KONICA MINOLTA

Konica Minolta, Inc.
3rd Quarter/FY2021 ending in March 2022
Consolidated Financial Results

Three months: October 1, 2021 - December 31, 2021
Nine months: April 1, 2021 - December 31, 2021
- Announced on February 1, 2021 -

Toshimitsu Taiko
Senior Executive Vice President and Executive Officer,
Konica Minolta, Inc.

Giving Shape to Ideas

I would like to explain the financial results for the FY2021 Q3.

Today’s Agenda

- **FY2021 Q3 Results: Revenue and operating profit somewhat exceeded forecasts.**
  - ✓ Digital Workplace: Recovery in real demand continued, but the order backlog increased due to delays in supplies caused by prolonged logistics lead times. Forecast was not reached.
  - ✓ Professional Print: Despite toner shortages caused by the effects of the accident at Tatsuno Plant, hardware sales made a strong showing and surpassed forecasts.
  - ✓ Industry: Revenue remained high, and results were in line with forecasts. Operating profit in 9 months was ¥19.7 billion, roughly doubling year-on-year. Operating profit margin also improved significantly (+8pt).

- **FY2021 Earnings and Dividend Forecasts:** Only the revenue forecast was revised; the forecasts for profit and dividends were left unchanged.
  - ✓ Key point: Order backlog will be eliminated as much as possible, year-end inventory minimized as much as possible, and profit in the Industry Business maximized.

First, I will explain the points I would like to address today.

Although the results of the FY2021 Q3 were severe, both revenue and operating profit were slightly higher than the Company's forecast.

Digital Workplace Business was affected by prolonged logistics lead times. On the other hand, Professional Print Business was able to minimize the impact of the toner plant accident.

In Industry Business, which we are focusing on, 9-month operating profit nearly doubled from the previous year, and our operating margin improved significantly.

The full-year forecast revised slightly only for revenue, based on the results for the 9 months up to the Q3. But operating profit and profit attributable to owners of the Company is left unchanged. There is no change in the dividend forecast. I will explain how we are looking at Q4 considering the business environment described at the end of the H1. And then I will explain the priority initiatives by businesses for achieving the forecast.

FY2021 Q3 Results

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I will explain Q3 results in detail.

FY2021 Q3 Performance Overview | Summary

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[¥ billions]

	FY2021 9M	FY2020 9M	YoY	YoY (W/O Forex)	FY2021 Q3	FY2020 Q3	YoY	YoY (W/O Forex)
Revenue	661.5	614.9	+8%	+3%	216.4	230.2	-6%	-11%
Operating Profit	-10.2	-24.6	-	-	-8.6	3.3	-	-
Profit attributable to owners of the Company	-13.2	-20.6	-	-	-8.9	1.6	-	-
FOREX [Yen]								
USD	111.10	106.11	+4.99		113.71	104.51	+9.20	
EUR	130.62	122.38	+8.24		130.07	124.54	+5.53	

Q3 Revenue

- Decrease of revenue in Digital Workplace Business was not covered by the increase of other Businesses. Revenue of company overall decreased.
- In Digital Workplace Business, real demand of hardware continued to recover steadily. However, the supplies delayed due to constraints regarding semiconductors and other components and prolonged logistic lead times. And the revenue of the business declined. Nevertheless, revenue remains in an upturn on a real demand basis when considering the ¥18.5 billion increase in the order backlog (from approx. ¥30.0 billion at end-Q2 to approx. ¥48.5 billion at end-Q3).

Q3 Operating Profit / Capital Efficacy

- Operating profit: In addition to the decline in revenue, gross margin decreased because of the higher cost of sales due to air transportation for office hardware and a spike in freight costs, and so on. SG&A for the Company overall remained under ¥100.0 billion in the quarter (excluding the impact of FOREX), but operating profit declined. One-off expenses of ¥1.5 billion, such as expenses for shifting the business portfolio, were posted.
- Capital efficiency: Operating CFs decreased due to lower profit and an increase in inventory (increase in on-board inventory).

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This page provides a Y o Y summary of the Company's performance.

First of all, revenue fell as the Company overall. Lower revenue in Digital Workplace Business was unable to be offset by higher revenue in other Businesses, such as Professional Print and Industry Businesses. Real demand for hardware in Digital Workplace Business is recovering steadily. However, the supply side problems, which had explained at the briefing session for H1, occurred And there was a delay in the supply of products to customers due to the prolonged logistics lead times in Q3 particularly. Consequently, Digital Workplace Business posted a decline in revenue. The order backlog, which expanded to approximately ¥30 billion at the end of the Q2, rose to a record high of approximately ¥48.5 billion at the end of the Q3. Considering this difference of about ¥18.5 billion in the order backlog, we recognize that revenue on real demand basis is continuing to increase.

