



# Konica Minolta, Inc. 1<sup>st</sup> Quarter/FY2020 ending in March 2021 Consolidated Financial Results

Three months: April 1, 2020 – June 30, 2020  
– Announced on July 30, 2020 –

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

- 1. Our revenue portfolio, regional structure, business models and the transition of profit structure in FY2020 1Q**
- 2. Status of businesses in 1Q and prospects after 2Q**
- 3. Initiatives to improve the profit structure after 2Q**

# FY2020 1Q Performance Overview | Summary

[¥ billions]

	FY2020 1Q	FY2019 1Q	YoY	YoY (W/O Forex)	YoY (W/O External and special factors)
<b>Revenue</b>	<b>173.2</b>	<b>241.7</b>	<b>-28%</b>	<b>-26%</b>	<b>+2%</b>
<b>Operating Profit</b>	<b>-22.6</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit attributable to owners of the Company</b>	<b>-17.3</b>	<b>-1.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FOREX [Yen]</b>					
<b>USD</b>	<b>107.62</b>	<b>109.90</b>	<b>-2.28</b>		
<b>EUR</b>	<b>118.48</b>	<b>123.49</b>	<b>-5.01</b>		

\*1 Without External and Special Factors: Forex, US-China trade tariff, CRE strategy related expenses, structural reform expenses, one-off expenses such as impairment, COVID-19 impact

## Revenue

- Affected by the lockdown in Europe and the US, Office and Professional Print, which account for a little under 70% of sales in Europe and the US, as well as Bio-Healthcare which accounts for almost all sales in the US saw revenue greatly reduced.
- Meanwhile, measuring instruments, the new business of status monitoring solutions, and other such areas saw increased revenue even during the COVID-19 outbreak.
- With economic activity resuming in China and restrictions being relaxed from May onward in Europe and Japan, June saw increases with respect to April-May.

## Operating Profit

- The effects of structural reform enacted last fiscal year, additional measures implemented in the present period, and other such factors greatly reduced SG&A expenses, but the decline in gross profit due to reduced revenue had a significant impact and profit was greatly reduced.
- The COVID-19 impact amounted to approximately ¥30 billion.

# FY2020 1Q Performance Overview | Revenue & Operating Profit by Segment



[¥ billions]

<u>Revenue</u>	FY2020 1Q		FY2019 1Q	YoY	YoY (W/O Forex)	YoY (W/O External and Special Factors)
Office	94.0		134.6	- 30%	-28%	+1%
Professional Print	31.8		50.6	- 37%	-34%	-1%
Healthcare	16.4		18.6	- 12%	-9%	+9%
Industrial	23.3		28.1	- 17%	-16%	+4%
Optical systems for industrial use	7.3		7.2	+2%	+6%	+27%
Materials and components	16.1		21.0	- 24%	-23%	-3%
<b>New business</b>	<b>7.5</b>		<b>9.6</b>	<b>- 21%</b>	<b>-19%</b>	<b>+19%</b>
Bio-healthcare	4.1		7.2	- 43%	-42%	+16%
Others	3.5		2.3	+47%	+51%	+29%
Corporate, etc.	0.1		0.2	- 49%	-60%	-60%
<b>Company overall</b>	<b>173.2</b>		<b>241.7</b>	<b>- 28%</b>	<b>-26%</b>	<b>+2%</b>
<u>Operating profit/OPM</u>	FY2020 1Q		FY2019 1Q	YoY	YoY (W/O Forex)	YoY (W/O External and Special Factors)
Office	-7.5	-	7.7	-	-	-
Professional Print	-7.1	-	1.1	-	-	-
Healthcare	-1.1	-	-0.3	-	-	-
Industrial	3.2	13.9%	4.8	- 32%	-30%	+43%
<b>New business</b>	<b>-6.5</b>	<b>-</b>	<b>-6.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
Corporate, etc.	-3.6	-	-6.3	-	-	-
<b>Company overall</b>	<b>-22.6</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*1 Without External and Special Factors: Forex, US-China trade tariff, CRE strategy related expenses, structural reform expenses, one-off expenses such as impairment, COVID-19 impact

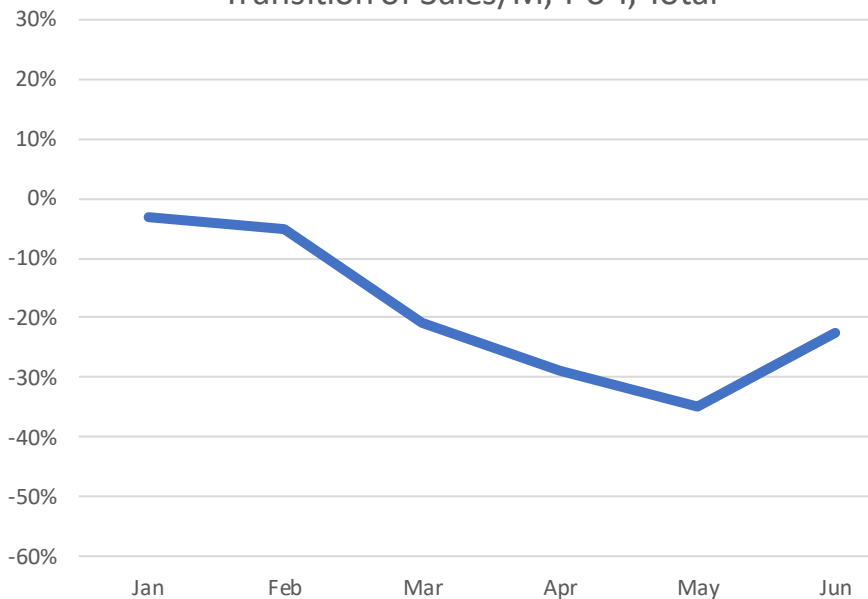


Revenue	-28%	<ul style="list-style-type: none"> <li>Decline in hardware sales due to the delay of the installation and reduction of sales activities to acquire new customers caused by suspension or stagnation of customers' activities according to lockdown, and lower non-hard sales correlated with a decline in print volumes due to cancellations of events and a decline in client companies' employees coming into office.</li> <li>Further sales decline due to higher sales ration in Europe and the U.S. as the region and office and professional print as the businesses.</li> </ul>
Gross profit	-39%	<ul style="list-style-type: none"> <li>Deteriorated product mix due to delayed recovery in the U.S. market where the mainstay products are high-speed color models.</li> <li>Deterioration in unit costs due to sharp decline in production to reduce inventories.</li> <li>Steep decrease of sales of high-margin non-hard.</li> <li>Incurrence of upfront costs such as distribution of consumables to customer sites due to the resumption of economic activities.</li> </ul>
SG&A	-17%	<ul style="list-style-type: none"> <li>Reductions exceeded the original plan, including various measures, but were not sufficient to offset the decline in gross profit.</li> </ul>

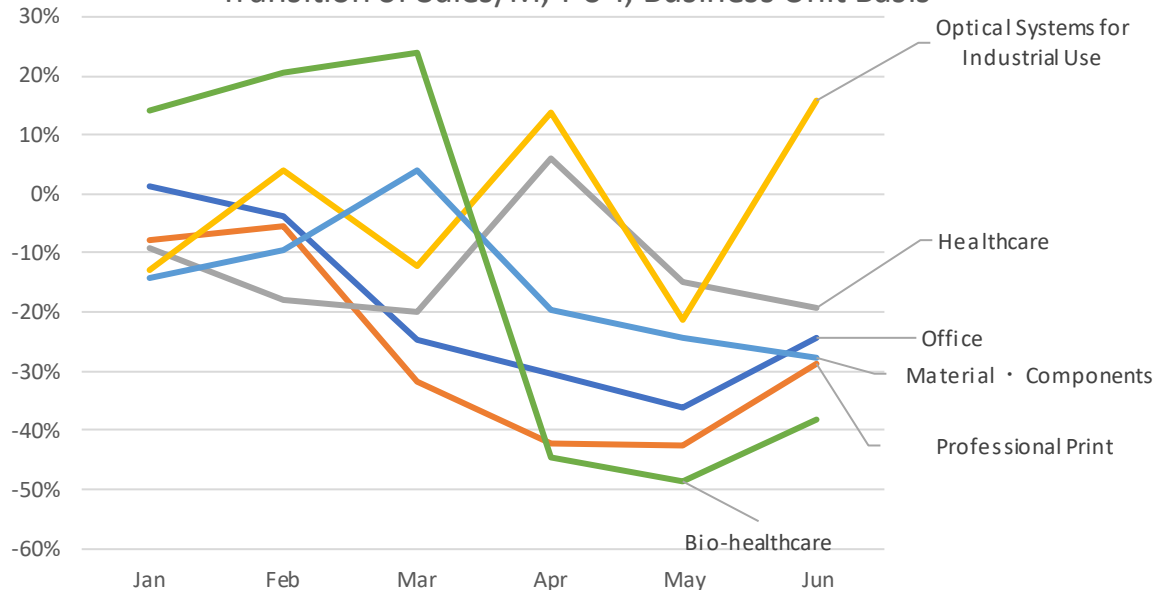
1Q	FY19 Revenue breakdown	FY19 Regional breakdown				Reduction in FY20
		Japan	US	Europe	Others	
Office	56%	12%	34%	36%	17%	-30%
Professional print	21%					-37%
Company overall	100%					-28%

The year-on-year rate of increase/decrease in overall company revenue has improved from bottoming out in May under the influence of customer characteristics business-by-business and the proportion of overall revenue coming from the regions of China, where economic activity is recovering; of Japan, where the impact was relatively slight; and of Europe and the US, where lockdown has had a significant impact.

Transition of Sales/M, Y o Y, Total



Transition of Sales/M, Y o Y, Business Unit Basis



# FY2020 1Q Financial Performance | Impact of COVID-19



KONICA MINOLTA

As expected, the impact of COVID-19 in 1Q increased more than 4Q in FY2019, but it has shown signs of recovery in the order of China, Japan, Europe, and North America due to the resumption of economic activities step-by-step. As a whole, it bottomed out in May. There are no problems on the supply side, and sales restrictions are main factor of the decline in sales.

