



KONICA MINOLTA

Konica Minolta, Inc. 4th Quarter/FY2021 ended in March 2022 Consolidated Financial Results

Toshimitsu Taiko
President and CEO

Three months : January 1, 2022 – March 31, 2022

Fiscal Year 2021 : April 1, 2021 – March 31, 2022

– Announced on May 12, 2022 –

Giving Shape to Ideas

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I will explain our financial results, which were disclosed at 3:00 PM today.

Putting Konica Minolta on Track to Renewed Growth as President



Vision

- Under our vision, “Imaging to the People,” we will deliver meaningful value to society based on our imaging technologies

Policy

- Further accelerate growth in sensing, materials and components, healthcare (modality), and industrial print, where progress is in line with DX2022 (ongoing)
- Improve profitability in the Office and Production Print Business (FY2022–FY2023)
- Complete business portfolio transformation (medium term, complete by FY2025)
- Make specific policies to realize the five material issues toward 2030 (long term)

Basic Approach

- Set and implement achievable targets
- Prioritize cash flows
- Present our life-sized capability and prioritize dialogue with stakeholders

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On April 1st I was appointed as President and CEO of the Company and we started a new executive structure. We had been struggling for the past several years and we are faced with management challenges. In this backdrop, as President and CEO, my responsibility is to bring the Company back to a growing company. I would explain management policies and basic stances for the current fiscal year and beyond.

Under our long-term vision of “Imaging to the people”, we will continue to deliver socially meaningful value based on our imaging technology. It will not change. On the other hand, the environment in Japan and overseas has changed significantly since FY2020, when we presented our current medium-term business Plan “DX 2022.” And it is necessary to review our policies under the circumstances.

Sensing, materials and components, healthcare, particularly modality, and industrial print, these businesses are making progress in line with our medium-term business plan “DX 2022.” And we will aggressively seek ways to accelerate the growth of them by acquisition, additional investment and strategic CAPEX spending through our genre-top strategy, we will enhance value propositions in our differentiated products and services.

On the other hand, the urgent issue is to rebuild the profitability of office and production print business, whose profitability has been declining due to the external environment and the internal reason. We will do our best to increase supplies, make more efficient operation for higher quality through our structural reform. We realize the effect of these efforts from this H2 that should generate cash and support the Company’s growth.

Under these circumstances, in the business segment of sensing, materials components, healthcare, and industrial printing, we will continue to aim to achieve

the numerical target for the current fiscal year, the final year of our medium-term business plan “DX 2022.” But we have to admit that we will not reach our goals in all other businesses and we will review the numerical target for the entire company.

We will continue to aim for the completion of transforming our business portfolio by FY2025. The transition includes progress in our industry business, and use of external capital, particularly in strategic new businesses and low profit businesses. In the long term toward the year 2030, we will realize value creation for the five material issues we have identified, which are “Improving fulfillment of work and cooperate dynamism,” “Supporting healthy and high-quality living,” “Ensuring social safety and security,” “Addressing climate change,” and “Using limited resources effectively.”

Although there can be no business plan without any stretches, our basic stance on performance target is setting and implementing achievable targets. We hope to restore the confidence of our employees and regain and earn the trust of our external stakeholders.

We will then focus on improving our sluggish financial performance with an emphasis on cash flow generation. Our on-site capability is very strong, and has overcome many difficulties in the past. With trusting such on-site capability by myself and presenting our life-sized capability of the Company, I will strive to improve the management and the Company’s value through honest dialogue with our stakeholders.

**FY2021
Performance Overview
and
FY2022
Earnings Forecast
Summary**



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Now I will explain the business performance in FY2021.

FY2021 Performance | Summary



Full-Year Revenue

While demand recovered from the previous year, when the impact of COVID-19 was significant, excluding FOREX, revenue was on par with the previous year owing mainly to the impact of tight semiconductor supply, prolonged logistics transportation periods, accidents at a toner factory, etc.

Full-Year Operating Profit and Cash Flows

- Despite spike in freight costs and component expenses, the full-year operating loss shrank after excluding impairment loss (¥10.9 billion)
- Generated a profit in Q4 for the first time in three quarters, after excluding impairment losses (¥10.9 billion) and reduction in accounts receivable (-¥9.2 billion)
- Negative FCF owing to the loss, as well as increased inventories from growth in order backlog, etc.
- Period-end dividend was unchanged from previous forecast ¥ 15 per share (¥ 30 per share annually) [¥ billions]

| | FY2021 12M | FY2020 12M | YoY | YoY (W/O Forex) | FY2021 Q4 | FY2020 Q4 | YoY | YoY (W/O Forex) |
|---|---------------|---------------|------------|--------------------|--------------|--------------|------------|--------------------|
| Revenue | 911.4 | 863.4 | +6% | +1% | 249.9 | 248.5 | +1% | -4% |
| Gross Profit | 392.7 | 374.7 | +5% | -1% | 102.6 | 110.4 | -7% | -11% |
| Gross Profit ratio | 43% | 43% | -0pt | | 41% | 44% | -3pt | |
| SG & A | 404.9 | 389.7 | +4% | +0% | 104.2 | 100.3 | +4% | +0% |
| Operating Profit | -22.3 | -16.3 | - | - | -12.1 | 8.3 | - | - |
| Profit attributable to owners of the Company | -26.1 | -15.2 | - | - | -12.9 | 5.4 | - | - |
| FCF | -13.6 | 43.7 | - | - | -3.9 | 35.9 | - | - |
| FOREX [Yen] | | | | | | | | |
| USD | 112.38 | 106.06 | +6.32 | | 116.20 | 105.90 | +10.30 | |
| EUR | 130.56 | 123.70 | +6.86 | | 130.39 | 127.69 | +2.70 | |

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Full-year revenue was essentially unchanged from the previous year, amid a recovery from damaged demand by the COVID-19 pandemic from FY2020, mainly due to tight semiconductor supply, longer logistics transportation periods, and accidents at our toner factory.

Operating loss was 22.3 billion yen, at 6-billion-yen deterioration from the previous year. Although there were some negative factors such as higher logistics and materials cost, the loss narrowed from the previous year due to improved gross profit, excluding the 10.9-billion-yen impairment loss.

Looking at the Q4 only, excluding the impairment loss recorded at the end of the period and reduction in accounts receivable, we were in black for the first time in three quarters.

Cash flow was negative due to continued losses and an increase in inventories caused by supply delays.

The year-end dividend will be 15 yen per share as previously announced.

Achievements

- Achieved increases in revenue and profits in line with initial targets in the Industry Business, driven by sensing and materials and components (excluding impairment loss at imaging-IoT solution subsidiary)
- Industrial print and healthcare (modality) also achieved increases in revenue and profits in line with initial targets
- Kept SG&A at the ¥100 billion level quarterly as the Company overall (y-o-y increase = FOREX impact)
- Benefits from structural reforms conducted in previous year in office and production print were in line with plans
- Increased orders in response to robust recovery in demand in office and production print
- In DW-DX, revenue continued to increase, particularly for workflow solutions and managed IT services
- Developed our partner strategies (DW-DX, healthcare, QOL, imaging-IoT solution (FORXAI), etc.)

Things we did not achieve

- Supply shortages, mainly in office and production print, owing to tight semiconductor supply, prolonged logistics transportation periods, and accidents at a toner factory
- Although we adjusted some prices, expenses increased and profit decreased owing to the spike in logistics costs (including higher air freight) and component expenses
- In DW-DX, solution sales related to office print decreased owing to supply shortages, and there were supply shortages of procured items that use semiconductors
- In Precision medicine, growth slowed owing to the impact of COVID-19
- There were delays in initiative utilizing external capital for businesses with low profit

Even the deteriorated results, we made progress in some areas as planned, which is summarized on the slide. As for what we were able to accomplish, as I mentioned at the beginning, sensing and materials and components drove our Industry Business and the industrial printing and healthcare (modality) also achieved the increase in revenue and profit in line with our plan

While maintaining SG&A expenses at the 100-billion-yen level for the quarter, the company reduced fixed costs in the office and production print thanks to the structural reforms conducted in the previous fiscal year while promoting a shift to growing businesses. Demands for office and production print showed a solid recovery as expected and orders expanded.

While DW DX business continued its business revenue growth trend, driven by workflow solutions and managed IT services. Even the contribution to the revenue is yet to come, but our partner strategy is making its way. For example, in the DW-DX business, a joint venture with Change Corporation was established to support local Japanese governments operation through the use of DX. In healthcare business, alliances and collaborations with Canon Medical Systems, Siemens AG and Olympus were developed. And in care support, we formed a joint venture with Marubeni Corporation. And regarding “FORXAI,” we are expanding the number of collaborations and partners including strategic collaboration with SoftBank.

On the other hand, areas of underachievement are also listed here. Mainly in the office and production print sectors, we suffered from tight semiconductor supplies, prolonged logistics transportation periods, sporadic underutilization at production sites due to COVID-19, and toner supply shortage caused by the factory accidents. All resulted in decreased sales and revenue, increased order backlog and inventory, particularly onboard inventory.

The increase in logistics and materials costs could not be fully absorbed, despite self-help efforts and price adjustment. And continued air shipment to make up for toner supply delay caused by the factory accident also led to increased losses.

In precision medicine, the expected growth was not achieved because there was a delay in the recovery of patients' hospital visit and resumption of clinical trials by pharmaceutical companies in the Q4 due to the resurgence of COVID-19 in the US.

In addition, progress on leveraging external capital for low profit businesses was also delayed.