Next point is operating profit and capital efficacy in the Q3. Operating profit was significantly affected by the decrease in revenues as explained. And it was also affected by the increase in cost of sales due to air transportation responses and soaring freight costs. On the other hand, we kept company overall SG&A expenses under ¥100 billion level per quarter, which we had decided as our internal guidelines. But as a result, we posted an operating loss. The main reason for the reduction in gross profit is the prolonged logistics lead time. And I would like to add the fact that this is carried over to sales after Q4 in the form of an increase in the order backlog.

Although this seems severe results, in the Q3, it was anticipated that there would be a combination of factors to depress profits, such as a shortage of semiconductors and a shortage of toner supply. Considering them, results of the Q3 were better than expected.

Regarding capital efficacy, cash flow from operating activities, which had been firm even in the COVID-19 crisis, was negative in the Q3. This was because of the lower profit and a significant increase in on-board inventory to Europe and the North America, which account for a large percentage of sales in the office MFP, due to prolonged logistics lead times.

FY2021 Q3 Performance | Revenue and profit by Segment

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[¥ billions]

Revenue	FY2021 9M	FY2020 9M	YoY	YoY (W/O Forex)	FY2021 Q3	FY2020 Q3	YoY	YoY (W/O Forex)
Digital Workplace	333.7	336.3	-1%	-6%	107.6	125.0	- 14%	-19%
Professional Print	140.9	118.8	+19%	+12%	47.4	45.3	+5%	-2%
Healthcare	84.4	73.6	+15%	+11%	28.2	28.2	+0%	-5%
Industry	101.4	85.5	+19%	+15%	32.8	31.5	+4%	+0%
Sensing	31.2	22.7	+38%	+29%	9.3	8.0	+17%	+9%
Materials and Components	61.7	54.1	+14%	+13%	20.5	20.5	- 0%	-2%
Imaging-IoT solutions	8.4	8.7	-3%	-8%	2.9	3.0	- 3%	-6%
Corporate, etc.	1.1	0.8	+44%	+57%	0.5	0.2	+96%	+96%
Company overall	661.5	614.9	+8%	+3%	216.4	230.2	- 6%	-11%

Operating profit/OPM	FY2021 9M		FY2020 9M	YoY	YoY (W/O Forex)	FY2021 Q3		FY2020 Q3	YoY	YoY (W/O Forex)
Digital Workplace	-9.0	-	-6.2	-	-	-4.6	-	3.1	-	-
Professional Print	0.5	0.4%	-8.8	-	-	-1.0	-	-0.0	-	-
Healthcare	-9.8	-	-7.1	-	-	-4.5	-	-0.5	-	-
Industry	19.7	19.5%	9.8	+101%	+95%	5.2	+16.0%	4.8	+10%	+3%
Corporate, etc.	-11.6	-	-12.3	-	-	-3.7	-	-4.0	-	-
Company overall	-10.2	-	-24.6	-	-	-8.6	-	3.3	-	-

This section shows the revenue and profit by segments.

Details are omitted. But Digital Workplace Business saw a decrease in revenue due to an increase in the order backlog. Professional Print Business secured an increase in revenue, although we had anticipated that the impact of the toner plant accident would be severest in the Q3. The Industry Business, which drove the Company overall in the H1, also continued to see an upward trend in revenue. As explained at the beginning, 9-month operating profit doubled from the previous fiscal year and the operating profit margin improved significantly.

FY2021 Q3 Performance | Progress Toward Forecasts

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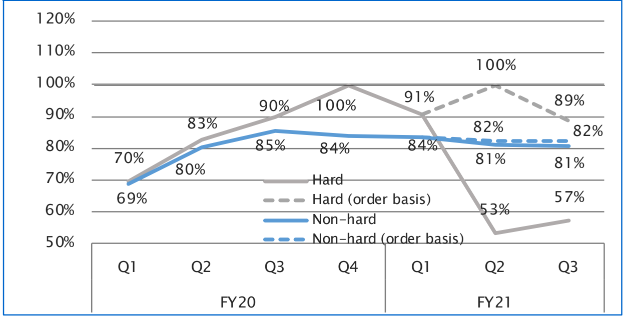
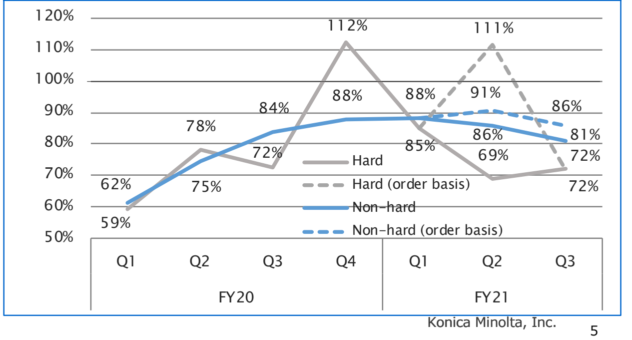
Segment		Progress toward forecasts
Company overall		• **Q3 operating profit came in slightly above** internal forecasts; despite restraints on sales promotions, the order backlog increased over the forecast due to solid demand. • No new information to disclose about business portfolio transformation.
Digital Workplace (did not meet forecast)	OP	Hardware: Order backlog at end-Q3 was approx. ¥44 billion **(approx. ¥7.5 higher than predicted)** due to constraints regarding semiconductors and other components, as well as prolonged logistic lead times. Non-hard: Real demand was below forecast due to the spread of the Omicron variant in the U.S. and Europe (down 2 pt.) The order backlog at end-Q3 was approx. ¥4.5 billion.
	DW-DX	Service MRR* exceeded more than expected (+15%). But failed to meet forecasts in total revenue due to decline in solutions related to OP and IT hardware sales affected by semiconductor shortage.
Professional Print (exceeded forecast)	PP	Hardware: More progress made than expected in equipment replacement for existing customers; order backlog at end-Q3 was approx. ¥47.5 billion. Non-hard: Surpassed forecasts due to prioritized allocation of toner manufacturing. Order backlog at end-Q3 was approx. ¥3.5 billion.
	IP	Hardware: **Forecasts exceeded due to earlier closure on deals** on each model; IJ printer, KM-1 brought in record-high orders for a quarter in the U.S. Non-hard: **Exceeded forecasts due to recovery in final demand** for commodities and apparel.