Business	Impact	Impact on sales	Profit impact
Office/ Professional Print	<ul style="list-style-type: none"> <li>Hardware sales were affected by the delay in business negotiations and installations due to the restriction of the sales activities with visits to customers.</li> <li>Non-hard sales in office were affected by the restriction of the client company employees coming in to work, while those in production print is affected by a decline in customers' taking orders. Both hardware and non-hard are showing signs of recovery in June.</li> <li>IT-services and Industrial Print had relatively minor impacts.</li> </ul>	Office Around ¥38 billion Prof. Print Nearly ¥17 billion	Office Around ¥14 billion Prof. Print Over ¥7.5 billion
Healthcare	<ul style="list-style-type: none"> <li>Decline in revenue due to decline in patients' visits to hospitals and clinics and worsening management conditions at hospitals and clinics in Japan and China.</li> </ul>	Nearly ¥3.5 billion	More than ¥1.5 billion
Materials and Components	<ul style="list-style-type: none"> <li>Sluggish sales of IJ components due to spread of COVID-19 in customers' export countries</li> <li>Sales of projector lenses declined due to the decreased demand of entertainment industry in Optical components.</li> <li>Sales of high value-added films declined due to a decline in demand for TVs in Performance Material.</li> </ul>	Around ¥4 billion	Around ¥2.5 billion
Optical Systems for Industrial Use	<ul style="list-style-type: none"> <li>Sales of Measuring Instruments increased, despite the impact of COVID-19 due to strong performance by major customers, including those carried over from the previous fiscal year.</li> </ul>	Around ¥1.5 billion	Nearly ¥1 billion
New Business	<ul style="list-style-type: none"> <li>Bio-healthcare saw a decline in genetic testing due to a decline in the number of visitors patients caused by US lockdown. Sales of drug discovery support services declined due to postponement of clinical trials.</li> </ul>	Nearly ¥4 billion	Nearly ¥3 billion
<b>Company overall</b>		<b>Around ¥67.5 billion</b>	<b>Around ¥30 billion</b>

[¥ billions]

## Revenue · Operating Profit

Quarterly Financial Results

FY19		1Q	2Q	3Q	4Q
Revenue	OP	116.4	120.9	119.6	116.6
	ITS	18.1	17.7	19.4	17.7
OP		7.7	9.4	5.4	1.3

FY20		1Q	YoY
Revenue	OP	78.3	-33%
	ITS	15.7	-14%
OP		-7.5	-

## 1Q Summary

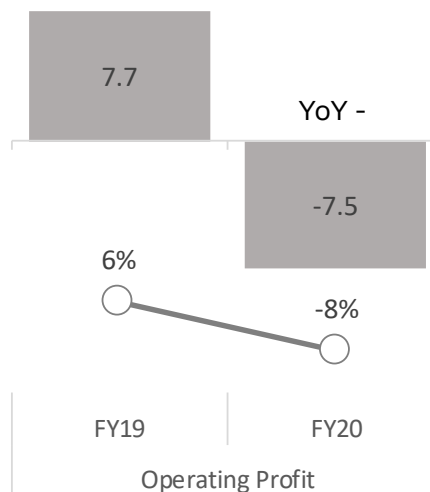
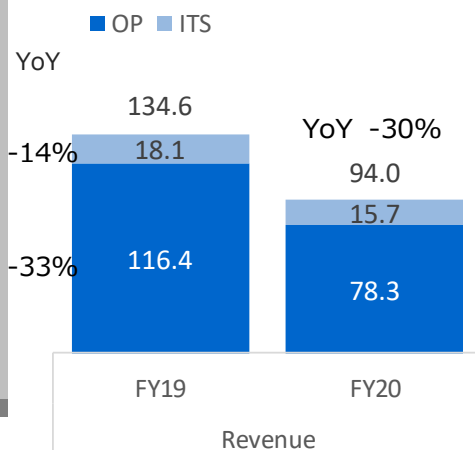
### Office (OP)

- Unit sales of color models, which are our principal products, have increased since bottoming out in April, and the year-on-year decreases have also improved (April down 33%, May down 40%, June down 16%).
- Going by region, China returned to year-on-year increase in June, and Europe and the US showed improvement on decreases in June as lockdowns were relaxed, while Japan showed an increase in April, decrease in May, and improvement in June.
- Non-hard was affected by declining PV caused by limitations on client company employees coming in to work. The extent of impacts by region was the same as in hard.

### IT Services Solutions (ITS)

- While results were impacted by COVID-19 in Europe and the US, which account for the majority of sales, we expanded suggestions geared to increasing demand for work-at-home and other solutions relating to remote business. Recurring sales were also successful, so the impact was relatively slight.

3M





[¥ billions]

## Revenue · Operating Profit

Quarterly Financial Results

FY19		1Q	2Q	3Q	4Q
Revenue	PP	34.2	35.4	37.5	33.5
	IP	3.8	5.8	5.1	6.0
	MS	12.6	11.5	12.8	11.9
OP		1.1	1.0	2.9	-0.7

FY20		1Q	YoY
Revenue	PP	20.4	-40%
	IP	2.9	-23%
	MS	8.4	-33%
OP		-7.1	-

## 1Q Summary

### Production Print (PP)

- Unit sales of both color and monochrome models in June increased significantly over April–May. The year-on-year decrease was also somewhat improved. (April down 47%, May down 51%, June down 43%)
- HPP unit sales and pipeline increased steadily.
- Non-hard was affected by reduced corporate marketing and sales promotion activities, and despite declining PV due to reduction in orders experienced by our customers, figures from May to June were on an increasing trend.

### Industrial Print (IP)

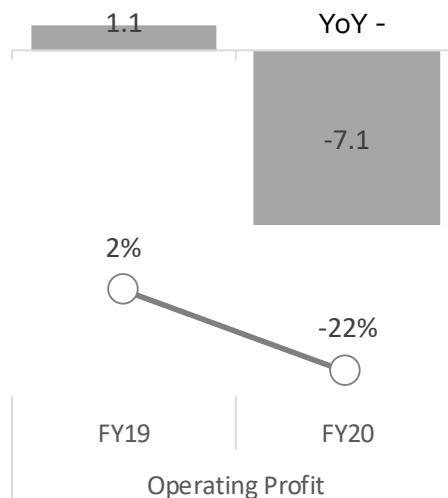
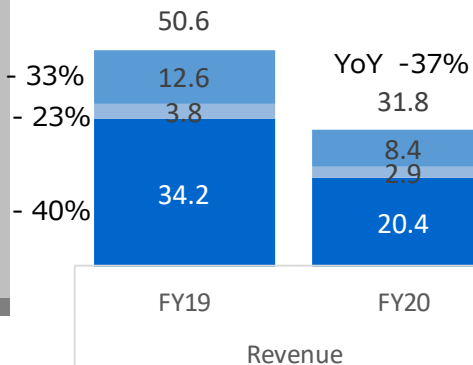
- Despite reductions, KM-1 demand is returning among mid-size and large printing companies, and KM-1e sales have begun. Label and embellishment printing equipment are also showing increases.
- In non-hard, textiles have declined, but with significant increases relating to packaging and labeling for everyday necessities, overall year-on-year figures remained flat.

### Marketing Services (MS)

- Demand declined as customer marketing and sales promotion activities in Europe, the US, and Asia were reduced. In Japan, customer visits to Kinko's shops decreased.

3M

YoY ■ PP ■ IP ■ MS



[¥ billions]

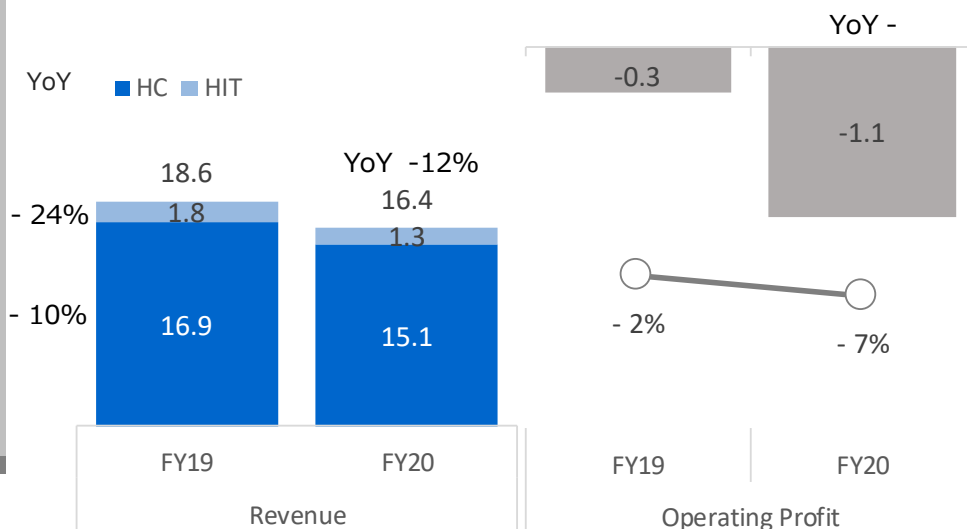
## Revenue · Operating Profit

Quarterly Financial Results

FY19		1Q	2Q	3Q	4Q
Revenue	HC	16.9	24.2	16.6	22.4
	HIT	1.8	2.3	1.5	2.3
OP		-0.3	0.7	0.2	0.1

FY20		1Q	YoY
Revenue	HC	15.1	-10%
	HIT	1.3	-24%
OP		-1.1	-

3M



## 1Q Summary

### Healthcare (HC)

- Although digital radiography (DR) volume decreased in Japan and Asia regions, growth in demand for mobile X-ray systems for COVID-19 examinations brought expanded volume in North America in particular.
- Ultrasound diagnostic equipment sales decreased under the impact of restrictions on marketing activities and cuts in investment due to reduced numbers of patients in orthopedics, which is a major area of focus. We began a partnership with Canon Medical in the obstetrics and gynecology fields in Japan.
- X-ray film sales in China have been on a recovering trend since April as the number of outpatient visits to hospitals returned to normal.