FY2021 Performance | Revenue & Operating Profit by Segment



[¥ billions]

| Revenue | FY2021 12M | FY2020 12M | YoY | YoY (W/O Forex) | FY2021 Q4 | FY2020 Q4 | YoY | YoY (W/O Forex) |
|---------------------------|---------------|---------------|------|--------------------|--------------|--------------|------|--------------------|
| Digital Workplace | 465.4 | 465.2 | +0% | -5% | 131.7 | 128.9 | +2% | -3% |
| Professional Print | 194.7 | 169.6 | +15% | +8% | 53.8 | 50.8 | +6% | +1% |
| Healthcare | 109.9 | 109.1 | +1% | -2% | 25.6 | 35.5 | -28% | -30% |
| Industry | 139.2 | 118.2 | +18% | +14% | 37.9 | 32.8 | +16% | +12% |
| Sensing | 42.4 | 32.3 | +31% | +23% | 11.2 | 9.6 | +16% | +9% |
| Materials and Components | 84.2 | 73.7 | +14% | +13% | 22.5 | 19.6 | +15% | +12% |
| Imaging-IoT solutions | 12.6 | 12.2 | +3% | -0% | 4.2 | 3.5 | +20% | +19% |
| Corporate, etc. | 2.1 | 1.3 | +64% | +73% | 1.0 | 0.5 | +98% | +101% |
| Company overall | 911.4 | 863.4 | +6% | +1% | 249.9 | 248.5 | +1% | -4% |

| Operating profit/OPM | FY2020 12M | FY2019 12M | YoY | YoY (W/O Forex) | FY2020 Q4 | FY2019 Q4 | YoY | YoY (W/O Forex) | |
|---------------------------|---------------|---------------|--------------|--------------------|--------------|--------------|-------------|--------------------|-------|
| Digital Workplace | -6.2 | - | -2.7 | - | 2.8 | 2.1% | 3.5 | -20% | -23% |
| Professional Print | 1.0 | 0.5% | -7.9 | - | 0.5 | 1.0% | 0.9 | -43% | -122% |
| Healthcare | -20.3 | - | -6.4 | - | -10.5 | - | 0.7 | - | - |
| Industry | 18.5 | 13.3% | 15.6 | +19% | -1.2 | - | 5.8 | - | - |
| Corporate, etc. | -15.3 | - | -14.9 | - | -3.7 | - | -2.6 | - | - |
| Company overall | -22.3 | - | -16.3 | - | -12.1 | - | 8.3 | - | - |

* Includes ¥1.5 billion impairment of goodwill in Professional Print, ¥9.2 billion of reduction in accounts receivable in Healthcare, and ¥9.4 billion impairment of goodwill in Industry

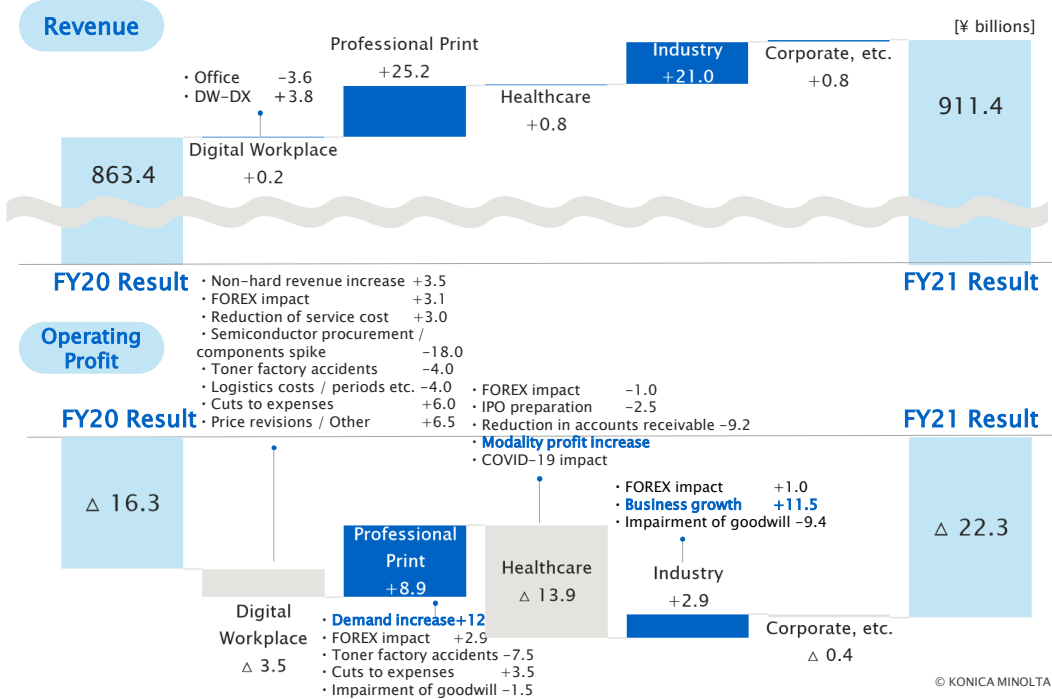
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The slide shows revenue and operating profit by business segment. Details of year-on-year changes are explained in the following pages.

FY2021 Performance | Factors of Increase/Decrease from FY2020



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In Digital Workplace Business, despite the effects of structuring reform, improved gross profit, and favorable FOREX impact, income declined by 3.5 billion yen. It is mainly due to 18-billion-yen impact from semiconductor shortage, 4-billion-yen impact from the toner factory accidents, and 4-billion-yen impact from logistics period. On the other hand, Professional Print Business reported an increase of 8.9 billion yen. Despite impact of the toner factory accident of 7.5 billion yen and goodwill impairment of 1.5 billion yen, the business offset and exceeded them by improved gross profit due to increased sales, FOREX impact and cost reduction. In office and professional print, we realized 13.5-billion-yen structural reform effect thanks to cost reduction and service cost reduction derived from structural reform in FY2020.

In Healthcare Business, modality recorded higher revenue and profit, but precision medicine posted a decline of 13.9-billion-yen due to 9.2-billion-yen reduction in accounts receivable and 2.5-billion-yen expenses related to the preparation for IPO.

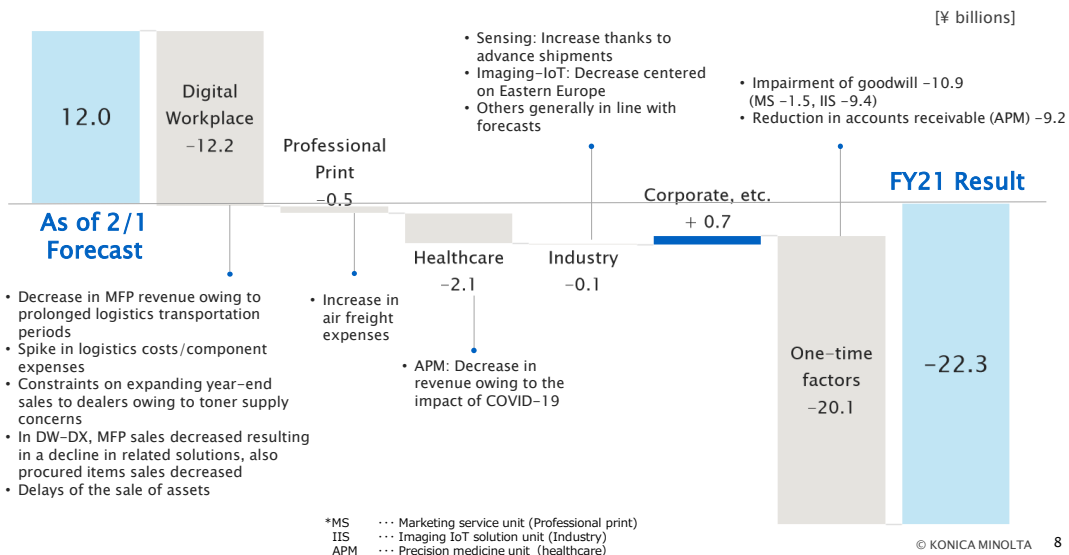
In Industry Business, despite goodwill impairment of 9.4 billion yen, the operating profit increased 11.5 billion yen by the increase of revenue, while the majority of the increased gross profit contributed to the increase of operating profit.

If I may repeat the items in blue bold font on the slide, industrial print, healthcare (modality), sensing, materials and components support growth of the company.

Operating Profit

Compared with our previous forecast :

- One-time factors had a negative impact of ¥20.1 billion (goodwill impairment, reduction in accounts receivable)
- Worsening businesses had a negative impact of ¥14.8 billion (Digital Workplace, Healthcare)



The previous forecast for operating profit was 12.0 billion yen. I'll explain the gap from this forecast. We deviated from the forecast. The first reason is due to one-time factors such as the 10.9 billion yen good with impairment and 9.2-billion-yen reduction in accounts receivable. And the second one is the gap from our forecast in businesses, about 12.2 billion yen in Digital Workplace and about 2.0 billion yen in precision medicine. In the Digital Workplace Business, the order backlog increased due to prolonged logistics transportation periods, especially in the U.S. In the Q4, it even got worse, and in the worst case it took more than 90 days from Asia to West Coast of the U.S., which was prolonged 3 weeks compared to the Q3. Accordingly, there was a decrease in sales of office-print-related solutions for DW-DX. Those are main reasons for the gap.

The company was also affected by the fact that the sales of assets, which was expected as part of the structural reform, was not completed by the end of the fiscal year. Regarding precision medicine, I have already explained, recovery of the number of patients' visits to hospitals was slow in the U.S. because of Omicron strains, leading to 2-billion-yen gap from the plan.

FY2022 Earnings Forecast | Summary



- Target higher annual revenue and profit based on demand recovery, market growth, and increase investment and strengthen measures on growth fields
- Significant impact in Q1 from tight supply of semiconductors and other components, prolonged logistics transportation periods, and lockdowns in China
- Expect recording of one-time expenses for structural reform in Q2, so losses to continue in H1
- Increase in FCF from profit improvement and inventory optimization due to elimination of order backlog

[¥ billions]

| | FY2022 Forecast | FY2021 Result | Change | Change rate |
|---|-----------------|---------------|--------------|-------------|
| Revenue | 980.0 | 911.4 | +68.6 | + 8% |
| Operating Profit | 15.0 | △ 22.3 | +37.3 | - |
| Profit attributable to owners of the Company | 5.5 | △ 26.1 | +31.6 | - |
| CAPEX | 50.0 | 42.4 | | |
| Depreciation and Amortization Expenses | 50.0 | 55.8 | | |
| R&D expenses | 63.0 | 62.7 | | |
| FCF | 20.0 | △ 13.6 | | |
| Investment and lending | 16.0 | 0.0 | | |
| | FOREX [Yen] | | | |
| | USD | 110.0 | 112.4 | △ 2.4 |
| | EUR | 125.0 | 130.6 | △ 5.6 |

* Depreciation and amortization expenses: IFRS16 right-of-use assets amortization expenses not included.

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I will explain the earning forecast for FY2022. We took into account the recovery in demand and market growth, which I have explained, strengthening our investment and measures in growth areas, and supply constraints due to the external environment. We have revised our forecast significantly from the 55 billion yen in operating profit from the forecast as the medium-term business plan. Although we managed to increase in both in revenue and profit.

The revenue will be 980 billion yen, 15 billion yen in operating profit and 5.5 billion yen in profit attributable to owners of the Company. We expect the Shanghai Lockdown to have a significant impact in the Q1 and we expect to post a loss during the H1 due to one-time expenses for structural reforms in the Q2.

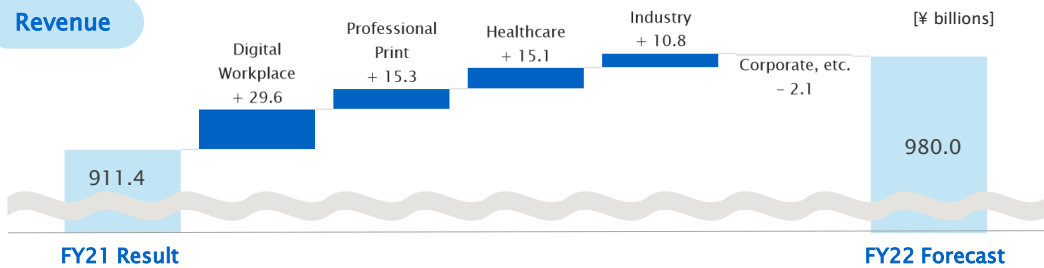
Cash flow is expected to improve mainly due to profit improvement and inventory optimization by eliminating order backlog.