Year-on-year rate of increase/decrease of hard and non-hard revenue compared to FY19 (excluding the impact of FOREX)

Office (OP)



Production Print (PP)



* MRR : Monthly Recurring Revenue

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On pages 5 and 6, we will explain the progress made in the Q3 comparing to the forecasts by businesses.

From the company overall perspective, operating profit slightly exceeded the forecast as a result of solid demand despite curtailed sales promotion activities. There is no new information to be disclosed on our efforts to transform the portfolio this time.

Here is an explanation of the progress comparing to the forecasts by business segments.

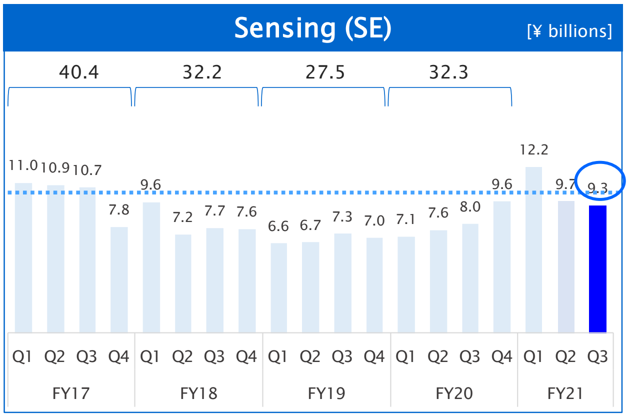
Digital Workplace Business missed forecasts. In office printing, however, real demand for hardware exceeded forecasts. The main reason for the shortfall was the supply side. Due to the shortage of semiconductors, the production volume for the actual demand was expected to remain at 55% at the end of H1, but the production volume has recovered to 70%. Besides, the prolonged logistics lead time worsened. And then the order backlog at the end of Q3 was approximately 7.5 billion higher than expected. The background of the increasing influence of logistic lead time are that our sales proportion in Europe and North America is high, with nearly 40% in Europe, and around 30% in North America. As non-hard, real demand fell about 2 pt below the forecast due to the spread of Omicron variant in Europe and the North America at the end of the year. The order backlog of non-hard continued from the end of the Q2, reaching approximately ¥4.5 billion at the end of the Q3, due to delays in supply side caused by the impact of the toner plant accident.

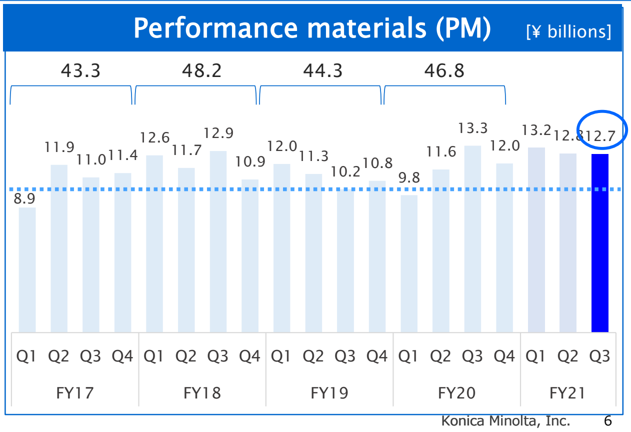
With regard to DW-DX, we had already exceeded our fiscal year-end target, with service MRR (Monthly Recurring Revenue), which we have designated as key KPIs, increasing 15% from the previous year, and this is progressing more than expected. On the other hand, sales of document-related solutions declined due to a decrease in sales of MFPs, and sales of IT-hardware declined due to the impact of a semiconductor shortage. As a result, overall revenue did not reach our forecast. The recurring business for IT services and the DX business for local governments in Japan, both of which we are focusing on, are progressing as expected.