### Medical IT (HIT)

- Although Japan is seeing expanding informity sales, PACS sales have declined under the impact of restrictions on marketing activities.
- We are highlighting high value-added appeal, such as remote image diagnostic support service under the COVID-19 impact, and statutory X-ray dosage management being enforced starting this fiscal year in Japan.

[¥ billions]

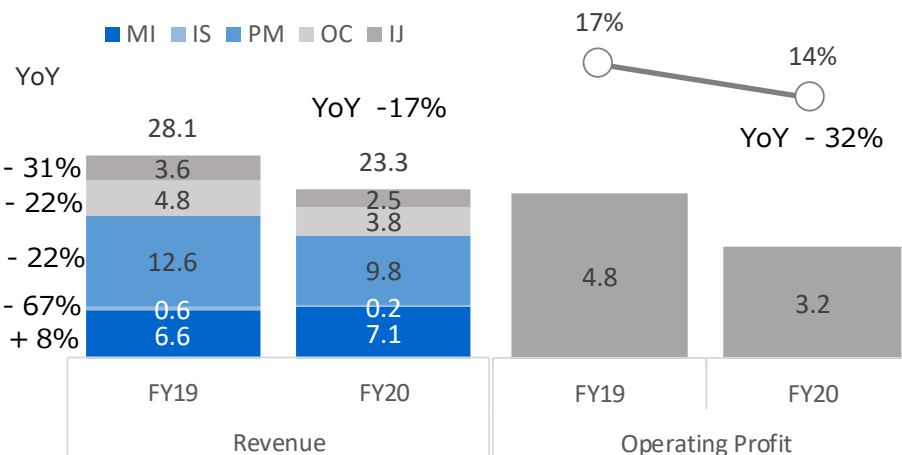
## Revenue · Operating Profit

FY20		1Q	2Q	3Q	4Q
Revenue	MI	6.6	6.7	7.3	7.0
	IS	0.6	0.8	0.7	1.2
	PM	12.6	11.9	10.8	11.3
	OC	4.8	5.3	5.2	4.4
	IJ	3.6	3.2	2.9	2.7
OP		4.8	4.9	5.6	3.8

FY20		1Q	YoY
Revenue	MI	7.1	+8%
	IS	0.2	-67%
	PM	9.8	-22%
	OC	3.8	-22%
	IJ	2.5	-31%
OP		3.2	-32%

Quarterly Financial Results

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## 1Q Summary

### Optical Systems for Industrial Use

: Measuring Instruments (SE), Imaging Solutions (VS)

- Demand for object color measuring equipment remains sluggish.
- Measuring Instruments Light-source color measuring equipment brings increased revenue in SE due to solid demand from major smartphone manufacturers as well as carry-over from the previous fiscal year.
- Automobile visual inspection equipment orders are lagging under the COVID-19 impact, but we are recovering business talks and demonstrations for various companies.

### Materials and Components : Performance Materials (PM), Optical Components (OC), IJ Components (IJ)

- Performance Materials: Although thin films for small- and medium-sized displays for notebook computers and other such equipment are showing solid results due to telecommuting demand, slowing demand for final products has reduced sales for high value-added products for televisions and so reduced revenue.
- Optical Components: Due to the decreased demand of entertainment industry, sales of projector lenses and related products have declined and revenue has been reduced.
- IJ Components: As the impact of spreading COVID-19 emerges in the countries that are export destinations for customer products, sales have declined, reducing revenue.

[¥ billions]

## Revenue · Operating Profit

Quarterly Financial Results

FY19		1Q	2Q	3Q	4Q
Revenue	BHC	7.2	7.4	7.7	8.3
	Others	2.3	2.5	2.2	3.6
OP		-6.4	-4.6	-3.8	-2.9

FY20		1Q	YoY
Revenue	BHC	4.1	-43%
	Others	3.5	+47%
OP		-6.5	-

## 1Q Summary

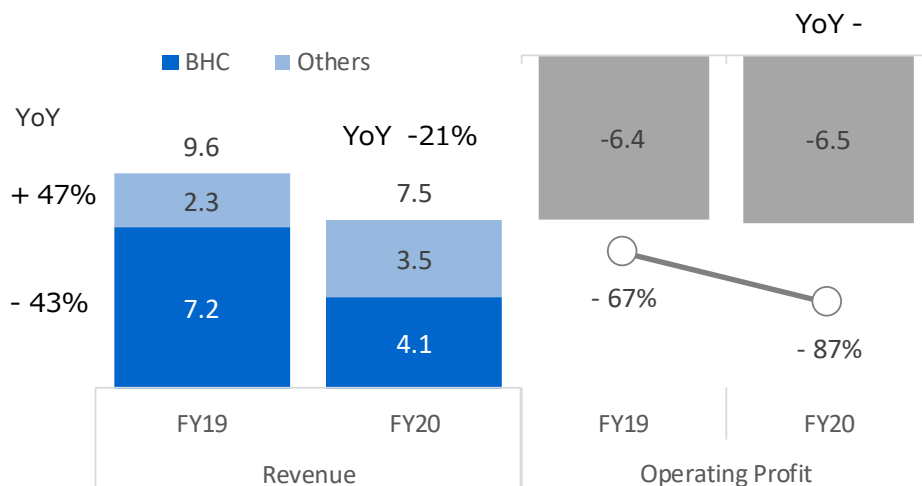
### Bio-healthcare (BHC)

- Genetic testing was showing a decline in the number of genetic tests due to the reduction in outpatient visits to hospitals, but now is on the way to recovery. Full-fledged deployment of CARE Program services for imaging center organizations started in May, and contracts have been signed with major hospital groups.
- Drug discovery support services have seen a slowdown in clinical testing due to projects from pharmaceutical companies being put on hold and the number of clinical trial participants declining. There is an increasing backlog of clinical trials centered on the central nervous system field.

### Others : Workplace Hub (WPH), Status monitoring, QOL, etc.

- The appeal of WPH during the COVID-19 crisis was heightened as a platform for Managed IT services, including information security infrastructure, resulting in increased revenue year on year.
- Revenue has increased significantly due to increased sales of status monitoring solutions and non-contact, real-time body surface temperature measurement systems using thermal cameras, which are imaging IoT equipment.

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- ① **Sustainable improvement and strengthening of profitability** (Structural reform benefits of FY2019, production cost reduction)
  - **Structural reform benefits:** Accomplished as planned (¥2.2 billion in 1Q results/¥9 billion in annual targets)
  - **Cost reduction:** Reduced variable cost as planned (1Q result: ¥0.5 billion/Annual target: ¥6 billion)
- ② **Securing liquidity** (Allocation of funds to concentrate on businesses, thorough reduction of inventory and curb investment)
  - Despite a sharp decline in earnings, FCFs improved from the previous year's 1Q due to improved working capital and restrained CAPEX.
  - Since securing funds of ¥85 billion at the beginning of the period, there has been no problem with liquidity on hand. Maintaining liquidity for about 6 months of sales (normally 2 months) including commitment lines
- ③ **Comprehensive reduction of fixed costs** (Reorganizing cost structure by converting customer contact to DX, reducing advertising, travel, and logistics expenses by reviewing activities to create demand, and structural reform according to these activities; also making use of subsidies)
  - Progress as planned (¥6.6 billion in 1Q, ¥20 billion in annual target)
  - Considering the feasibility of additional measures of ¥5 billion while increasing the probability of annual targets
- ④ **Improving capital productivity** (Tightening capital efficiency management of each business by KM-ROIC and return on invested capital management)
  - Although inventory was temporarily increased at the end of June, measures to reduce inventory to less than 3 months at the end of the fiscal year were in progress.
  - Capital investment in 1Q decreased 35% year on year due to selection and postponement of investments
  - Accelerating review of business portfolio by applying investment evaluation standards and business continuity standards
- ⑤ **Transforming organizational structure** (promoting activities of protective and proactive task forces)
  - Benefit from business creation ideas for post-COVID-19 from bottom-up activities

## Points

- ① **Improving profit structures**
  - ✓ Revenue: Acceleration of momentum of recovery under the COVID-19 impact
  - ✓ Gross profit ratio: Elimination or improvement of negative factors in 1Q
- ② **Maximizing business upside (organic growth)**
- ③ **Accelerating and delivering results in businesses targeting emerging demand in COVID-19**
- ④ **Continuing to reduce SG&A more than planned**
- ⑤ **Reducing New Business deficit**

# ① Acceleration of Sales Recovery Momentum under COVID-19 Impact

The key for business will be restoring print volume in Office and Production Print, while in terms of region it will be recovering demand in the US.

	2Q	3Q	4Q
Economic activity in Japan, Europe, and the US	Japan, Europe: Economic activity resumes US: Continuous restriction of travel in some areas of the outbreak	Economic activity resumes	Move into full-scale economic activity
Office/Workplace Hub	Movement toward purposeful use of work at the office and work at remote locations will begin in major European countries and Japan.	The US will also gradually make progress in new ways of working.	Hard: Number of units sold approaches last fiscal year levels, but it is possible that A3/A4 product composition and other such factors will change. Non-hard: As teleworking becomes widespread, the decline in PV will continue.
Professional Print	Despite differences between regions and sectors, the resumption of economic activity will be accompanied by gradual recovery in hard demand and PV.	Despite differences between regions and sectors, the resumption of economic activity will be accompanied by gradual recovery in hardware demand and PV.	Hard: The slowdown in the economy may mean that commercial printers will need more time to recover their willingness to invest. Non-hard: Although PV will decline in commercial printing as a whole, including analog printing, digital printing PV will grow.
Healthcare/Bio-healthcare	Although the number of outpatient visits to hospitals will gradually rebound in Japan and Europe, more time will be needed in the US, where restrictions on movement remain in place.	As the number of outpatient visits to hospitals rebounds, demand will head toward normal despite regional differences.	There will be a return to pre-COVID-19 levels. Demand will increase for image diagnosis, vital sensing, and medical IT in primary care that contributes to curbing the spread of infection. Bio-healthcare: Needs will expand for online medical interviews and COVID-19 treatment drug research and clinical trials.
Industrial Business	With the shift to OLED in smartphones, demand will benefit measuring instruments. Although TV demand will recover, market inventory adjustment will mean that the impact is negative.	The severity of the impact will vary by display product application.	There will be year-on-year decline in TV demand, but PCs and tablets will remain solid with teleworking demand.