FY2022 Earnings Forecast | Factors of Increase/Decrease from FY2021

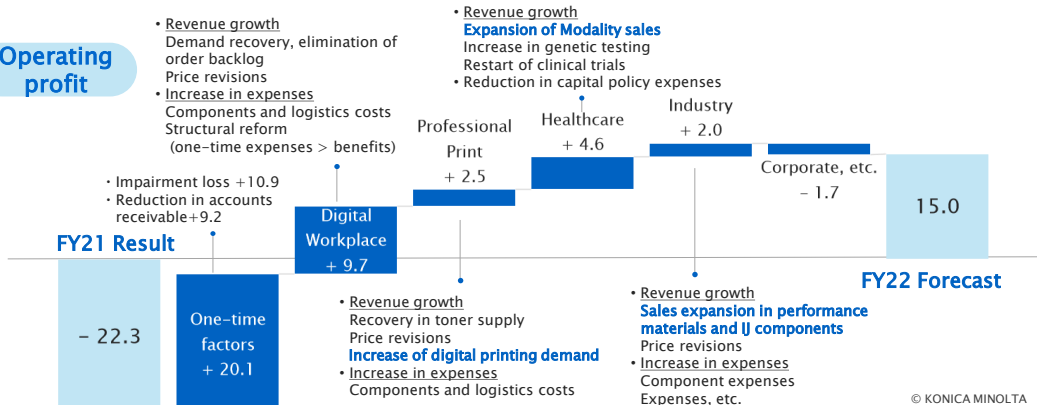


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Revenue



Operating profit



The slide shows the increase/decrease factors in each business from FY2021 to FY2022. I will focus on operating profit.

First, I exclude 20.1 billion yen of one-time factors from the 22.3-billion-yen operating loss in FY2021. Digital Workplace Business is expected to see a recovery in demand, elimination of order backlog and price revisions as positive factors. But there will be higher materials and logistics costs, and air transportation costs, the net of one-time expenses and structural reform effect as negative. The business will result in overall increase of 9.7 billion yen.

Professional Printing Business is expected to grow due to recovery of toner supply, sales growth by the effects of new products and increased demand for digital printing, which is including industrial printing, and price revision. But we expect the increase in logistics and material costs. The business will result in operating profit of 2.5-billion-yen increase.

Healthcare Business is expected to increase by 4.6 billion yen, due to growth of profit by modality, and an improvement of business environment in the U.S. for precision medicine and the reduction in capital policy expenses.

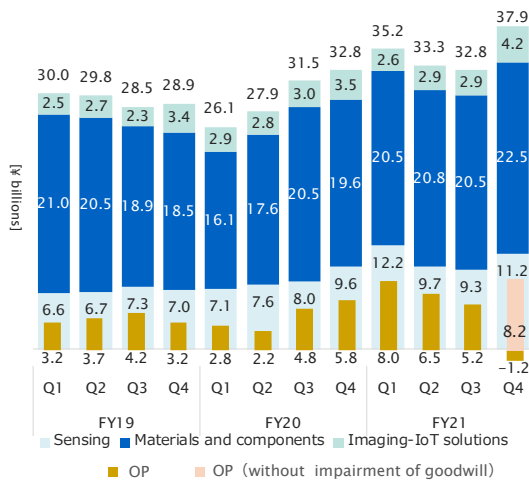
In industry, we expect an increase of 2.0 billion yen due to higher revenue, mainly in the materials and components business, despite higher material and other costs, increasing investment in human resources and other expenses. Once again, I show growth drivers in the blue bold font. Although we will not be too obsessed about revenue as one trillion yen, but the drivers will be the source for our future growth. They are our priority in investment of CAPEX, and investment and lending, and development, which realize our value creation through genre top strategy.

FY2021 Performance | Industry business



- Revenue up 18%. Exceeded initial forecasts. (Also +19% vs. FY19)
- Operating profit +19% (+79% excluding impairment loss)
- Recorded -¥9.4 billion in impairment of goodwill from MOBOTIX AG in imaging-IoT solutions as a one-time factor

Revenue / operating profit



Sensing

Revenue +31%

- Revenue and profits continued to increase
- Light-source color measurement instruments and object color measurement instruments performed well, with some advance shipments

Materials and components

Revenue +14%

- Revenue and profits increased
- Performance materials remained at a high level for large displays and mobile applications
- IJ components increased sales for industrial applications
- Optical components were robust in sales for industrial applications, etc.

Imaging-IoT solutions

Revenue +3%

- Impairment of goodwill from MOBOTIX caused by delays in solution development, supply constraints of semiconductor and other components, etc.
- Decrease in thermal cameras, and increase in IP cameras
- Delays to negotiations and orders, partly impacted by the situation in Eastern Europe
- The imaging-IoT platform FORXAI increased partners to more than 100 companies, including strategic partnership

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I'll return to the FY2021 results. Starting with the Industry Business, which continues to perform well. Overall, revenue and profits have continued to grow since FY2019 as pre-COVID-19.

In sensing, there was additional demand in the Q1, mainly for light source color measurement instrument for smartphone manufacturing and inspection. And some advanced shipments were made in the Q4. And revenue and profit continued to increase, including object color measurement instrument.

In the materials and components, sales of functional materials continue to be high level thanks to functional films for large TV displays and ultra-thin functional films for laptops and mobile applications. And sales of inkjet components increased for industrial applications and sales of lenses for industrial applications progressed steadily. Both of the inkjet components and optical component saw revenue and profit increase.

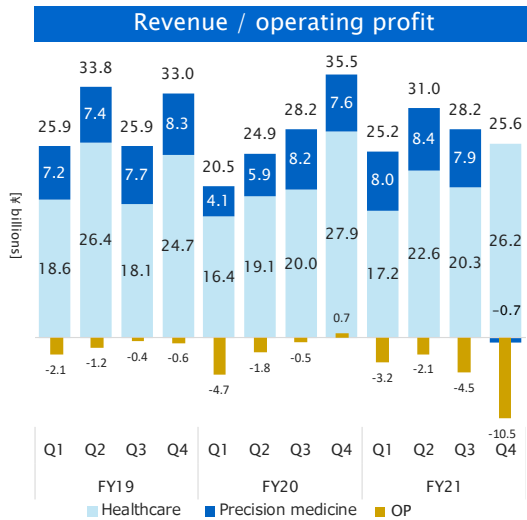
In imaging IoT solution, the development of solutions utilizing MOBOTIX video management system was delayed after the acquisition of MOBOTIX. The business has been affected by the recent decline in the IP camera market for COVID-19 pandemic, supply constraint for semiconductors and others, and the situation in Eastern Europe, in Russia and Ukraine. They also caused delays in recovery compared to expectations. Therefore, we posted impairment of goodwill.

In FY2021, IP cameras recovered compared to the thermal camera, which had experienced special demand due to the COVID-19 pandemic. Going forward, we will strengthen our ability to propose values through image analysis solution in high security areas such as disaster prevention, manufacturing, logistics, and education in IP camera market, which is expected to recover from pandemic and grow in future.

We realize it through technology alliance between MOBOTIX's high performance AI cameras and our "FORXAI." Especially in "FORXAI" business, we have progressed the preparation for future business deployment. For example, we agreed to a strategic collaboration with Softbank corporation to interconnect each platform and make available the most appropriate AI model and device according to the needs and applications.

Also, although not mentioned here, the visual solutions, which develop, manufacture, and sell planetariums and their contents as well as provide services and operations, experienced an increase in revenue with the opening of the first directly operated LED Dome pavilions in Nagoya and Yokohama in Japan.

- Healthcare performance was driven by device sales and Medical IT in Japan, also grew in India and Asia. Revenue up 4% and significant increase in profit
- In Precision medicine, revenue was down 8% and profit decreased. The number of samples increased in genetic testing, despite the impact of resurgence of COVID-19 in the U.S. Revenue decreased owing to reduction in accounts receivable. In drug discovery support, pharmaceutical development research and preclinical trials increased
- Operating profit decreased ¥13.9 billion



Reduction in accounts receivable in precision medicine

As part of preparation for listing REALM, the recoverable amount of accounts receivable for Ambry Genetics, a subsidiary of REALM IDX, has been revised based on the recent actual recoverable rate, resulting in reduction in accounts receivable and revenue of ¥9.2 billion

Background / Issues

- Since 2020, there has been an increasing trend for private insurance companies to make it on the condition that insurance reimbursement requires application approval by hospitals (physicians) in advance
- Application processing is more complex for Ambry, which has a wide range of testing options
- The administrative burden on hospitals increased, partly because of the COVID-19 pandemic
- ⇒ Application errors, missed applications by deadlines occurred
- ⇒ Some testing were not reimbursed by insurance companies (unable to recover accounts receivable)

Counter-measures

The Company will provide application processing support software to hospitals, and strengthen application support and accelerate the rollout by sales and support teams

Next, I'll explain Healthcare Business. Modality and medical-IT performed well in Japan and Asia, including India. In addition, we launched the world's first mobile X-ray system with dynamic digital radiography, which enables X-ray imaging at bedside and others. We expect this high value-added solution to drive the business and increasing our margin.

For precision medicine, I'd like to explain about the reduction in accounts receivable. As we disclosed in November last year, Realm IDX, which has Ambry Genetics and Invitro under its umbrella, is preparing for IPO. In the process of preparation for listening Realm, the recoverable amount of accounts receivable for Ambry Genetics has been revised. The revision was based on their recent actual recoverable rate, resulting in reduction in accounts receivable and revenue at the end of this fiscal year. Let me explain the background. Since around 2020, there has been an increasing trend of the U.S. private insurance companies setting conditions that insurance reimbursement requires application approval by physicians in advance. This movement has widened, and we are responding to the necessity by the insurance companies. Application processing is more complex for Ambry, which has a wide range of genetic testing options. On top of that, the administrative burden on physicians increased, partly because of the COVID-19 pandemic when the process was applied. As a result, there were application errors, and some physicians missed the deadline. By these factors, some payments from insurance companies to us were not approved, and there were increasing cases in which we were not able to collect accounts receivable. We responded to such a situation appropriately by reviewing accounts receivable based on the latest track records.

As additional measures for the future, we will offer application processing support software to physicians, provide application support and accelerate the rollout by sales and support team. With such efforts, we would like to improve recoverable rate.