This is followed by Professional Print Business. In the production print business, which is centered on digital printing, we anticipated a shortage of toner in Q3 to be a major constraint of sales for both hardware and non-hard. However, the fact that we were able to secure a 5% Y o Y increase in revenue was more than expected. Although we have caused a great deal of inconvenience to our customers due to the shortage of toner, the degree of the constraint of hardware sales improved significantly. At first, we were able to replace existing customers' printing machines. It was realized by strong demand and toner inventory higher than originally estimated in the market. However, the backlog at the end of the Q3 was ¥4.7 billion, continuing from the end of the Q2. Revenue of non-hard exceeded the forecast due in part to refinements in the linkage between production plans and sales company inventories, as well as increased production volumes. However, the gap between real demand and supply remained, and the order backlog at the end of the Q3 was approximately ¥3.5 billion.

FY2021 Q3 Performance | Progress Toward Forecasts

Segment		Progress toward forecasts
Healthcare (somewhat did not meet forecast)	HC	Driven by Japanese markets, DR, diagnostic ultrasound systems, and medical IT were solid, and sales of pulse oximeter increased, resulting in line with forecast.
	APM	Genetic testing: Continued to increase QoQ (up 25% YoY), but slightly down forecast. Drug discovery support: Clinical trials are falling due to resurgence of COVID-19, but results were in line with forecasts; backlog increased.
Industry (somewhat exceeded forecast)	SE	Light-source color measurement instruments captured display demand in Asia, and object color measurement instruments saw growth primarily in Europe and China, in line with forecasts. Automobile visual inspection and HSI (hyperspectral imaging) were also solid, in line with forecasts, and new orders were brought in.
	MCH	Performance materials: As predicted, the strong TV market calmed down, but large size and IT applications remained high level (up 1% YoY). IJ components: The markets in Europe and India, which had made a good recovery, slowed than expected, but **inkjet printheads for industrial applications, which is a growth area, somewhat expanded more than expected**.
	IIS	The number of "FORXAI" partner increased to around 90, exceeding expectation, and co-creation started (NEC, Marubeni, etc.). Sales did not meet the forecast due to delays in receiving orders for large-scale projects.





This section explains Healthcare Business and Industry business.

Healthcare Business was slightly less than the forecast. In healthcare, which is centered on diagnostic imaging equipment and solutions, sales of digital products and medical IT services were firm in Japanese market. Sales of precision medicine is mainly in the U.S. market. Genetic testing has seen an increasing trend in the number of samples received as Q o Q. However, due to the impact of COVID-19, the number of patients at hospitals and the number of people undergoing medical check-up were sluggish compared to the forecasts. And we increased orders from pharmaceutical companies, which were relatively unaffected by COVID-19. As a result, revenue fell short of forecasts due to influences such as unit prices and the prolonged insurance reimbursement process. Revenue of drug discovery support declined slightly by Q o Q as expected due to a decline in clinical trials caused by the resurgence of COVID-19, but backlog increased accordingly.

The Industry Business, which drove the Company overall in the H1, performed slightly above the forecasts in the Q3.

In sensing, we captured Asian demand in light source color measurement field for displays. Sales also grew in object color measurement field, where applications include inspections of automobile exterior painting colors. As a result, revenue for the Q3 remained at a high level of ¥9.3 billion, as expected. Sales of automobile visual surface inspection and hyperspectral imaging also grew as anticipated in the fields that would be drivers of our future growth.

Next point is material component field, which is described as MCH on the slides. Performance materials, which is centered on films for displays, saw demand for TV calmed down as we expected. On the other hand, sales of high-value-added products for large-screen TVs, PCs, and other IT equipment, which we are focusing on, remained strong. As a result, revenue was at a high level in the Q3 as well as sensing business. In inkjet components, we recorded higher-than-expected results of inkjet heads for Industry applications, which is growth area.

FY2021 Earnings Forecast

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I will explain FY2021 earnings forecasts based on the 9-month results until the Q3 and our forecast of the Q4.

FY2021 Earnings Forecasts | Perceptions of Environment in Q4

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Digital Workplace / Professional Print

Improved from previous expectation | Deteriorated from previous expectation

Changes in environment		Impact on business performance: Office (OP)	Impact on business performance: Production print (PP)
External factors	COVID-19 impact (mainly on demand side)	• Hardware: Demand continue to recover as expected	• Hardware: Demand continue to recover as expected
		• Non-hard: Slightly delay of recovery in demand due to spread of the Omicron variant	• Non-hard: No change in demand as expected
	Procurement of semiconductors and other components	• Hardware: Production around 75% of real demand (Q3 70%, Q4 85%) (End-H1 forecast was 70% (Q3 55%, Q4 85%)	
Internal factors	Impact of toner factory accident	• Toner: Production of approx. 75% of real demand in H2 (Q3 55%, Q4 95%) (As expected at end-H1 company-wide, but increased allocation to PP.)	
			• Prioritize toner supply to existing customers and promote replacement of hardware

Company overall

		Perceptions of environment as basis
External factors	Electric power issues in China	• Minor impact by various measures
	Supply chain	• Continuing container shortages, port congestion, logistics labor shortages, rapid increases in freight rates, and longer shipping-arrival lead times as a result of increasing economic activity

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Using the table of perception of environment in the briefing session for H1, I will explain our perception of the business environment in the Q4.