## ② Maximizing Business Upside (Organic Growth)

Business	Description of Initiative
All businesses	<ul style="list-style-type: none"> <li>• Maximize the businesses' upside by obtaining results from growth drivers for which we completed implementation in FY2019.</li> <li>• Promote marketing activities that target industries and regions where demand is progressively recovering.</li> <li>• Improve operating ratio through these measures, and reap the benefits of cost reduction measures.</li> </ul>
Office/WPH and Professional Print	<ul style="list-style-type: none"> <li>• Maximize throughput by creating contracts by remote operation, by enlarging pipelines, and by shortening the business negotiation process.</li> <li>• Office: Expand sales by <b>full lineups of the MFP new models</b> and enhancing the affinity between MFP and WPH. <b>Improve the product mix</b> by resumption of the US economy. Have <b>consumables dispatched</b>, which was the upfront costs in 1Q, make a <b>full-scale contribution in sales</b>.</li> <li>• IT Services: Increase year-on-year growth from solution businesses such as security services and ECM, including managed IT services and cyber security diagnostics.</li> <li>• PP/IP: Expand PV by highlighting the value of digital on-demand printing, which has labor-saving and automation as strengths, and by expanding <b>new HPP products</b> sales. In the packaging and labeling field, the <b>KM-1e</b> and <b>high-speed label printers</b> will make contributions.</li> </ul>
Healthcare and Bio-healthcare	<ul style="list-style-type: none"> <li>• Expand dynamic X-ray system and medical IT. Support the demand for DR, ultrasound, and pulse oximeters that is growing intermittently in every region.</li> <li>• Sustain the momentum of genetic testing growth, where RNA testing is a strength, expand target markets through <b>CARE Programs</b>, and accelerate the increase in numbers of genetic tests. Have clinical trials for Alzheimer's drug make a contribution in drug discovery support services.</li> </ul>
Industrial Business	<ul style="list-style-type: none"> <li>• Sustaining the momentum in measuring instruments, have performance materials make a full-scale contribution to <b>SANUQI</b> profits.</li> </ul>



### ③ Accelerating and Delivering Results in Businesses Targeting Emerging Demand in COVID-19



Area	Theme	Progress in FY2020/Q1	Results and future plans
Contribution to the front lines in healthcare	CARE for COVID	<ul style="list-style-type: none"> <li>✓ Press release announcing the launch in the U.S. on June 29. Large-scale contract negotiations are underway.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Accelerating negotiation and conclusion of contracts with companies in the U.S.</li> <li>✓ Considering introduction in Japan</li> <li>✓ Strengthening development of technologies for antigen testing in order to improve level of diagnostic services</li> </ul>
Working Style Reformation	Municipal DX	<ul style="list-style-type: none"> <li>✓ Establishment of a nationwide work-style reform model in collaboration with local governments that have signed agreements</li> <li>✓ Received several orders from work-style reform bidding</li> </ul>	<ul style="list-style-type: none"> <li>✓ Expanding businesses through horizontal deployment of nationwide models</li> </ul>
Safety and security Fulfillment of mind	Thermometry screening	<ul style="list-style-type: none"> <li>✓ Expanded sales of thermal cameras by capturing demand for safe and secure entering facilities as contactless and realtime system</li> <li>✓ Release temperature screening application v1.0</li> </ul>	<ul style="list-style-type: none"> <li>✓ Accelerating application development and enhancing corresponding functions</li> <li>✓ Accelerating acquisition of projects mainly in North America, planning to expand business scale about 5 times previous year's level</li> </ul>

## Full-Year Earnings Forecast

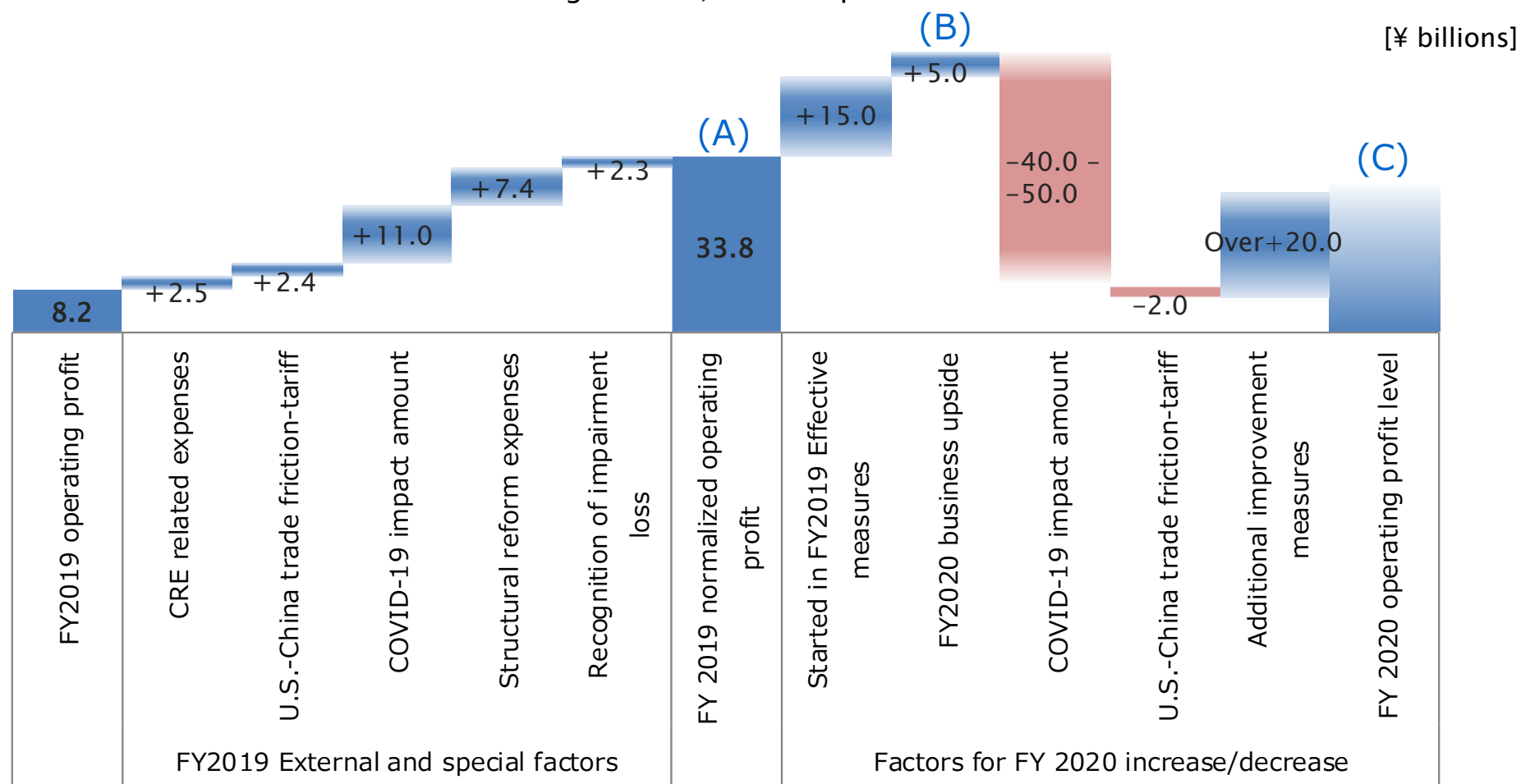
- Under the unsettled impact of COVID-19, economic activity is resuming in all regions of the world, but the accompanying recurrence of infection outbreaks and related phenomena are heightening concerns about a second wave. There is a growing sense of uncertainty about what lies ahead.
- Since these circumstances make it difficult to calculate reasonable forecasts, no earnings forecast will be provided for FY2020 at this point.
- Going forward, we plan to announce forecasts promptly when it becomes possible to calculate them.

## Dividend forecast

- Konica Minolta's basic policy remains unchanged:  
"Our basic policy is to proactively return profits to shareholders while taking into consideration the overall status of consolidated earnings and strategic investment in growth fields."
- However, the dividend forecast has not been determined because it is difficult to reasonably calculate a financial performance forecast as of today and there is no clear prospect of liquidity on hand.

# 【Redisplaying】 FY2020 Increase and Decrease Based on Normalized FY19 Profit

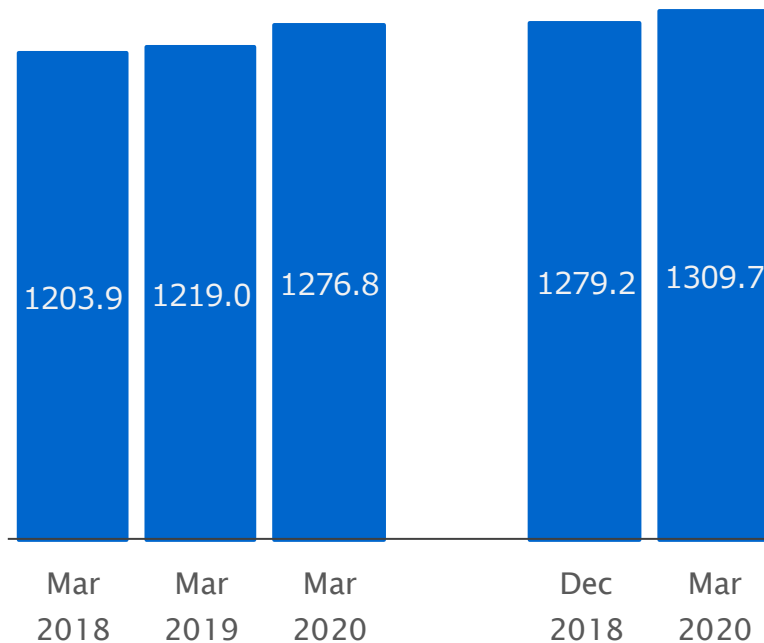
- A) Effective operating profit for FY2019, with special factors excluded from FY2019 operating profit
- B) Figures incorporating FY2019 structural reform effects and the earning power of each business form the baseline for FY2020.
- C) This is taken as a starting point for estimating the downside risk of COVID-19, and additional measures, such as reductions of fixed costs made to mitigate risks, are incorporated.



