing the goodwill that arose from the acquisition of Radiant exceeded its carrying amount.	The primary procedures we performed to assess the appropriateness of the valuation of the CGU containing goodwill that arose from the acquisition of Radiant included the following: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to measuring the recoverable amount used in the impairment testing of a CGU or group of CGUs containing goodwill or intangible assets with indefinite useful lives. **(2) Assessment of the reasonableness of the estimated value in use** We performed the procedures set forth below, among others, to assess the reasonableness of the estimated value in use. ● We assessed the appropriateness of the projections of future revenue adopted in the business plan for Radiant, by inquiring of management of Radiant and personnel of the Company responsible for the Sensing business about the rationale of the projections of future revenue, and by assessing the consistency of the future revenue growth rates in the business plan with the growth rate of the relevant markets as forecasted by external research organizations after comparing them with the

Accordingly, no impairment loss was recognized. The recoverable amount of the CGU containing goodwill that arose from the acquisition of Radiant was determined based on the value in use. The future cash flows used to measure the value in use were estimated based on the business plan for Radiant and a terminal growth rate for the periods subsequent to the period covered by the business plan. The projections of future revenue adopted in the business plan and the estimated terminal growth rate for the periods subsequent to the period covered by the business plan involved a high degree of uncertainty as well as a high dependency upon management's judgment. In addition, selecting the appropriate models and input data for estimating the discount rate used to measure the value in use required a high degree of expertise in valuation. We, therefore, determined that the valuation of the CGU containing goodwill that arose from the acquisition of Radiant was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	historical revenue trends; ● We assessed the appropriateness of the terminal growth rate for the periods subsequent to the period covered by the business plan by comparing it with the inflation rate of the relevant countries and the growth rate of the relevant markets as forecasted by external research organizations; and ● We involved valuation specialists within our network firms who assisted in our assessment of the appropriateness of the discount rate by assessing the models used to estimate the discount rate and also by comparing input data with applicable data published by external organizations.

Other Information

The other information comprises the information included in the disclosure documents that contain or accompany the audited financial statements, but does not include the financial statements and our auditor's report thereon.

We do not perform any work on the other information as we determine such information does not exist.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee，we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Akihiro Ohtani
Designated Engagement Partner
Certified Public Accountant

Michiaki Yamabe
Designated Engagement Partner
Certified Public Accountant

Yosuke Sato
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
August 9, 2023

Notes to the Reader of Independent Auditor's Report:
This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

KONICA MINOLTA