First of all, there is no major changes in the demand side from the forecast announced at the end of the H1. The forecast for non-hard, which correlates with print volume, was conservatively revised at the end of the H1. However, the recovery is somewhat delayed in some regions due to the spread of Omicron variant globally.

Next, I will explain the situation on the supply side. On the production side, the production volume of MFPs for office has improved from the forecast announced at the end of the H1. Various measures to secure semiconductors are yielding results, and we are confident on securing the parts necessary for production. Regarding the assembly of finished products in China and Malaysia, while the recent risk of the spread of Omicron variant is continuing, we are preparing a number of measures to deal with the risk. We believe that we can secure maximum production and shipment volumes by responding flexibly to the situations.

As in the Q3, critical external factor is prolonged logistics lead times, we anticipate the current severe situation to continue. There is no significant difference in the perception of environment in the Q4 from the forecasts announced at the end of the H1. Shipments from production sites were somewhat advanced at the end of the Q3, and production volumes were improving.

FY2021 Earnings Forecasts | Summary

[¥ billions]

	FY2021 Forecast (Current)	FY2021 Forecast (Previous)	FY2020 Result	Difference
Revenue	900.0	890.0	863.4	+4%
Operating Profit	12.0	12.0	-16.3	-
Profit attributable to owners of the Company	1.5	1.5	-15.2	-
FOREX [Yen]				
USD	105.0	105.0	106.1	-1.1
EUR	125.0	125.0	123.7	+1.3

Full-Year Earnings Forecasts

- **Forex:** Maintaining assumption of ¥125/EUR and ¥105/USD.
- **Revenue and profit:** Considering progress in Q3, we only revised our forecast for revenue, raising it by ¥10.0 billion.
- **Dividends:** Left unchanged (¥30/share annually, ¥15/share at period-end)

This page explains our full-year forecast for FY2021.

The forecast for revenue is ¥900 billion, an increase of ¥10 billion from the previous forecast. Operating profit and profit attributable to owners of the Company will be left unchanged. FOREX forecasts remain unchanged. The dividend forecast is also unchanged.

Again, in the Q3, results were slightly in excess of the Company's forecasts. As the recognition of the business environment in the Q4 also did not change significantly from the end of the H1, we judged that it was possible for the Company overall to achieve the previous forecasts.

However, considering the results by businesses in the Q3, there were differences in strength with comparing to the previous forecasts. So, the forecasts by segments were revised as described on page 10.

FY2021 Earnings Forecasts | Revenue and profit by Segment

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[¥ billions]

Revenue	FY2021 Forecast (Current)	FY2021 Forecast (Previous)	FY2020 12M Results
Digital Workplace	470.0	470.0	465.2
Professional Print	192.0	180.0	169.6
Healthcare	120.0	122.0	109.1
Industry	147.5	147.5	118.2
Sensing	41.0	41.0	32.3
Materials and components	89.5	89.5	73.7
Imaging-IoT solutions	17.0	17.0	12.2
Corporate, etc.	-29.5	-29.5	1.3
Company overall	900.0	890.0	863.4

Operating Profit / OPM	FY2021 Forecast (Current)		FY2021 Forecast (Previous)		FY2020 12M Results	
Digital Workplace	6.0	*1.3%*	10.0	*2.1%*	-2.7	-
Professional Print	3.0	*1.6%*	-2.0	-	-7.9	-
Healthcare	-9.0	-	-7.0	-	-6.4	-
Industry	28.0	*18.9%*	28.0	*19.0%*	15.6	*13.2%*
Corporate, etc.	-16.0	-	-17.0	-	-14.9	-
Company overall	12.0	*1.3%*	12.0	*1.3%*	-16.3	-

The main changes are Digital Workplace Business and Professional Print Business.

We mainly reviewed the forecasts of the two businesses, which had a large gap with the forecasts in the Q3. Digital Workplace Business revised downward, and Professional Print Business revised upward.

FY2021 Earnings Forecasts | Quarterly Cash Flow from Operating Activities

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In Q3, CFs were negative due to lower sales and profits caused by prolonged logistic lead times and higher on-board inventory. In Q4, however, CFs are expected to turn positive due to higher sales and profits from maximizing the elimination of order backlog and minimizing inventory.