## Total Assets

[¥billions]

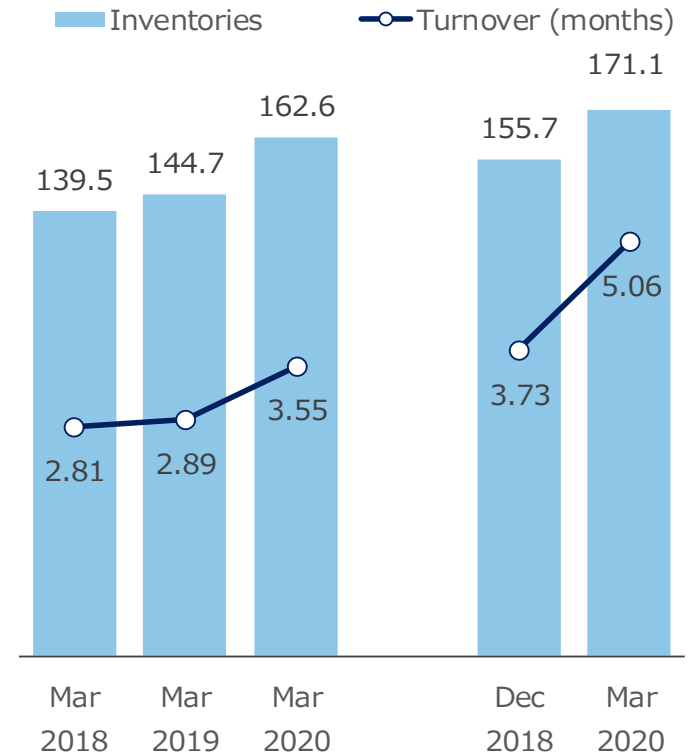
Increased cash by borrowing ¥85.0 billion to secure liquidity on hand.



## Inventory/Turnover

[¥billions]

Although inventory increased temporarily from the end of the previous fiscal year due to the balance between maintaining supply chains and the sudden drop in demand in 1Q, optimization is anticipated toward the end of FY2020 (March 2021).

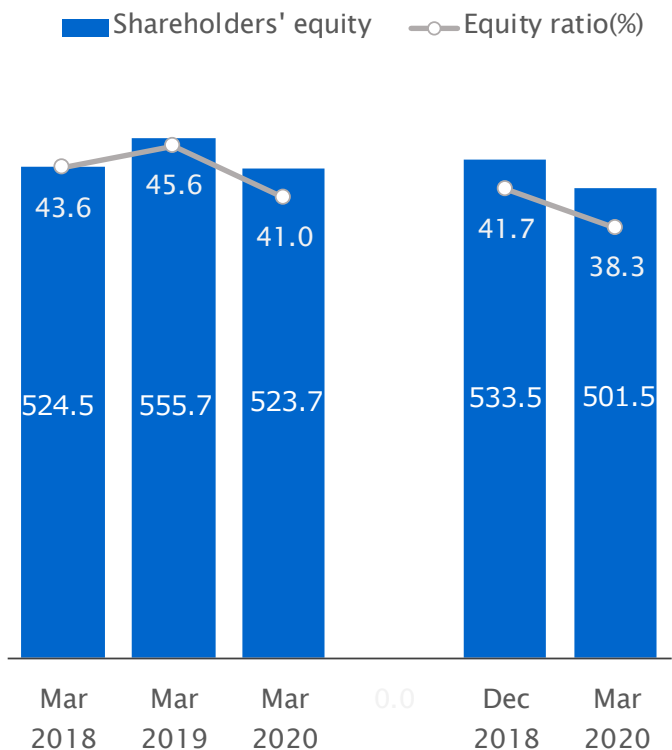


Inventory turnover, in months = Inventory balance at end of fiscal year / Average cost of sales for most recent three months

## Equity & Equity Ratio [¥billions]

Attributable to owners of the parent company

Equity was reduced relative to the end of the previous fiscal year due to the decline in profit attributable to owners of the company and dividend.

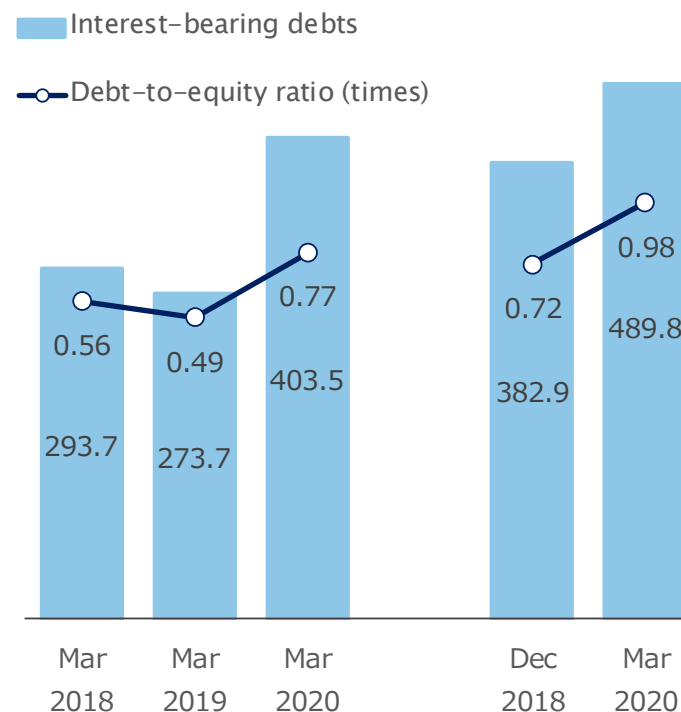


(For Company Rating 42.0%)

Equity = Equity attributable to owners of the parent  
 Equity ratio = Equity attributable to owners of the parent / Total assets

## Interest-Bearing Debts & D/E Ratio [¥billions]

Borrowing executed to ¥85.0 billion to secure liquidity. Deterioration of the net debt-to-equity (D/E) ratio from the end of the previous fiscal year did not exceed 0.07.

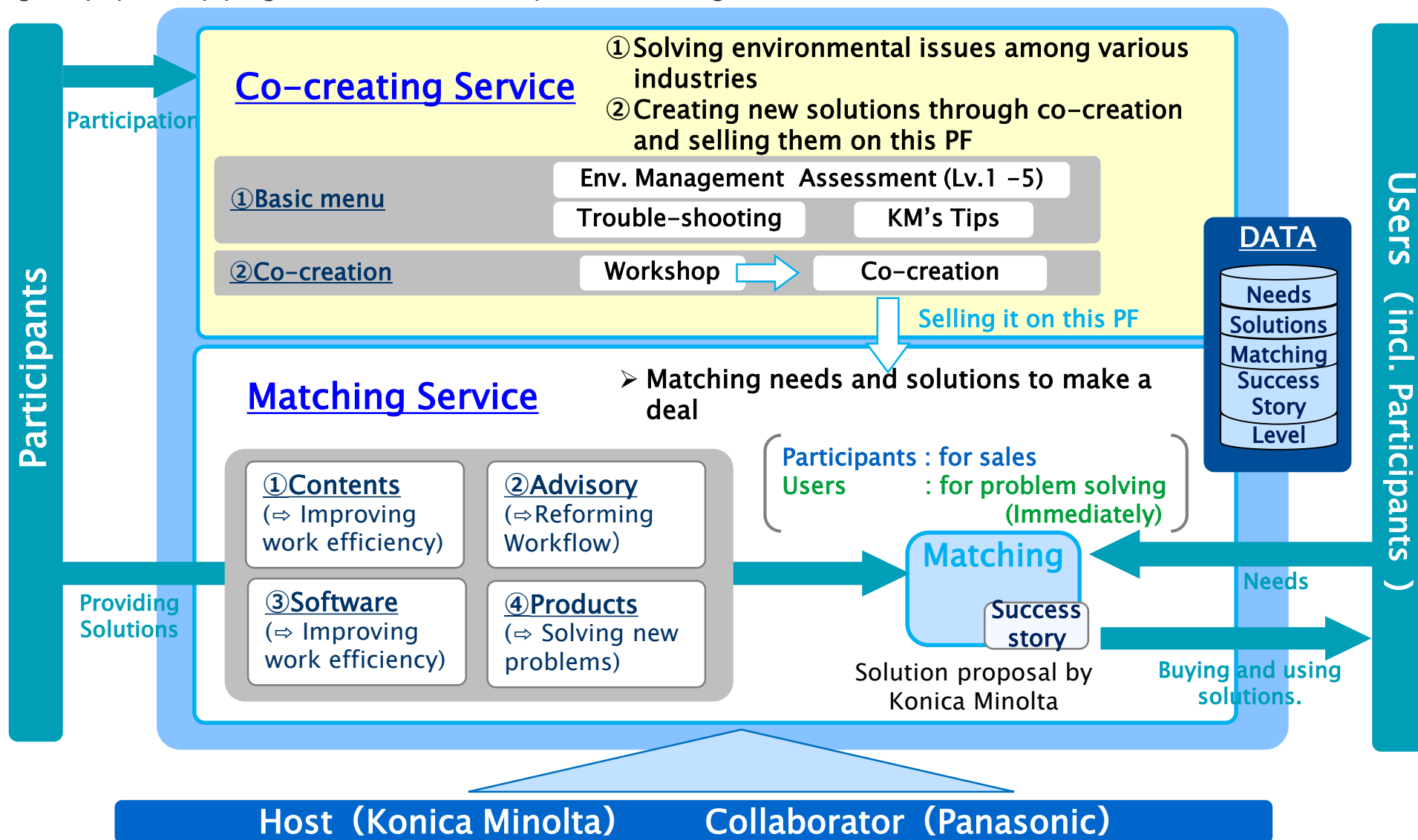


Increase from lease liabilities being moved onto the balance sheet through the application of IFRS16 (beginning of the term ¥112.0 billion).