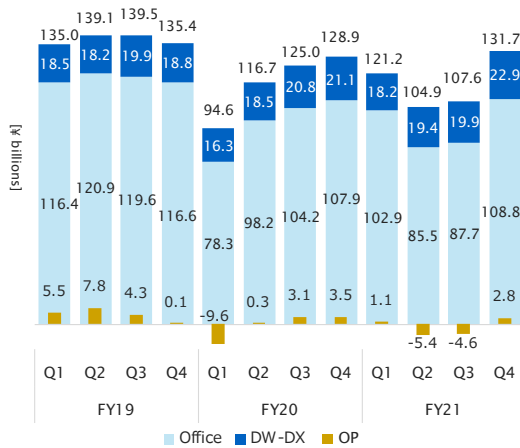
FY2021 Performance | Digital Workplace Business



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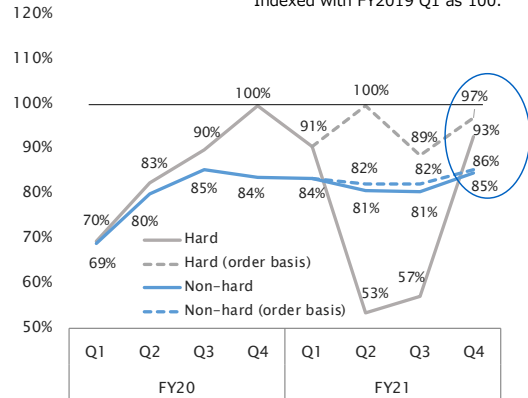
- In Office, despite a recovery in hardware demand, there were supply shortages owing to production shortages caused by shortage of semiconductor, etc., and the impact of prolonged logistics transportation period. The non-hard (toner, etc.) was recovered as expected. Revenue down 1% with an order backlog of approximately ¥51.5 billion
- In DW-DX, although recurring revenue performed well, solutions sales related to office print decreased and there were supply shortages of procured items due to tight semiconductor supply, resulting in weak growth. Revenue was up 5%
- Operating profit was impacted by the spike in logistics costs and component expenses, despite the benefits of structural reform and some price revisions. ¥3.5 billion decrease in profit

Revenue / operating profit



Hardware / non-hard revenue (office)

Indexed with FY2019 Q1 as 100.



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Next slide presents Digital Workplace Business. In office, despite the recovery in hardware demand, there were supply shortages and we increased order backlog. And order backlog expanded from 39 billion yen, which was expected at the end of the Q3, to 46.5 billion yen at the end of Q4. On the other hand, non-hardware demand in the Q4 recovered to 86% of pre-COVID-19 level, which is almost in line with our expectations. Order backlog at the end of the fiscal year was 51.5 billion yen, including hardware and non-hardware.

Please take a look at the graph at the right bottom. In the Q2 and the Q3, there was a very big gap between hardware supply and actual demand. But in the Q4, the demand recovered to 97% of FY2019, the revenue recovered to 93% of 2019. We'd like to eliminate the gap as soon as possible by reducing order backlog and generate revenue exceeding received orders. This will be our initiative in 2022.

In DW-DX, we were not able to grow sales of office-related solutions as we had planned because of the sluggish MFP sales. Furthermore, Managed IT service is also handling procured items, but with a tight supply and demand of PCs and servers, IT Service businesses could not close the deals. This is the reason why we could not grow as we expected at the end of FY2021. However, recurring revenue has grown about 15%, demonstrating a stable increase as the basis for revenue toward FY2022 even it is still small.

Although the revenue of Digital Workplace Business was almost unchanged year-on-year, profit decreased by 3.5 billion yen.

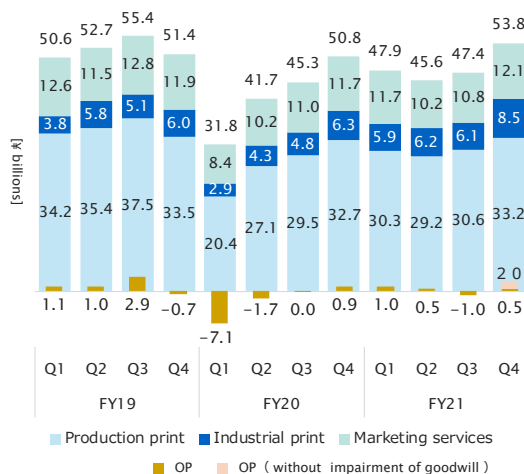
FY2021 Performance | Professional Print Business



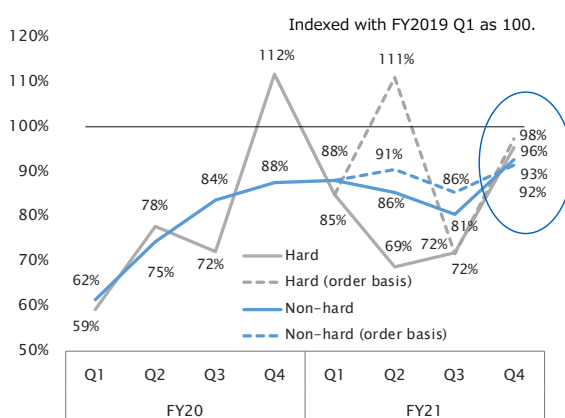
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- In production print, commercial print demand recovered, particularly at medium-to-large-sized printing companies in Europe and America. Non-hard recovered and hardware demand also recovered accordingly. As a result, revenue was up 12% and the order backlog was approximately ¥8.0 billion
- In industrial print, performance was good amid strong demand and the shift to digital printing. Revenue increased 46%, exceeding the initial forecast.
- Operating profit increased ¥8.9 billion, driven by revenue recovery (PP) and growth (IP) (including an impairment loss of ¥1.5 billion at a Marketing services subsidiary).

Revenue / operating profit



Hardware / non-hard revenue (professional print)



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I'll explain Professional Print Business. Demand recovered for both hardware and non-hardware, contributing to increase in revenue and profit. Please take a look at the graph at the right bottom. The biggest gap for hardware was in the Q2 again. And in the Q4, received orders and shipments became almost even. On the other hand, in the Q2 and the Q3, supply of toner was not sufficient compared to the demand, but in the Q4 they became almost even and recovered up to 93%. The sales of non-hardware and hardware, just like for office, were affected by shortage of semiconductors. However, as production print has larger impact for our customers, we implemented the policy by which the company avoided supply failures of production print. As a result, we were able to secure increase in revenue and profit year-on-year for production print compared to office.

Industrial print performed strongly, and non-hardware grew sufficiently. In addition, demand has shifted from analog print to digital print. As a result, it posted record high revenue and achieved the forecast announced at the beginning of the fiscal year.

Marketing service posted impairment loss of goodwill at the end of the fiscal year because the recovery of the invested amount is deemed difficult. As the backdrop, demand for planning and procuring services of printing shrank because consumer behavior had changed especially in North America and Europe due to prolonged COVID-19 pandemic, which accelerated the shift of consumer behavior to online purchasing, cancelled in-store campaigns and in-person event. Excluding such factor, we are maintaining the trend of revenue and profit growth.



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FY2022 Earnings Forecast



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Next, I'd like to explain the assumptions for the earnings forecast for FY2022 and priority initiatives.

Perceptions of environment surrounding our businesses

| | |
|--|--|
| FOREX | Comprehensively taking into consideration recent actual rates and market forecasts (forecast rate: ¥110/USD, ¥125/EUR) |
| COVID-19 | Expect economic activity to normalize in many countries, but uncertainty remains owing to variants. Greater impact from lockdowns in China owing to zero COVID-19 policy |
| Semiconductor shortage | Expect the pace of demand growth to outstrip supply capacity increases, resulting in continued shortages through 2022, particularly in semiconductors for automotive applications |
| Prolonged logistics transportation periods /Spike in logistics cost | Expect tight logistics to continue, as there remains little sign of its improvement, namely port congestion, quarantine measures, and labor shortages |
| Situation in Ukraine and Europe | Expect GDP to exceed pre-COVID-19 levels in North America, Japan, and major countries in the EU, but global economic forecast revised downward based on the situation in the Ukraine |
| Spike in materials and energy prices | Expect increases in crude oil and energy prices owing to the situation in the Ukraine, increases in prices of materials owing partly to a decrease in exports from China, and spike in silver market owing to speculator |

The Forex assumption, which would be the basis of forecast, is assumed to be 110 yen to a dollar and 125 yen to a euro. When compared to the current yen's value, it is assumed as strong yen comparing to the current situation. But since there are many uncertainties ahead, we'd like to stay conservative. As for the impact of COVID-19, we expect economic activities to normalize in many countries, but uncertainties will remain owing to variants. We need to closely monitor the impact of lockdowns in China owing to zero COVID-19 policy. We also need to keep in mind that there are risks we cannot anticipate as well.

Despite demand expansion, production will continue to be hindered by semiconductor shortage, but we expect gradual recovery to continue. Regarding prolonged logistics transportation periods and spike in logistics costs, the costs remain to be very high now and we anticipate this situation will continue through FY2022. In terms of impact of Ukraine and Russia issue, the direct impact in our financial result is small. But rising crude oil and energy prices triggered by the issue needs to be monitored.

| Environment impacting our businesses | |
|---|--|
| | Perception of market / demand environment |
| Digital Workplace | <ul style="list-style-type: none"> • Non-hard demand to increase compared with FY2021 as the return of employees to the office at client companies becomes established • Robust hardware demand. Market to be limited by supply constraints • Growth in IT/DX demand in the office environment to continue |
| Professional Print | <ul style="list-style-type: none"> • Acceleration of the shift from analog printing to digital printing in both commercial and industrial printing • Demand to recover as economic activities normalize in North America and Europe • 7-10% growth in MPP/HPP market, which the Company is focusing on |
| Healthcare | <ul style="list-style-type: none"> • Promoting the use of high value-added imaging in Healthcare (Modality) • In Precision medicine, increasing the number of patients in the U.S. and restarting clinical trials |
| Industry | <ul style="list-style-type: none"> • Moderate recovery in smartphone market • Growth in large display market. Continuing shift to China (total area: +5%, including ultra-wide: +20%) • Increase in demand for high-performance ultra-thin film for mobile applications • IP cameras to recover, but European market to be impacted by the situation in Eastern Europe |
| <ul style="list-style-type: none"> • Significant impact from lockdowns in China in Q1 • Longer logistics and transportation periods/component shortages to continue • Toner shortages to be resolved | |

Next slide shows assumptions for market, demand and supply sides for each business.

In Digital Workplace Business, in many countries, the return of employees to the offices are finally established. It derives an increase in demand for non- hardware. On the other hand, demand for hardware has recovered. But the market size will be determined by how many products we can supply to the market. Regarding DW-DX, we expect growth in IT/DX demand in the office environment to continue.

For Professional Print Business, both commercial and industrial print, is expected to grow the demand thanks to accelerated shift to digital print, and normalization of economic activities mainly overseas. Hardware market for mid production and heavy production, we focus on, are expected to grow by 7 to 10%.

For Healthcare Business, in modality and medical IT, we expect advancement of utilizing high value-added imaging using AI to interpret images, and dynamic digital radiography and others. In precision medicine, we can expect the number of patients to increase and assume step wise resumption of clinical trials.