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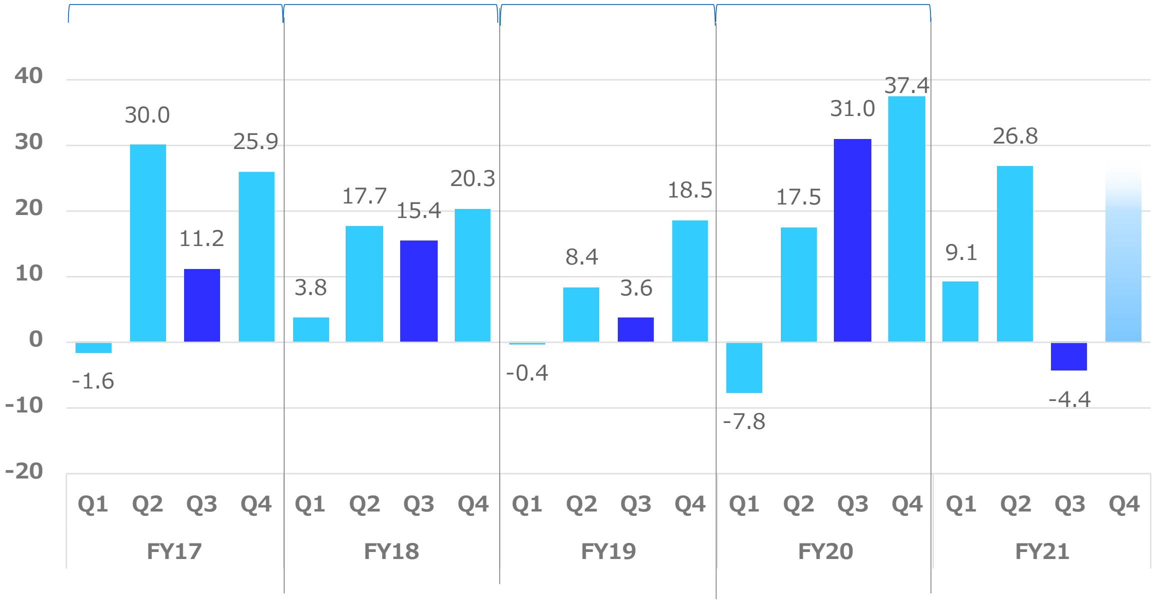

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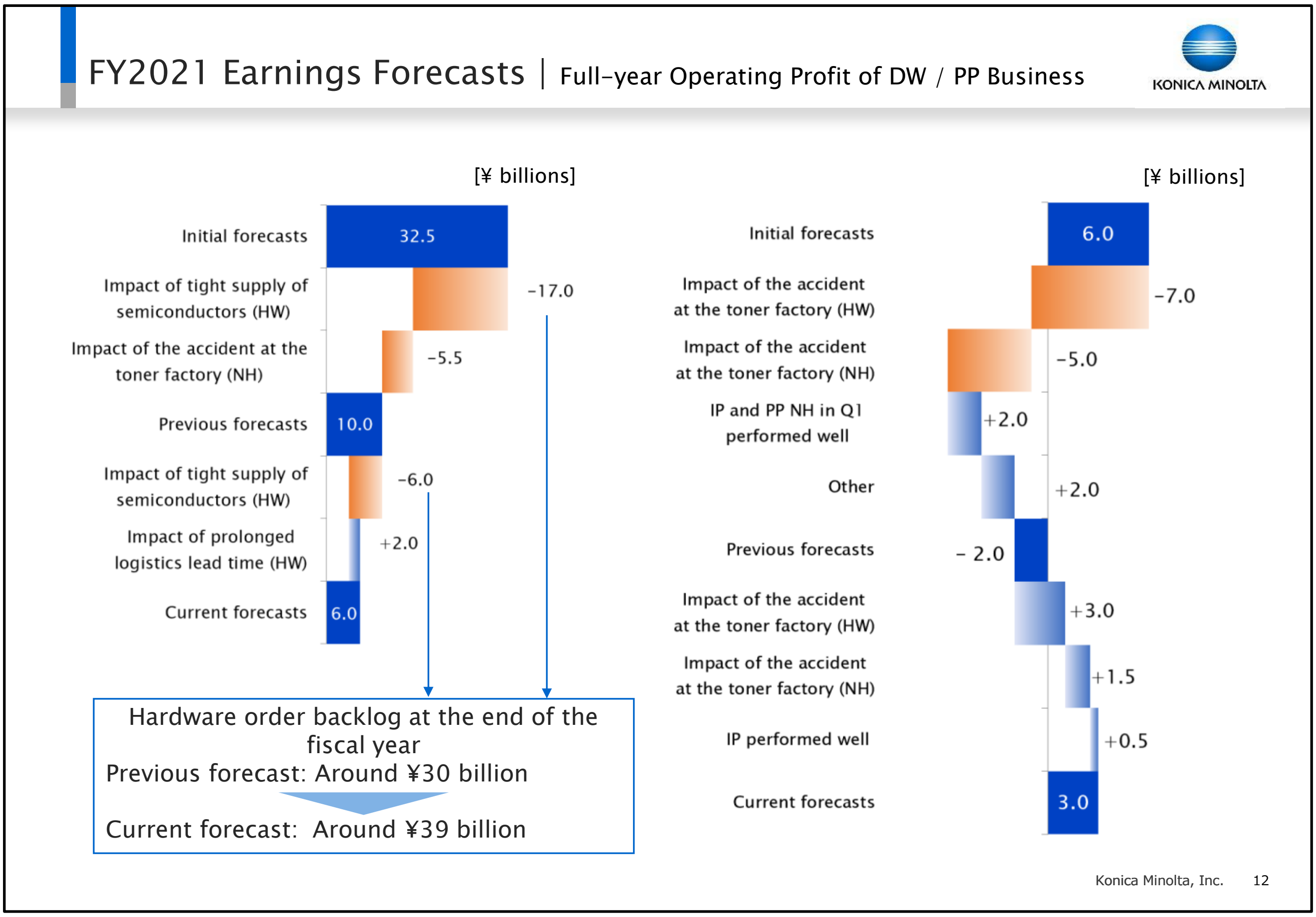
I will continue to explain the transition and forecast of cash flow from operating activities.