# Non-financial results:

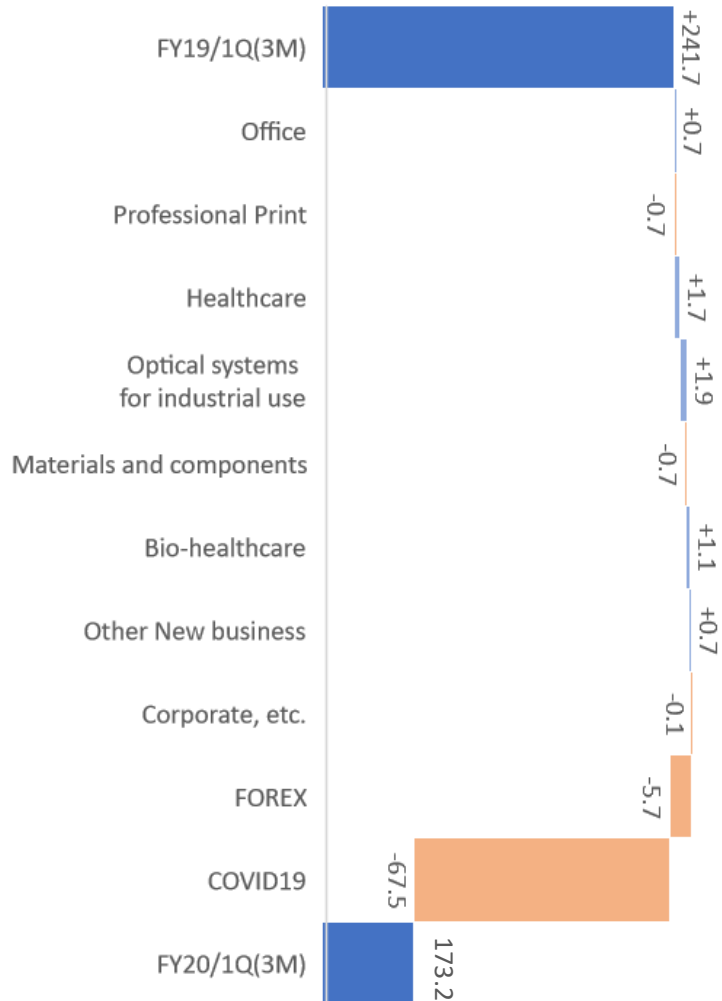
An "environmental digital platform" has been established and 16 companies are participating.

Japanese industry as a whole is seeking to increase environmental management efficiency by sharing and accumulating environmental knowledge and knowhow among participating corporations and jointly creating new value. The purpose is to greatly speed-up progress in environmental problem-solving.

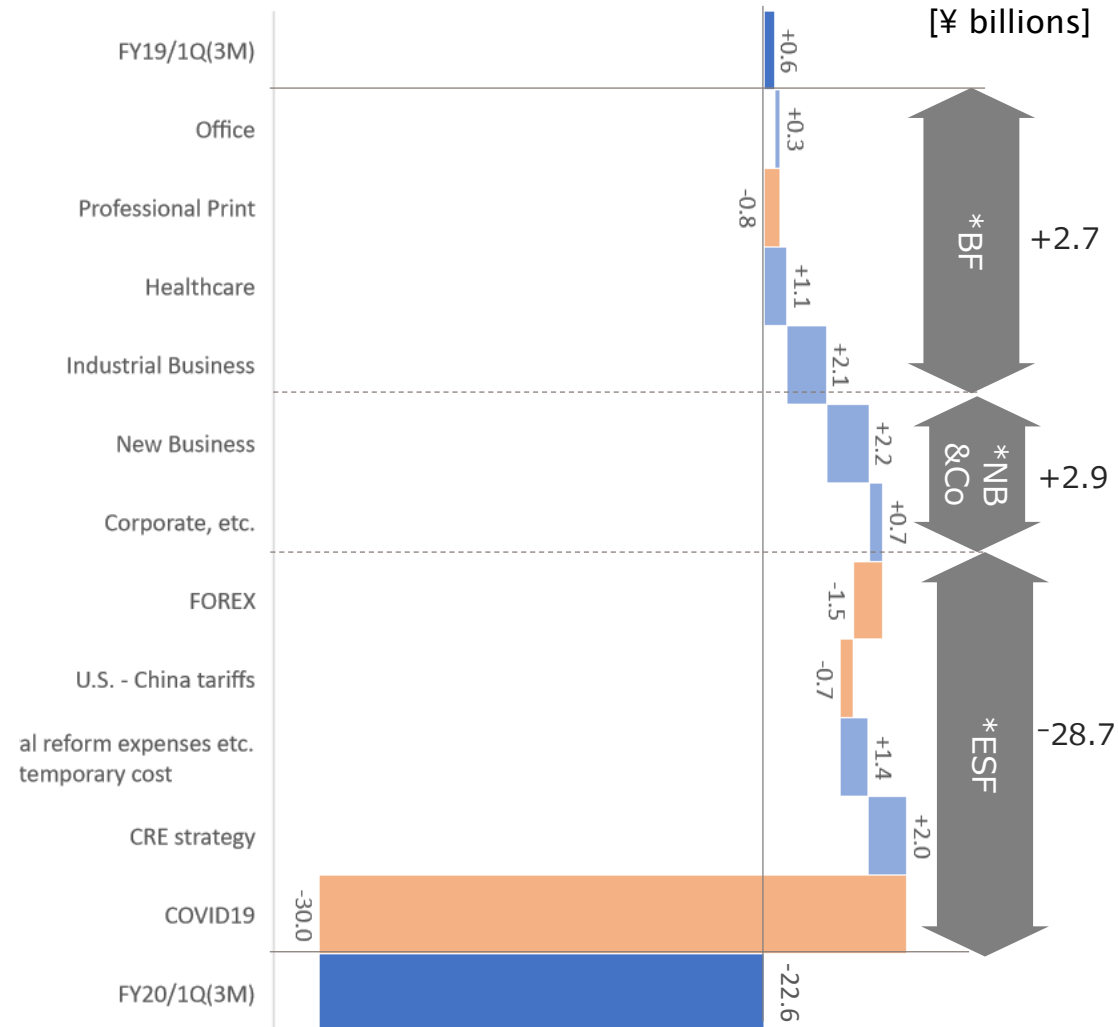


# Appendix

## Revenue (1Q)



## Operating Profit (1Q)



\* BF: Business Factors  
 NB&Co: New Business and Corporate  
 ESF: External and Special Factors



[¥ billions]

	FY2020	FY2019	
	1Q	1Q	YoY
Revenue	173.2	241.7	- 28%
Gross Profit	71.7	116.7	- 39%
Gross Profit ratio	41.4%	48.3%	-6.9pt
Operating Profit	- 22.6	0.6	-
Operating Profit ratio	-13.1%	0.2%	
Profit before tax	-23.8	-1.4	-
Profit before tax ratio	-13.7%	-0.6%	
Profit attributable to owners of the Company	- 17.3	- 1.2	-
Profit attributable to owners of the Company ratio	-10.0%	-0.5%	
EPS [Yen]	-34.96	-2.44	
CAPEX	6.3	9.7	
Depreciation and Amortization Expenses	14.3	14.1	
R&D expenses	16.1	18.9	
FCF	-13.9	-15.0	
Investment and lending	0.2	3.9	
FOREX [Yen] USD	107.62	109.90	- 2.28
EUR	118.48	123.49	- 5.01

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

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

[¥ billions]

SG&A:	FY2020 1Q	FY2019 1Q	YoY
Selling expenses – variable	7.1	11.3	– 4.2
R&D expenses	16.1	18.9	– 2.8
Personnel expenses	45.4	52.2	– 6.8
Others	25.0	30.3	– 5.3
<b>SG&amp;A total</b>	<b>93.7</b>	<b>112.8</b>	<b>– 19.1</b>
	<i>* Forex impact: –2.3bn. (Actual: –16.8bn.)</i>		
<b>Other income:</b>			
Gain on sales of property, plant and equipment	–	0.0	– 0.0
Other income	3.1	0.5	+2.6
<b>Other income total</b>	<b>3.1</b>	<b>0.5</b>	<b>+2.6</b>
<b>Other expenses</b>			
Loss on sales of property, plant and equipment	0.2	2.5	– 2.3
Impairment losses on property	–	0.0	– 0.0
Business structure improvement costs	2.4	0.4	+2.0
Other expenses	1.2	1.0	+0.2
<b>Other expenses total</b>	<b>3.8</b>	<b>3.9</b>	<b>– 0.1</b>
<b>Finance income/loss:</b>			
Interest income/Dividends received/Interest expense	– 0.9	– 0.8	– 0.1
Foreign exchange gain/loss (net)	– 0.3	– 0.9	+0.6
Others	– 0.1	– 0.2	+0.1
<b>Finance income/loss, net</b>	<b>– 1.2</b>	<b>– 1.9</b>	<b>+0.6</b>