For Industry Business, we expect smartphone market recovery, growth in large display market, and increase in demand for high performance ultra-thin film for mobile applications.

We also expect recovery from COVID-19 for IP cameras. We are expecting recovery especially in our focusing area, the US, but in Eastern Europe, the impact from Ukraine and Russia issue needs to be incorporated.

Supply environment is as described here. But I would like to mention one point.

Toner shortage will be resolved. But safety inventory should be held in the market and it is essential for the business. Regarding the point, in FY2022, we will continue to ship toners by air to rebuild market inventories. Furthermore, we are planning to increase capacity for toner production by 10% compared to the capacity before the toner factory accidents towards the end of the year.

| FY2022 priority initiatives | |
|---|--|
| Businesses with stable profit Office Production print | <ul style="list-style-type: none"> Implement structural reforms to make sales/services/management more efficient and higher quality (Q2: one-time expenses of ¥6.0 billion, benefit in current period: ¥3.5 billion, annual benefit: ¥6.5 billion) Revise manufacturing strategies in consideration of geopolitical risk (including partner strategies) in the medium- to long-term perspective |
| Core businesses Sensing, Performance materials, IJ components, Healthcare (Modality) | <ul style="list-style-type: none"> Continue strengthening business development in growth areas Conduct M&A (sensing), make selective and strategic capital investments (performance materials), generate results from strategic partnerships (healthcare), and invest in human resources, in the medium- to long-term perspective |
| Strategic new businesses Precision medicine, Imaging-IoT solutions, DW-DX, Industrial print | <ul style="list-style-type: none"> Continue IPO preparations while watching for the appropriate opportunity (precision medicine), maximize synergies within the Group (imaging-IoT solutions), and accelerate business growth to capture the shift to digital printing (industrial print) Focus on generating results based on previous investments in human resources and development, and make selective investments in advanced development |
| Businesses with low profit Optical components, Marketing services | <ul style="list-style-type: none"> Continue to promote measures with the utilization of external capital in mind Aggregate resources in upstream part of value chain |

Amidst such business environments, I will explain important points about what we need to do this fiscal year to transform our business portfolio.

First, office and production print positioned as business with stable profit will continue to make sales more efficient and higher quality sales efficiency and higher quality. To achieve it, we will implement structural reform by simplifying the organization to generate capital for DW-DX. One-time expense will be posted in Q2 and we are trying to find a way of implementing a part of it in Q1. The impact of this on this fiscal year is approximately 3.5 billion yen and full year impact is expected to be approximately 6.5 billion yen.

I cannot mention in the details now, but looking at medium to long term, we'd like to advance in manufacturing strategy including partner strategy taking into consideration geopolitical risks.

In businesses positioned as core businesses, we continue strengthening business development in growth areas. For example, in sensing, we expand the business into appearance measurement, expansion of application to growth areas of ESG such as recycling application utilizing hyperspectral imaging.

For performance materials, not only shall we focus on phase difference films, which has been genre-top area for us already, but expand our genre-top positions in optical film area for displays deploying various functional film leveraging our production technology. Inkjet components can be used for industrial application.

In healthcare, we will strengthen the business by dynamic digital radiography, AI image interpretation support, and upsell to departments where we have connections as our strength.

We will continue to enhance business rollout in such areas. In sensing, we will proceed with M&A using investment and lending. We expand manufacturing capacity by capital investments for performance materials. And we aim to derive impact from strategic alliance with peers in healthcare. At the same time, we will enhance investment in personal in these areas.

In strategic new businesses, we will continue to prepare for IPO seeking the appropriate opportunity in precision medicine. In imaging IoT solutions, we will seek group synergy utilizing other businesses' assets. In industrial print, we maintain the current momentum and will invest properly with capturing the digital print trend.

For the businesses with low profit, we will concentrate resources to the upstream part of the value chain while keeping the mind the usage of external capital.

FY2022 Earnings Forecast | Revenue & Operating Profit by Segments



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[¥ billions]

| Revenue | FY2022 Forecast | FY2021 Result | Change | Change rate |
|--------------------------|-----------------|---------------|--------|-------------|
| Digital Workplace | 495.0 | 465.4 | +29.6 | +6% |
| Professional Print | 210.0 | 194.7 | +15.3 | +8% |
| Healthcare | 125.0 | 109.9 | +15.1 | +14% |
| Industry | 150.0 | 139.2 | +10.8 | +8% |
| Sensing | 42.0 | 42.4 | - 0.4 | -1% |
| Materials and Components | 93.0 | 84.2 | +8.8 | +10% |
| Imaging-IoT solutions | 15.0 | 12.6 | +2.4 | +19% |
| Corporate, etc. | 0.0 | 2.1 | - 2.1 | -100% |
| Company overall | 980.0 | 911.4 | +68.6 | +8% |

| Operating profit/OPM | FY2022 Forecast | | FY2021 Result | | Change | Change rate |
|----------------------|-----------------|-------|---------------|-------|--------|-------------|
| Digital Workplace | 3.5 | 0.7% | △ 6.2 | - | +9.7 | - |
| Professional Print | 5.0 | 2.4% | 1.0 | 0.5% | +4.0 | +383% |
| Healthcare | △ 6.5 | - | △ 20.3 | - | +13.8 | - |
| Industry | 30.0 | 20.0% | 18.5 | 13.3% | +11.5 | +62% |
| Corporate, etc. | △ 17.0 | - | △ 15.3 | - | - 1.7 | - |
| Company overall | 15.0 | 1.5% | △ 22.3 | - | +37.3 | - |

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The slide shows revenue and operating profit by segment. I confirm you understand that we prioritize expanding the profit centered on Industry Business through the profit of each business in the forecast.

Dividend Policy of the Company

The Company's basic policy regarding the determination of dividends of surplus, etc., is to endeavor to enhance shareholder returns, with dividends as the foundation, while comprehensively taking into consideration consolidated results, investment in growth areas, **cash flows**, and other factors.

We will make appropriate decisions concerning share buybacks as one of our policies for returning profits, while taking into consideration the financial position of the Company, share price trends, and other factors.

Dividend Forecast for FY2022

In accordance with the above dividend policy, we expect to reduce the dividend by ¥10/share compared with FY2021 and pay a dividend for FY2022 as follows.

¥20/share (interim dividend of ¥10 and year-end dividend of ¥10)

I'd like to explain about our shareholder return policy. This time, we partially revised our dividend policy. We will clarify our stance to prioritize cash. Based on the policy, dividend for this fiscal year is expected to decrease from 30 yen per share in FY2021 to 20 yen per share in FY2022.



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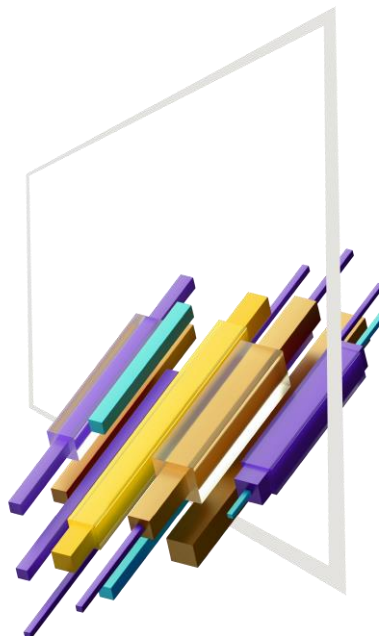
Last of all, we will make sure to execute what we need to do to transform our business portfolio and giving the highest priority in performance resumption. I do not believe it is meaningful to hold explanatory sessions just for formality without substance. Therefore, I would like to explain the management policies on a different occasion, after we are able to confirm the feasibility of strategic themes. Therefore, I would like to refrain from explaining management policies in the near future.

Thank you very much.



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Appendix



Giving Shape to Ideas

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Appendix Financial Result – Overview



[¥ billions]

| | FY2021 12M | FY2020 12M | YoY | FY2021 4Q | FY2020 4Q | YoY |
|--|---------------|---------------|--------|--------------|--------------|--------|
| Revenue | 911.4 | 863.4 | + 6% | 249.9 | 248.5 | + 1% |
| Gross Profit | 392.7 | 374.7 | + 5% | 102.6 | 110.4 | - 7% |
| Gross Profit ratio | 43.1% | 43.4% | -0.3pt | 41.0% | 44.4% | -3.4pt |
| SG & A | 404.9 | 389.7 | + 4% | 104.2 | 100.3 | + 4% |
| Other income and costs | -10.1 | -1.2 | | -10.5 | -1.8 | |
| Operating Profit | -22.3 | -16.3 | - | -12.1 | 8.3 | - |
| Operating Profit ratio | - | - | - | - | 3.4% | - |
| Finance income and costs | -1.3 | -3.7 | | 0.6 | 0.1 | |
| Profit before tax | -23.6 | -20.0 | - | -11.5 | 8.5 | - |
| Profit before tax ratio | - | - | - | - | 3.4% | - |
| Profit attributable to owners of the Company | -26.1 | -15.2 | - | -12.9 | 5.4 | - |
| Profit attributable to owners of the Company ratio | - | - | - | - | 2.2% | - |
| EPS [Yen] | -52.9 | -30.7 | | -26.1 | 11.0 | |
| CAPEX | 42.4 | 57.7 | | 14.8 | 27.7 | |
| Depreciation and Amortization Expenses * | 55.8 | 57.2 | | 14.0 | 14.4 | |
| R&D expenses | 62.7 | 65.0 | | 15.5 | 16.5 | |
| FCF | -13.6 | 43.7 | | -3.9 | 35.9 | |
| Investment and lending | 0.0 | 9.3 | | 0.0 | 0.6 | |
| FOREX [Yen] | 112.38 | 106.06 | +6.32 | 116.20 | 105.90 | +10.30 |
| EUR | 130.56 | 123.70 | +6.86 | 130.39 | 127.69 | +2.70 |

* Depreciation and amortization expenses: IFRS16 right-of-use assets amortization expenses not included.