We have emphasized generating cash flow from operating activities based on our management policy with an emphasis on capital efficiency. As a result, it was bottomed out at the FY2020 Q1, when it was the most severely affected by the COVID-19 crisis, and turned positive from the FY2020 Q2, maintaining a high level of cash flow from operating activities in each quarter. In the FY2021 Q3, however, cash flow from operating activities was negative due to a significant increase of on-board inventory resulting from the impact of the prolonged logistics lead times.



As I explained earlier, we have revised the operating profit forecasts mainly for Digital Workplace Business and Professional Print Business. In this page, I will explain the content of the revise by updating the slide that was used to explain the downward revision at the end of the H1.

Digital Workplace Business revised downward in the previous forecast, mainly due to a shortage of materials such as semiconductors and a rise in costs caused by the toner plant accident. Taking into account the progress of results in the Q3, we reflect a deterioration of ¥6 billion due to the impact of prolonged logistics lead times and an improvement of ¥2 billion due to an improvement in the prospects for the toner supply and an improvement in purchasing costs. As a result, we revised the previous forecast for operating profit downward from ¥10 billion to ¥6 billion. In addition, we mentioned on the forecast of the order backlog for office hardware in the previous briefing session. At the end of the Q3, the actual result was approximately ¥44 billion compared to the previous forecast of approximately ¥36.5 billion, as I explained earlier. At the end of FY2021, we forecast this figure to increase to approximately ¥39 billion from the previous forecast of approximately ¥30 billion, mainly due to the prolonged logistics lead times. Since quarterly office hardware revenue is usually at ¥50 billion level, the order backlog has expanded significantly comparing to the past, but we expect it to be gradually eliminated in the next fiscal year.

Professional Print Business revised downward in the previous forecast at the end of H1, mainly due to the impact of the toner plant accident, which is expected to affect hardware sales as well as non-hard sales. As I explained earlier in the Q3 performance part, we have been able to make improvements. So, we have revised it upward from the previous forecast from an operating loss of ¥2 billion to an operating profit of ¥3 billion.

FY2021 Earnings Forecasts |

Priority Initiatives in Q4 to Achieve the Earnings Forecasts

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- **Reduce orders backlog at end-Q3 as much as possible, particularly in Digital Workplace Business, and minimize inventory**
- **Speed up shipments from factories and add more transport routes**
- **Promote replacing hardware for existing customers and expand the supply of non-hard by increasing the production of toner for production print.**
- **Keep the momentum of increasing DR / pulse oximeter, medical IT, RNA testing / CARE, convert the order backlog of drug discovery support services to revenue.**
- **Growth of Industry Business**
  - **Sensing**: Increase QoQ revenue with large projects for displays and accelerate closure on projects for automobile visual inspection and HSI, for which new orders are increasing
  - **Performance materials**: Increase sales of large-screen TVs and accelerate customer deployment of new resin film and long-wide film
  - **Inkjet (IJ) components**: Increase sales of IJ heads for industrial use (such as display manufacturing applications)
  - **Imaging-IoT**: Definite closure of large-scale projects in pipeline, which are expanding
- **Keep and control SG&A expenses at level below ¥100.0 billion (excluding the impact of FOREX), and allocate expenses to growth field, such as Healthcare and Industry Business.**

I will explain the priority initiatives to achieve the operating profit that has been left unchanged for the whole company this time.