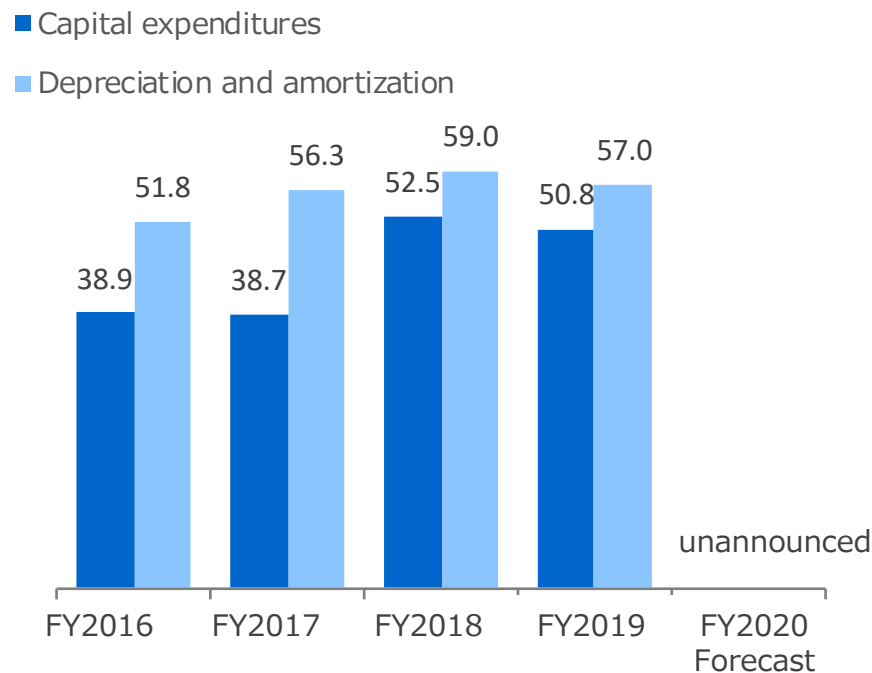
[¥ billions]

Comparison of Y on Y  
FY20/1Q vs. FY19/1Q

	Office	Professional Print	Healthcare	Industrial Business	New business	corporate, etc.	Total
<b>[Factors]</b>							
Forex impact	- 0.8	- 0.4	- 0.2	- 0.1	+0.1	- 0.0	- 1.5
Sales volume change, and other, net	- 21.8	- 10.6	- 1.0	- 2.8	- 1.8	+0.3	- 37.7
Price change	- 2.7	- 0.7	- 0.2	- 0.5	-	-	- 4.1
Cost up/down	+0.4	+0.0	+0.1	-	-	-	+0.5
SG&A change, net	+10.0	+3.1	+0.5	+1.3	+1.4	+0.6	+16.8
Other income and expense	- 0.3	+0.4	- 0.1	+0.6	+0.2	+1.9	+2.7
<b>[Operating Profit]</b>							
Change, YoY	- 15.2	- 8.1	- 0.8	- 1.6	- 0.1	+2.7	- 23.2

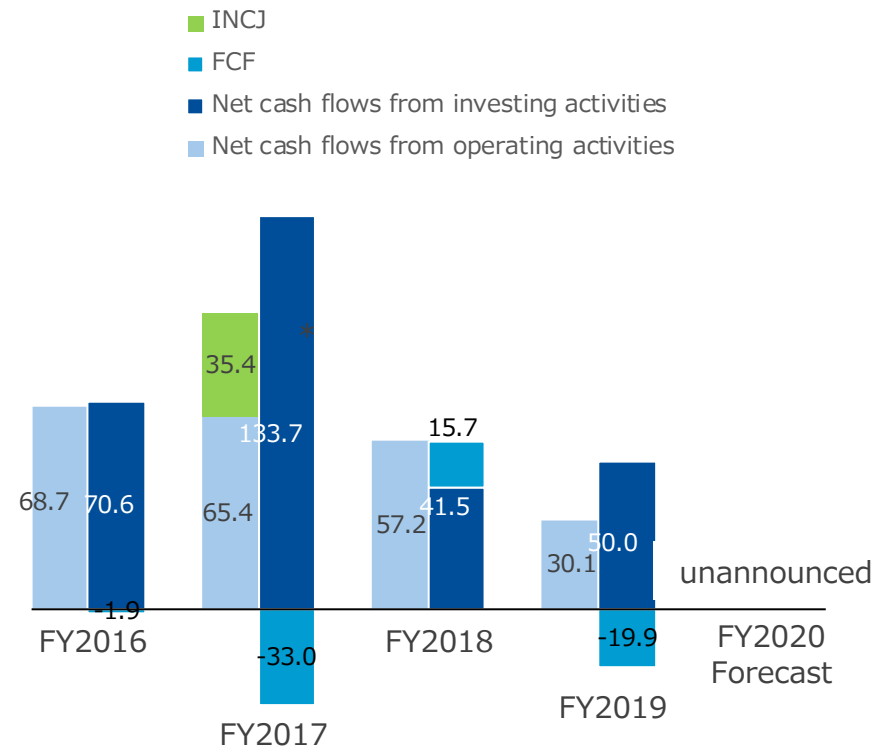
[¥ billions]

## Capital Expenditure and Depreciation and Amortization Expenses



\*Depreciation and amortization:  
IFRS16 royalty assets amortization expenses not included

## Free Cash Flows



\*INCJ's equity stake regarding acquisition of Ambry Genetics  
INCJ : Innovation Network Corporation of Japan

[¥ billions]

	FY2020 12M	FY2019 12M	YoY
	Forecast (current)	Results	
Revenue	-	996.1	-
Operating Profit	-	8.2	-
Operating Profit ratio	-	0.8%	-
Profit before tax	-	0.3	-
Profit attributable to owners of the Company	-	- 3.1	-
Profit attributable to owners of the Company ratio	-	-0.3%	-
EPS [Yen]	-	- 6.2	
ROE (%)	-	-	
CAPEX	-	50.8	
Depreciation and Amortization Expenses	-	57.0	
R&D expenses	-	74.0	
FCF	-	- 19.9	
Investment and loan	-	7.9	
FOREX [Yen] USD	-	108.74	
EUR	-	120.82	

ROE\*: Profit attributable to owners of the company divided by equity attributable to owners of the company  
(average of beginning and ending balances)

# Appendix FOREX Impact on Revenue and Operating Profit

[FOREX : ¥]

[Impact, Sensitivity : ¥ billions]

	FY19	FY20	YoY Impact		FX Sensitivity*2	
	3M	3M	Revenue	OP	Revenue	OP
USD	109.90	107.62	- 1.4	+0.2	+3.0	- 0.2
EUR	123.49	118.48	- 1.5	- 0.7	+1.7	+0.5
GBP	141.16	133.52	- 0.3	+0.0	+0.2	+0.0
European Currency*1	-	-	- 2.5	- 0.6	+2.3	+0.9
CNY	16.07	15.17	- 0.7	- 0.1	+2.9	+0.9
AUD	76.94	70.65	- 0.4	- 0.1	+0.4	+0.1
Other	-	-	- 0.7	- 0.2	-	-
Exchange contract effect	-	-	+0.0	- 0.6	-	-
Total	-	-	- 5.7	- 1.5	-	-

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

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

## ■ Composition of revenue by region (in yen)

	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Japan	13%	12%	12%	12%	12%	13%	13%	14%	15%
North America	33%	33%	33%	33%	34%	33%	33%	33%	33%
EU	36%	36%	36%	36%	36%	34%	37%	37%	35%
Others	18%	19%	18%	18%	17%	19%	17%	16%	18%

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

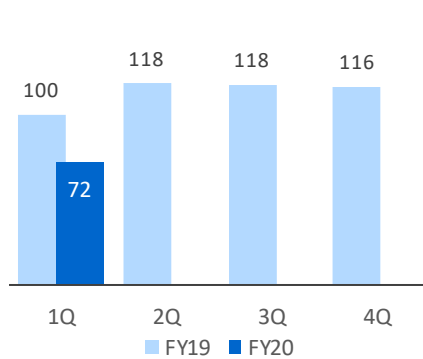
	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Japan	+4%	+1%	+2%	+3%	-8%	+4%	+1%	-3%	-19%
North America	+5%	+4%	+5%	+4%	-2%	-2%	-3%	-12%	-34%
EU	+4%	+1%	+1%	+0%	-2%	-1%	+6%	-7%	-31%
Others	+16%	+8%	+10%	+10%	-18%	+4%	+1%	-52%	-74%

## ■ Percentage of color in sales of hardware

	FY2018				FY2019				FY2020
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Office	73%	73%	73%	74%	72%	73%	72%	75%	69%
Professional Print	81%	80%	80%	81%	78%	82%	76%	80%	75%

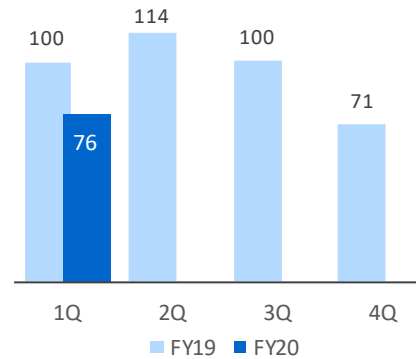
## A3 Color MFP– Units\*

YoY -28%



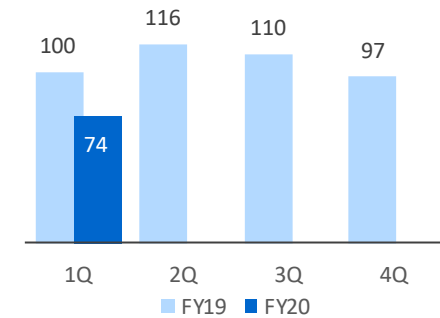
## A3 monochrome MFP– Units\*

YoY -24%



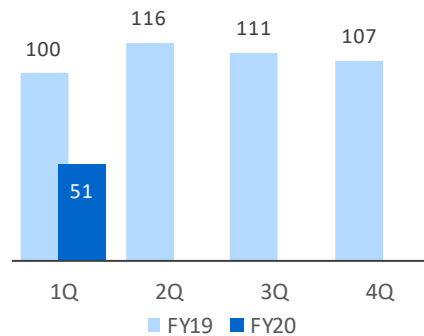
## A3 MFP– Units\*

YoY -26%



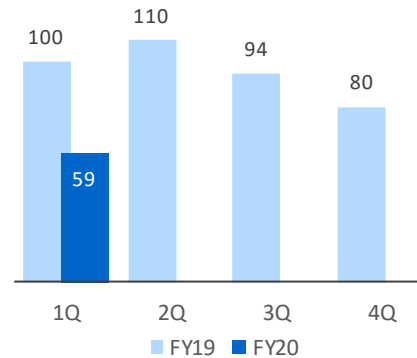
## Color Production Print – Units\*

YoY -49%



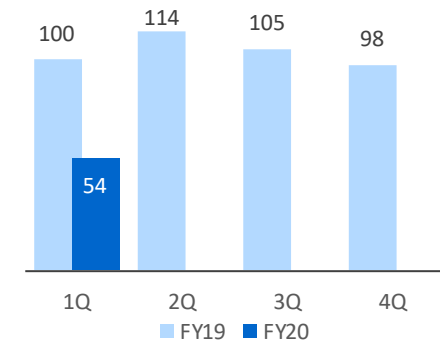
## Monochrome Production Print – Units\*