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Appendix SG&A–Other Income/ Expenses–Finance Income/Loss



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[¥ billions]

| | FY2021 12M | FY2020 12M | YoY | FY2021 Q4 | FY2020 Q4 | YoY |
|---|------------------------|--------------------------|--------------|--------------|-------------------------|-------------|
| SG&A | | | | | | |
| Selling expenses – variable | 36.4 | 33.8 | +2.6 | 10.8 | 9.2 | +1.6 |
| R&D expenses | 62.7 | 65.0 | - 2.4 | 15.5 | 16.5 | - 1.1 |
| Personnel expenses | 194.7 | 186.1 | +8.6 | 49.8 | 48.0 | +1.8 |
| Others | 111.1 | 104.8 | +6.3 | 28.2 | 26.5 | +1.6 |
| SG&A total | 404.9 | 389.7 | +15.2 | 104.2 | 100.3 | +3.9 |
| | <i>* Forex impact:</i> | | | | | |
| | | 15.1bn. (Actual: 0.1bn.) | | | 3.8bn. (Actual: 0.1bn.) | |
| Other income: | | | | | | |
| Other income total | 10.3 | 14.0 | - 3.8 | 4.1 | 5.1 | - 0.9 |
| Other expenses | | | | | | |
| Loss on sales of property, plant and equipment | 1.9 | 1.4 | +0.5 | 0.4 | 0.5 | - 0.1 |
| Impairment losses on property | 0.0 | 0.9 | - 0.8 | 0.0 | 0.3 | - 0.2 |
| Impairment of goodwill | 10.9 | - | +10.9 | 10.9 | - | +10.9 |
| Business structure improvement costs | 1.4 | 8.1 | - 6.7 | 0.4 | 4.4 | - 4.0 |
| Other expenses | 6.2 | 4.9 | +1.2 | 2.9 | 1.7 | +1.2 |
| Other expenses total | 20.4 | 15.3 | +5.1 | 14.6 | 6.9 | +7.7 |
| Finance income/loss: | | | | | | |
| Interest income/Dividends received/Interest expense | -3.3 | -3.8 | +0.5 | -1.0 | -1.1 | +0.1 |
| Foreign exchange gain/loss (net) | 1.3 | 0.6 | +0.7 | 1.3 | 1.0 | +0.4 |
| Others | 0.7 | -0.5 | +1.2 | 0.3 | 0.2 | +0.0 |
| Finance income/loss, net | -1.3 | -3.7 | +2.4 | 0.6 | 0.1 | +0.5 |

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Appendix Operating Profit Analysis



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[¥ billions]

| Comparison of Y on Y FY21/12M vs. FY20/12M | Digital Workplace | Professional Print | Healthcare | Industry | corporate, etc. | Total |
|---|----------------------|-----------------------|------------|----------|--------------------|-------|
| [Factors] | | | | | | |
| Forex impact | +3.1 | +2.9 | - 1.0 | +1.0 | - 0.2 | +5.7 |
| Sales volume change, and other, net | - 17.5 | +4.4 | - 4.5 | +13.9 | +0.4 | - 3.3 |
| Price change | +1.9 | - 0.3 | - 0.3 | - 0.7 | - | +0.6 |
| SG&A change, net | +4.8 | +3.6 | - 7.5 | - 1.6 | +0.5 | - 0.1 |
| Other income and expense | +4.2 | - 1.8 | - 0.5 | - 9.8 | - 1.1 | - 8.9 |
| [Operating Profit] | | | | | | |
| Change, YoY | - 3.5 | +8.9 | - 13.9 | +2.9 | - 0.4 | - 6.0 |

| Comparison of Y on Y FY21/Q4 vs. FY20/Q4 | Digital Workplace | Professional Print | Healthcare | Industry | corporate, etc. | Total |
|---|----------------------|-----------------------|------------|----------|--------------------|--------|
| [Factors] | | | | | | |
| Forex impact | +0.1 | +0.7 | - 1.0 | +0.4 | - 0.0 | +0.2 |
| Sales volume change, and other, net | - 5.7 | - 1.0 | - 8.6 | +2.8 | - 0.1 | - 12.7 |
| Price change | +1.4 | - 0.0 | - 0.2 | - 0.3 | - | +0.8 |
| SG&A change, net | +0.3 | +0.8 | - 0.5 | - 0.2 | - 0.5 | - 0.1 |
| Other income and expense | +3.2 | - 0.9 | - 0.9 | - 9.6 | - 0.5 | - 8.7 |
| [Operating Profit] | | | | | | |
| Change, YoY | - 0.7 | - 0.4 | - 11.2 | - 7.0 | - 1.2 | - 20.5 |

Appendix Consolidated Statements of Financial Position



[¥ billions]

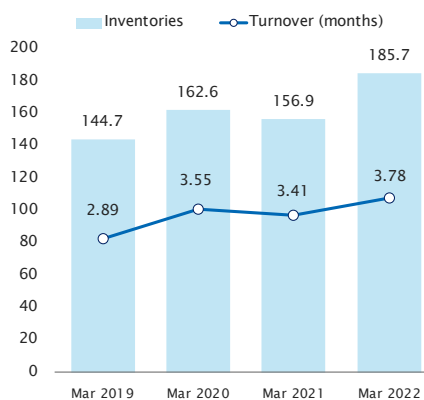
| | Mar 2020 | Mar 2021 | Mar 2022 | | Mar 2020 | Mar 2021 | Mar 2022 |
|---------------------------------|----------------|----------------|----------------|--|----------------|----------------|----------------|
| Cash and cash equivalents | 89.9 | 123.8 | 117.7 | Trade and other payables | 162.9 | 185.8 | 182.1 |
| Trade and other receivables | 260.9 | 262.8 | 280.2 | Bonds and borrowings | 289.3 | 315.3 | 354.3 |
| Inventories | 162.6 | 156.9 | 185.7 | Lease liabilities | 114.2 | 95.4 | 94.3 |
| Other current assets | 37.8 | 38.4 | 35.3 | Othe liabilities | 176.6 | 152.6 | 145.9 |
| Total current assets | 551.2 | 582.0 | 618.9 | Total liabilities | 743.0 | 749.0 | 776.6 |
| Property, plant and equipment | 309.5 | 292.5 | 287.7 | Equity attributable to owners of the Company | 523.7 | 539.9 | 549.8 |
| Goodwill and intangible asseets | 337.8 | 347.5 | 354.1 | Non-controlling interests | 10.0 | 10.8 | 11.7 |
| Othe non-current assets | 78.4 | 77.7 | 77.4 | Total equity | 533.8 | 550.7 | 561.5 |
| Total non-current assets | 725.6 | 717.7 | 719.3 | Total liabilities and equity | 1,276.8 | 1,299.8 | 1,338.1 |
| Total assets | 1,276.8 | 1,299.8 | 1,338.1 | | | | |
| | | | | | Mar 2020 | Mar 2021 | Mar 2022 |
| | | | | Equity ratio (%) | 41.0 | 41.5 | 41.1 |
| | | | | Equity ratio for company rating (%) | 44.9 | 45.3 | 44.8 |
| | | | | D/E ratio | 0.77 | 0.76 | 0.82 |

Appendix Consolidated Financial Statements | Consolidated Statements of Cash Flows



[¥ billions]

| | FY19 12M | FY20 12M | FY21 12M |
|--|--------------|--------------|--------------|
| Profit (loss) before tax | 0.3 | -20.0 | -23.6 |
| Depreciation and amortization expenses | 77.1 | 77.6 | 75.8 |
| (Increase) decrease in trade and other receivables | -0.2 | 14.9 | 4.0 |
| (Increase) decrease in inventories | -23.2 | 13.8 | -17.3 |
| Increase (decrease) in trade and other payables | -4.8 | -4.8 | 2.1 |
| Others | -19.0 | -3.4 | -3.5 |
| Cash flows from operating activities | 30.1 | 78.1 | 37.4 |
| Purchase of property, plant and equipment | -36.6 | -25.7 | -41.3 |
| Purchase of intangible assets | -12.9 | -14.5 | -19.8 |
| Purchase of investments in subsidiaries | -6.4 | -5.1 | - |
| Others | 5.9 | 10.9 | 10.0 |
| Net cash provided by (used in) investing activities | -50.0 | -34.3 | -51.0 |
| Free cash flows | -19.9 | 43.7 | -13.6 |

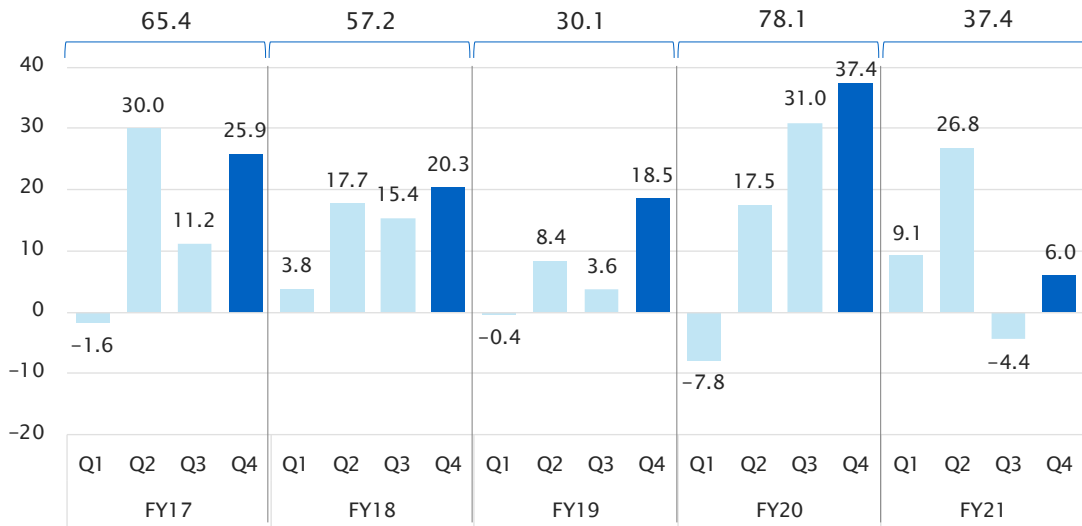


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Appendix Consolidated Financial Statements | Quarterly Cash Flow from Operating Activities



[¥ billions]



Appendix FOREX Impact on Revenue and Operating Profit



[FOREX : ¥]
[Impact, Sensitivity : ¥ billions]

| | FY20 12M | FY21 12M | YoY Impact | | FX Sensitivity*2 | |
|-----------------------------|-------------|-------------|--------------|-------------|------------------|-------|
| | | | Revenue | OP | Revenue | OP |
| USD | 106.06 | 112.38 | +16.4 | - 1.7 | +2.7 | - 0.3 |
| EUR | 123.70 | 130.56 | +10.2 | +4.5 | +1.5 | +0.4 |
| GBP | 138.68 | 153.56 | +3.0 | - 0.1 | +0.2 | +0.1 |
| European Currency*1 | - | - | +14.6 | +4.3 | +2.0 | +0.6 |
| CNY | 15.67 | 17.51 | +6.1 | +2.2 | +3.3 | +1.3 |
| Other | - | - | +4.6 | +1.0 | - | - |
| Exchange contract effect | - | - | - 0.1 | - 0.1 | - | - |
| Total | - | - | +41.6 | +5.7 | - | - |

*1 European currency: Currencies used in Europe including EUR/GBP

*2 FOREX Sensitivity: FOREX impact at ¥1 change (annual)