Digital Workplace Business will convert the order backlog, which was accumulated more than expected at the end of the Q3, to the maximum extent possible, leading to sales, while at the same time minimizing year-end inventory. To achieve it, the production side will take measures to advanced shipments from the factories and add more transport routes.

Professional Print Business will leverage the increased toner supply, for which we have revised our production allocation, to promote sales by replacing existing customers' hardware and will expand the supply of non-hard.

Healthcare Business will continue to drive with the strong momentum of digital radiography panel, pulse oximeter and medical IT such as PACS. In genetic testing, we will maintain increasing momentum in RNA testing and CARE program for healthy people Q o Q, and in drug discovery support services, we will convert the high level of backlog to revenue.

In Industry business, which continues to grow, sensing will capture large projects for smartphone displays. In addition, we will steadily close projects that are being won in the growing areas of automobile visual inspection and hyperspectral imaging, thereby realizing an increase in revenue Q o Q. In performance materials, we increase the revenue Q o Q thanks to increased sales of functional films for large-screen TVs, which is stable demand even the TV market calms down. We also accelerate sales of new resin film and long-wide film that appeal to customers by enhancing their productivity. In Inkjet components, sales of high-value-added industrial inkjet heads, such as for display manufacturing applications, are expanding, and we will continue this momentum. Imaging-IoT solutions is seeing an increase in large-scale projects in Europe, North America and Middle East, particularly for MOBOTIX, and we will steadily close these projects to convert them into sales. In terms of the Company overall profit structure, we will continue to maintain SG&A expenses at the ¥100 billion level on a quarterly basis by cutting down non-essential and non-urgent expenses, while continuing to allocate expenses to growth areas such as Healthcare and Industry Business.

FY2021 Earnings Forecasts |
Industry Business performed well, steady progress in the portfolio transformation

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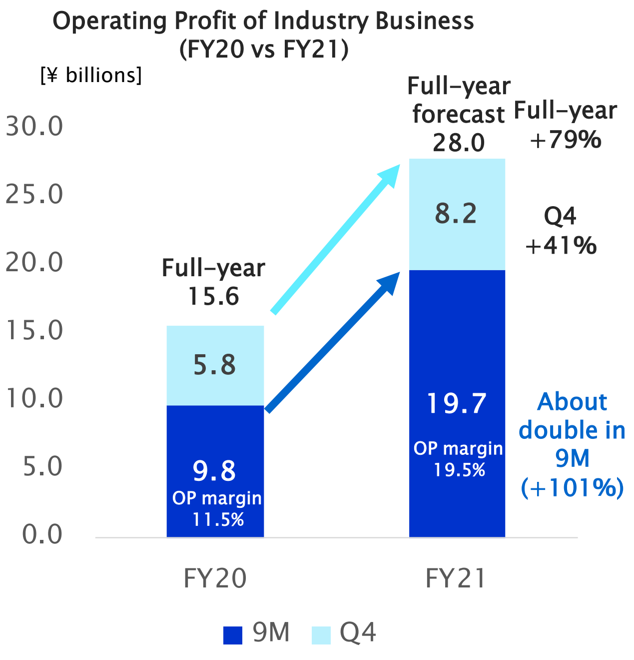

Full-year forecast:
- While revenue in sensing will remain high and revenue in materials and components will increase, we expect 41% growth of operating profit in Q4.
- We expect a solid increase in profit for an approximately 80% increase in the full year.

9 Months:
- Approximately doubled operating profit from the previous year, driven by increased revenue of sensing (+38%), performance materials (+11%), and IJ components (+26%).
- Operating profit margin improved significantly (+8pt).

Finally, we are transforming our business portfolio, and we are also focusing on the Industry Business as one of the next pillars of our business. As I explained at the beginning of this briefing session, Industry Business has doubled its 9-month operating profit Y o Y, and we are making steady progress in transforming our portfolio.

In the 9 months, each of the business contributed the increase of revenue by sensing of 38%, performance materials of 11% and inkjet components of 26%. As a result, the operating profit margin improved by 8 points, from 11.5% to 19.5%. In the earnings forecasts, we expect earnings growth to be approximately 40% in the Q4 Y o Y and 80% in the full year Y o Y. It is driven by growth in revenue of Materials and Components, primarily performance materials and inkjet components, while maintaining a high level of earnings in sensing. Furthermore, from FY2019, pre-COVID-19 crisis, to FY2020, revenue of Industry Business grew 1% and the operating profit margin grew 8%. I would like to address that, despite the impact of COVID-19, this business is expected to grow significantly for the three years continuously. We will continue to invest management resources in this business area so that the Industry Business will steadily drive the Company as one of the pillars of our business in the next fiscal year and beyond.

KONICA MINOLTA

Cautionary Statement:
The forecasts mentioned in this material are the results of estimations based on currently available information, and accordingly, contain risks and uncertainties. The actual results of business performance may sometimes differ from those forecasts due to various factors.

Remarks:
Yen amounts are rounded to the nearest 100 million.