Appendix Quarterly Financial Results : Segments



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[¥ billions]

| 【Revenue】 | FY19 | | | | | FY20 | | | | | FY21 | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M |
| Digital Workplace Business | 135.0 | 139.1 | 139.5 | 135.4 | 549.0 | 94.6 | 116.7 | 125.0 | 128.9 | 465.2 | 121.2 | 104.9 | 107.6 | 131.7 | 465.4 |
| Office | 116.4 | 120.9 | 119.6 | 116.6 | 473.5 | 78.3 | 98.2 | 104.2 | 107.9 | 388.6 | 102.9 | 85.5 | 87.7 | 108.8 | 385.0 |
| DW-DX | 18.5 | 18.2 | 19.9 | 18.8 | 75.5 | 16.3 | 18.5 | 20.8 | 21.1 | 76.7 | 18.2 | 19.4 | 19.9 | 22.9 | 80.5 |
| Professional Print Business | 50.6 | 52.7 | 55.4 | 51.4 | 210.1 | 31.8 | 41.7 | 45.3 | 50.8 | 169.6 | 47.9 | 45.6 | 47.4 | 53.8 | 194.7 |
| Production print | 34.2 | 35.4 | 37.5 | 33.5 | 140.6 | 20.4 | 27.1 | 29.5 | 32.7 | 109.8 | 30.3 | 29.2 | 30.6 | 33.2 | 123.3 |
| Industrial print | 3.8 | 5.8 | 5.1 | 6.0 | 20.6 | 2.9 | 4.3 | 4.8 | 6.3 | 18.4 | 5.9 | 6.2 | 6.1 | 8.5 | 26.7 |
| Marketing services | 12.6 | 11.5 | 12.8 | 11.9 | 48.8 | 8.4 | 10.2 | 11.0 | 11.7 | 41.4 | 11.7 | 10.2 | 10.8 | 12.1 | 44.7 |
| Healthcare Business | 25.9 | 33.8 | 25.9 | 33.0 | 118.5 | 20.5 | 24.9 | 28.2 | 35.5 | 109.1 | 25.2 | 31.0 | 28.2 | 25.6 | 109.9 |
| Healthcare | 18.6 | 26.4 | 18.1 | 24.7 | 87.9 | 16.4 | 19.1 | 20.0 | 27.9 | 83.4 | 17.2 | 22.6 | 20.3 | 26.2 | 86.3 |
| Precision medicine | 7.2 | 7.4 | 7.7 | 8.3 | 30.6 | 4.1 | 5.9 | 8.2 | 7.6 | 25.7 | 8.0 | 8.4 | 7.9 | -0.7 | 23.6 |
| Industry Business | 30.0 | 29.8 | 28.5 | 28.9 | 117.2 | 26.1 | 27.9 | 31.5 | 32.8 | 118.2 | 35.2 | 33.3 | 32.8 | 37.9 | 139.2 |
| Sensing | 6.6 | 6.7 | 7.3 | 7.0 | 27.5 | 7.1 | 7.6 | 8.0 | 9.6 | 32.3 | 12.2 | 9.7 | 9.3 | 11.2 | 42.4 |
| Materials and Components | 21.0 | 20.5 | 18.9 | 18.5 | 78.8 | 16.1 | 17.6 | 20.5 | 19.6 | 73.7 | 20.5 | 20.8 | 20.5 | 22.5 | 84.2 |
| Imaging-IoT solutions | 2.5 | 2.7 | 2.3 | 3.4 | 10.9 | 2.9 | 2.8 | 3.0 | 3.5 | 12.2 | 2.6 | 2.9 | 2.9 | 4.2 | 12.6 |
| Corporate etc. | 0.3 | 0.3 | 0.3 | 0.5 | 1.3 | 0.2 | 0.3 | 0.2 | 0.5 | 1.3 | 0.3 | 0.4 | 0.5 | 1.0 | 2.1 |
| Company overall | 241.7 | 255.7 | 249.5 | 249.1 | 996.1 | 173.2 | 211.5 | 230.2 | 248.5 | 863.4 | 229.9 | 215.2 | 216.4 | 249.9 | 911.4 |
| 【Operating Profit】 | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M |
| Digital Workplace Business | 5.5 | 7.8 | 4.3 | 0.1 | 17.7 | -9.6 | 0.3 | 3.1 | 3.5 | -2.7 | 1.1 | -5.4 | -4.6 | 2.8 | -6.2 |
| Professional Print Business | 1.1 | 1.0 | 2.9 | -0.7 | 4.4 | -7.1 | -1.7 | 0.0 | 0.9 | -7.9 | 1.0 | 0.5 | -1.0 | 0.5 | 1.0 |
| Healthcare Business | -2.1 | -1.2 | -0.4 | -0.6 | -4.4 | -4.7 | -1.8 | -0.5 | 0.7 | -6.4 | -3.2 | -2.1 | -4.5 | -10.5 | -20.3 |
| Industry Business | 3.2 | 3.7 | 4.2 | 3.2 | 14.4 | 2.8 | 2.2 | 4.8 | 5.8 | 15.6 | 8.0 | 6.5 | 5.2 | -1.2 | 18.5 |
| Corporate etc. | -7.0 | -6.5 | -5.9 | -4.5 | -23.9 | -4.1 | -4.2 | -4.0 | -2.6 | -14.9 | -3.7 | -4.2 | -3.7 | -3.7 | -15.3 |
| Company overall | 0.6 | 4.9 | 5.1 | -2.4 | 8.2 | -22.6 | -5.2 | 3.3 | 8.3 | -16.3 | 3.1 | -4.7 | -8.6 | -12.1 | -22.3 |

Appendix Quarterly Financial Results : Industry Business



| [Revenue] | FY19 | | | | | FY20 | | | | | FY21 | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M |
| Industry Business | 30.0 | 29.8 | 28.5 | 28.9 | 117.2 | 26.1 | 27.9 | 31.5 | 32.8 | 118.2 | 35.2 | 33.3 | 32.8 | 37.9 | 139.2 |
| Sensing | 6.6 | 6.7 | 7.3 | 7.0 | 27.5 | 7.1 | 7.6 | 8.0 | 9.6 | 32.3 | 12.2 | 9.7 | 9.3 | 11.2 | 42.4 |
| Materials and Components | 21.0 | 20.5 | 18.9 | 18.5 | 78.8 | 16.1 | 17.6 | 20.5 | 19.6 | 73.7 | 20.5 | 20.8 | 20.5 | 22.5 | 84.2 |
| Performance materials | 12.0 | 11.3 | 10.2 | 10.8 | 44.3 | 9.8 | 11.6 | 13.3 | 12.0 | 46.8 | 13.2 | 12.8 | 12.7 | 13.6 | 52.2 |
| Optical components | 4.8 | 5.3 | 5.2 | 4.4 | 19.7 | 3.8 | 3.2 | 4.0 | 3.6 | 14.5 | 3.8 | 4.4 | 4.2 | 4.8 | 17.2 |
| IJ components | 4.2 | 3.9 | 3.5 | 3.2 | 14.8 | 2.5 | 2.8 | 3.2 | 4.0 | 12.5 | 3.5 | 3.6 | 3.6 | 4.1 | 14.8 |
| Imaging-IoT solutions | 2.5 | 2.7 | 2.3 | 3.4 | 10.9 | 2.9 | 2.8 | 3.0 | 3.5 | 12.2 | 2.6 | 2.9 | 2.9 | 4.2 | 12.6 |
| Imaging-IoT solutions | 1.9 | 2.0 | 1.6 | 2.2 | 7.6 | 2.7 | 2.3 | 2.0 | 2.0 | 9.0 | 2.3 | 2.4 | 2.1 | 2.1 | 8.8 |
| Visual solutions | 0.6 | 0.8 | 0.7 | 1.2 | 3.3 | 0.2 | 0.4 | 1.0 | 1.6 | 3.2 | 0.3 | 0.5 | 0.8 | 2.2 | 3.9 |
| | | | | | | | | | | | | | | | |
| [Operating Profit] | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M | Q1 | Q2 | Q3 | Q4 | 12M |
| Industry Business | 3.2 | 3.7 | 4.2 | 3.2 | 14.4 | 2.8 | 2.2 | 4.8 | 5.8 | 15.6 | 8.0 | 6.5 | 5.2 | -1.2 | 18.5 |

■ Composition of revenue by region (in yen)

| | FY19 | | | | FY20 | | | | FY21 | | | |
|---------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Japan | 12% | 13% | 13% | 14% | 15% | 14% | 14% | 14% | 12% | 13% | 14% | 14% |
| North America | 34% | 33% | 33% | 33% | 33% | 32% | 31% | 31% | 32% | 31% | 31% | 30% |
| EU | 36% | 34% | 37% | 37% | 35% | 36% | 36% | 37% | 37% | 35% | 35% | 36% |
| China | 6% | 6% | 5% | 4% | 8% | 8% | 8% | 7% | 7% | 9% | 7% | 6% |
| Others | 12% | 13% | 12% | 12% | 10% | 11% | 11% | 11% | 12% | 13% | 13% | 13% |

■ Change in revenue by region (w/o FOREX)

| | FY19 | | | | FY20 | | | | FY21 | | | |
|---------------|------|-----|-----|------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Japan | -8% | +4% | +1% | -3% | -19% | -18% | -14% | -11% | +12% | -9% | -7% | -2% |
| North America | -2% | -2% | -3% | -12% | -34% | -27% | -24% | -20% | +27% | -12% | -14% | -5% |
| EU | -2% | -1% | +6% | -7% | -31% | -23% | -19% | -17% | +28% | -13% | -18% | -1% |
| China | -4% | -1% | -8% | -40% | -4% | +1% | +7% | +16% | +15% | -1% | -21% | -13% |
| Others | -7% | +2% | +5% | -6% | -35% | -32% | -25% | -20% | +37% | +4% | -8% | +9% |

■ Percentage of color in sales of hardware

| | FY19 | | | | FY20 | | | | FY21 | | | |
|--------------------|------|-----|-----|-----|------|-----|-----|-----|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Office | 72% | 73% | 72% | 75% | 69% | 76% | 75% | 74% | 74% | 72% | 73% | 77% |
| Professional Print | 78% | 82% | 76% | 80% | 75% | 80% | 80% | 81% | 79% | 82% | 80% | 79% |

Appendix Office Printing | Trends of Unit Sales and Non-hard Revenue



■ Transition of Office MFP Unit Sales Y o Y

| | FY19 | | | | FY20 | | | | FY21 | | | |
|-------------------|------|-----|------|-----|------|-----|-----|------|------|-----|-----|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| A3 Color MFP | 93% | 99% | 102% | 93% | 72% | 84% | 92% | 92% | 132% | 62% | 55% | 103% |
| A3 Monochrome MFP | 95% | 95% | 94% | 60% | 76% | 89% | 98% | 140% | 117% | 83% | 65% | 75% |
| A3 MFP overall | 94% | 97% | 99% | 79% | 74% | 86% | 94% | 107% | 126% | 71% | 59% | 91% |

■ Transition of Non-hard Revenue Y o Y

| | FY19 | | | | FY20 | | | | FY21 | | | |
|---------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Revenue of non-hard | 62.4 | 60.5 | 62.3 | 60.1 | 42.1 | 48.9 | 53.1 | 51.1 | 53.5 | 51.3 | 52.8 | 54.1 |
| Ratio of non-hard | 53% | 50% | 52% | 51% | 53% | 50% | 51% | 47% | 52% | 60% | 60% | 49% |

■ Transition of Regional Non-hard Revenue w/o Forex Y o Y

| | FY19 | | | | FY20 | | | | FY21 | | | |
|---------|------|------|------|------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Japan | 97% | 100% | 99% | 98% | 85% | 90% | 94% | 92% | 108% | 98% | 97% | 97% |
| U.S. | 99% | 99% | 98% | 95% | 62% | 73% | 78% | 81% | 124% | 103% | 94% | 101% |
| Europe | 96% | 100% | 102% | 97% | 66% | 82% | 83% | 78% | 126% | 101% | 93% | 104% |
| China | 105% | 114% | 96% | 72% | 107% | 105% | 115% | 140% | 102% | 105% | 65% | 79% |
| India | 115% | 117% | 101% | 102% | 52% | 68% | 98% | 113% | 141% | 151% | 130% | 96% |
| Overall | 98% | 98% | 99% | 97% | 69% | 80% | 85% | 84% | 120% | 101% | 94% | 101% |

Appendix Production Print | Trends of Unit Sales and Non-hard Revenue



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■ Transition of Production Print Unit Sales Y o Y

| | FY19 | | | | FY20 | | | | FY21 | | | |
|------------|------|-----|------|-----|------|-----|-----|------|------|-----|-----|-----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Color | 100% | 97% | 102% | 72% | 51% | 73% | 65% | 100% | 138% | 83% | 99% | 71% |
| Monochrome | 107% | 87% | 89% | 76% | 59% | 68% | 71% | 95% | 122% | 83% | 90% | 83% |
| Overall | 102% | 93% | 97% | 73% | 54% | 71% | 67% | 99% | 132% | 83% | 96% | 74% |

■ Transition of Non-hard Revenue Y o Y

| | FY19 | | | | FY20 | | | | FY21 | | | |
|---------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Revenue of non-hard | 20.3 | 19.9 | 21.5 | 19.8 | 12.2 | 14.8 | 17.9 | 17.5 | 18.3 | 17.9 | 18.3 | 19.6 |
| Ratio of non-hard | 59% | 56% | 57% | 59% | 60% | 55% | 60% | 53% | 60% | 61% | 60% | 59% |

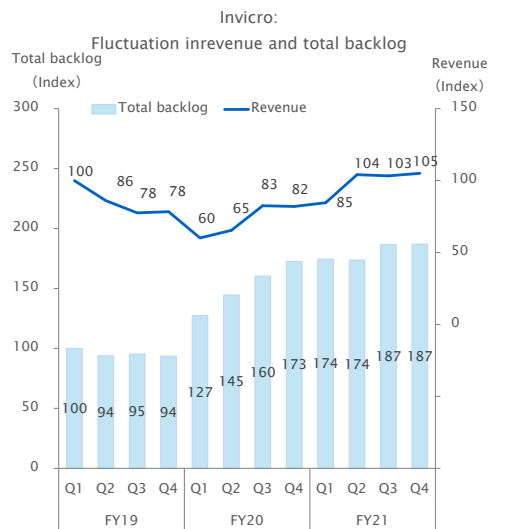
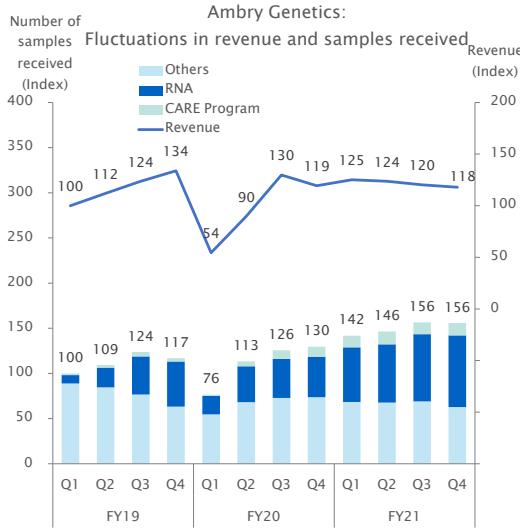
■ Transition of Regional Non-hard Revenue w/o Forex Y o Y

| | FY19 | | | | FY20 | | | | FY21 | | | |
|---------|------|------|------|------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Japan | 97% | 98% | 94% | 93% | 76% | 82% | 88% | 87% | 107% | 93% | 75% | 90% |
| U.S. | 96% | 101% | 96% | 94% | 52% | 67% | 77% | 82% | 146% | 111% | 100% | 110% |
| Europe | 97% | 97% | 100% | 100% | 64% | 77% | 79% | 78% | 138% | 121% | 98% | 110% |
| China | 112% | 121% | 116% | 92% | 113% | 117% | 140% | 138% | 156% | 118% | 70% | 92% |
| India | 117% | 121% | 116% | 105% | 34% | 71% | 105% | 113% | 245% | 151% | 116% | 101% |
| Overall | 102% | 99% | 101% | 99% | 62% | 75% | 84% | 88% | 141% | 115% | 96% | 106% |

Appendix Revenue and KPI Trends of Ambry Genetics and Invicro



Ambry (AG) | Invicro (IC)



*Before reassessment of recoverable amount of accounts receivable

Indexed with FY2019 Q1 as 100.

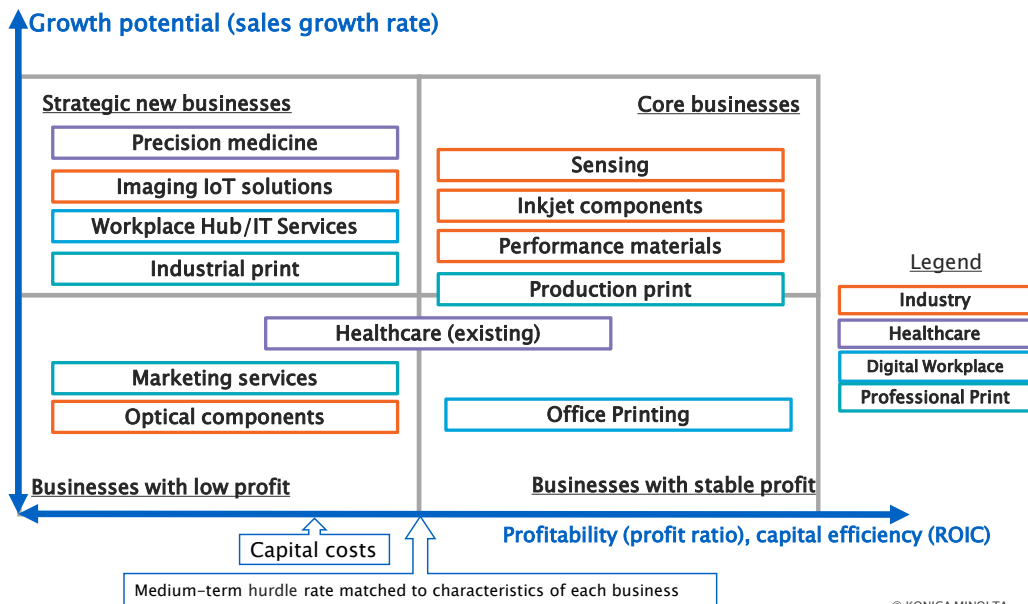
Appendix Segment information



| Before March 31, 2021 | |
|-----------------------------|--|
| Digital Workplace Business | <ul style="list-style-type: none"> ■ Office(OP) ■ IT service solutions(ITS) ■ Workplace Hub(WPH) |
| Professional Print Business | <ul style="list-style-type: none"> ■ Production print(PP) ■ Industrial print(IP) ■ Marketing services(MS) |
| Healthcare Business | <ul style="list-style-type: none"> ■ Healthcare(HC) ■ Precision medicine(APM) |
| Industry Business | Sensing |
| | <ul style="list-style-type: none"> ■ Measuring instruments(MI) |
| | Materials and components |
| | <ul style="list-style-type: none"> ■ Performance materials(PM) ■ Optical components(OC) ■ IJ components(IJ) |
| | Imaging-IoT solutions |
| | <ul style="list-style-type: none"> ■ Imaging-IoT solutions(IIS) ■ Visual solutions(VS) |
| Corporate, etc., QOL | |

| After April 1, 2021 | |
|-----------------------------|--|
| Digital Workplace Business | <ul style="list-style-type: none"> ■ Office(OP) ■ DW-DX(DW-DX) |
| Professional Print Business | <ul style="list-style-type: none"> ■ Production print(PP) ■ Industrial print(IP) ■ Marketing services(MS) |
| Healthcare Business | <ul style="list-style-type: none"> ■ Healthcare(HC) ■ Precision medicine(APM) |
| Industry Business | Sensing |
| | <ul style="list-style-type: none"> ■ Measuring instruments(MI) |
| | Materials and components |
| | <ul style="list-style-type: none"> ■ Performance materials(PM) ■ Optical components(OC) ■ IJ components(IJ) |
| | Imaging-IoT solutions |
| | <ul style="list-style-type: none"> ■ Imaging-IoT solutions(IIS) ■ Visual solutions(VS) |
| Corporate, etc., QOL | |

Appendix Business Portfolio Management Positioning
 (Extract from November 2020 IR Day materials)



- **MFP (Multi Functional Peripheral) Speed Segment: Digital Workplace Business**
Seg. 1 to 20ppm, Seg.2 21–30ppm, Seg.3 31–40ppm, Seg.4 41–69ppm, Seg.5 70~ppm (A4 vertical, minute speed)
- **Color production print Machine Segments: Professional Print Business**
ELPP (Entry Light Production Print) Monthly printing volume: 1–0.3 million sheets for low-priced products mainly for large companies' centralized printing rooms
LPP (Light Production Print) Monthly printing volume: 0.1–0.3 million sheets for commercial printers
MPP (Mid Production Print) Monthly printing volume: 30–1 million sheets for commercial printing products
HPP (Heavy Production Print) Monthly printing volume: 1 million sheets or more for commercial printing products
- **RNA (ribonucleic acid) Testing: Healthcare Business**
Testing to identify changes in mRNA structure in the primary transcript of DNA (deoxyribonucleic acid). Analysis of transcript mRNA can provide more detailed test results on DNA mutations that used to be considered of undetermined clinical significance in conventional DNA testing.
- **CARE Program (Comprehensive Assessment, Risk & Education): Healthcare Business**
Program to provide total support for effective pick-up and genetic diagnostics of the high-risk group of genetic breast cancer.
- **FORXAI : Imaging IoT Solutions Business**
FORXAI is an imaging IoT platform that accelerates digital transformation of society together with customers and partners.



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