YoY -41%



## Production Print – Units\*

YoY -46%

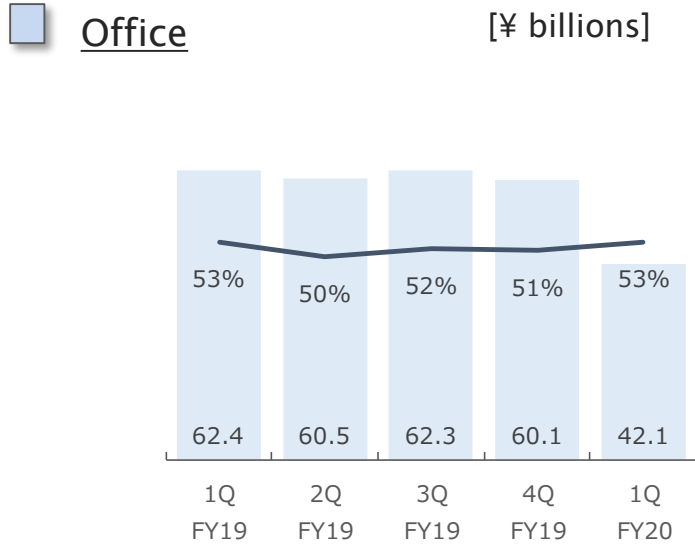


\* Base Index: "FY2019-1Q = 100



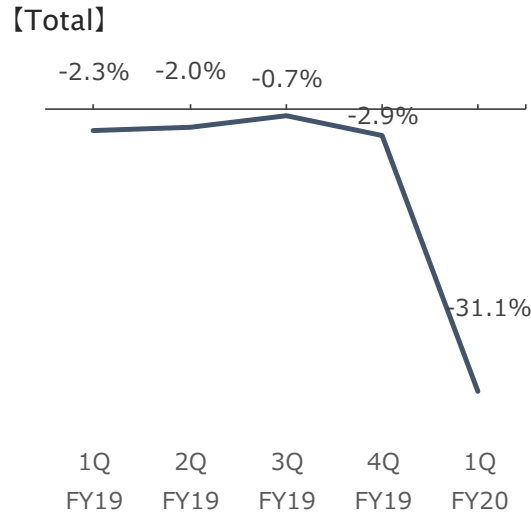
# Appendix Sales Results for Non-Hard | Office/Professional Print

## Revenue & ratio of non-hard

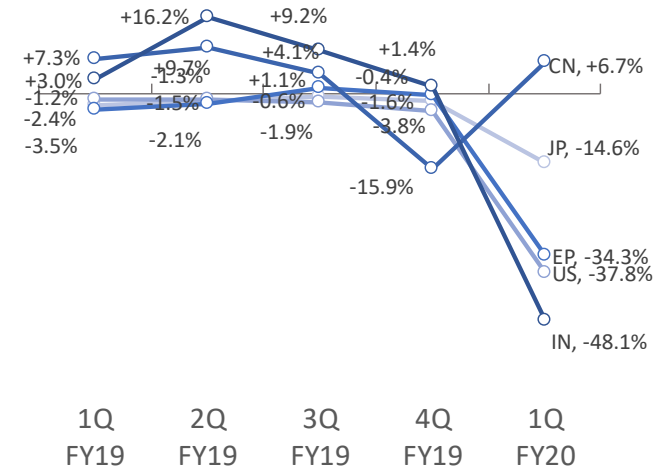


## YoY revenue increase in non-hard

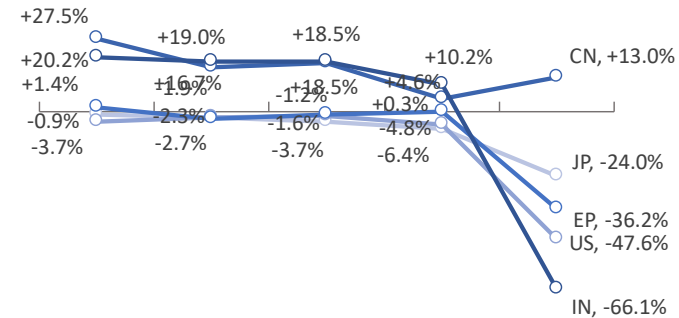
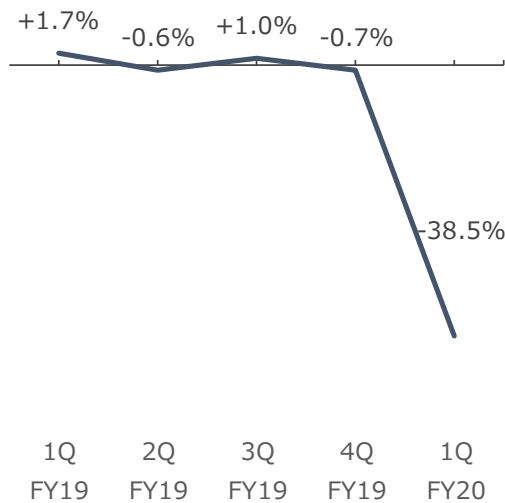
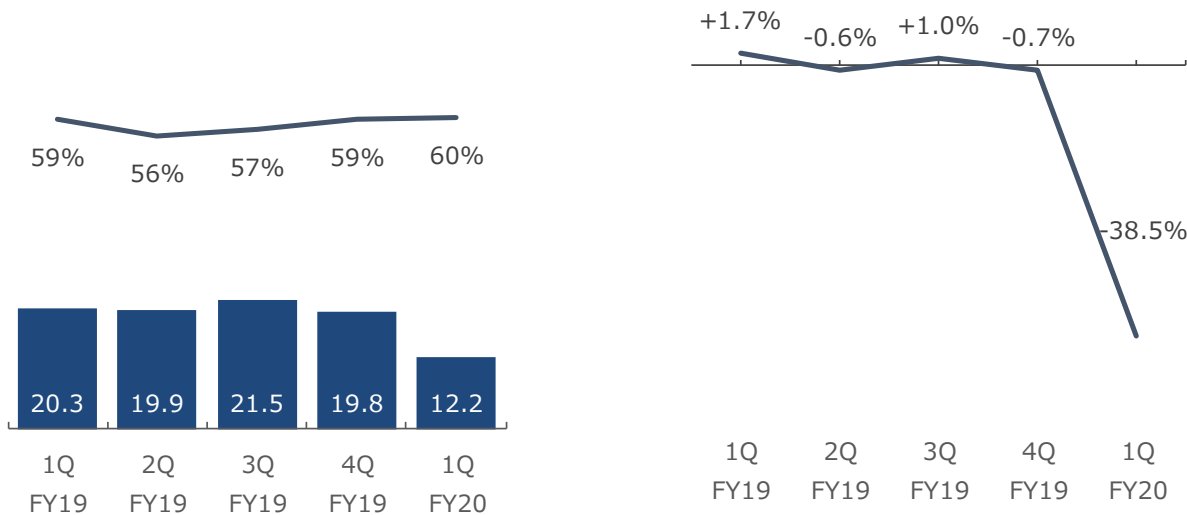
(w/o FOREX)



## [Regional YoY]



## Production print



# Appendix Quarterly Financial Results : Segments



KONICA MINOLTA

[¥ billions]

【Revenue】	FY18				FY19				FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Office Business	143.5	147.2	145.7	151.4	134.6	138.6	139.0	134.3	94.0
Professional Print Business	53.4	55.9	55.8	62.7	50.6	52.7	55.4	51.4	31.8
Healthcare Business	18.6	21.6	20.9	29.8	18.6	26.4	18.1	24.7	16.4
Industrial Business	31.6	28.0	28.8	28.3	28.1	27.9	26.9	26.7	23.3
Optical Systems for Industrial Use	10.1	7.9	8.2	9.0	7.2	7.4	8.0	8.2	7.3
Material · Components	21.5	20.1	20.6	19.3	21.0	20.5	18.9	18.5	16.1
New Business	7.8	8.8	8.8	9.2	9.6	9.9	9.9	11.8	7.5
Bio-healthcare	5.9	6.5	6.6	6.9	7.2	7.4	7.7	8.3	4.1
Others	2.0	2.3	2.2	2.3	2.3	2.5	2.2	3.6	3.5
Corporate etc.	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.2	0.1
Company overall	255.2	261.9	260.5	281.5	241.7	255.7	249.5	249.1	173.2
【Operating Profit】									
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Office Business	9.3	13.4	11.6	12.8	7.7	9.4	5.4	1.3	-7.5
Professional Print Business	1.7	3.7	3.3	5.1	1.1	1.0	2.9	-0.7	-7.1
Healthcare Business	-0.2	1.0	0.3	1.2	-0.3	0.7	0.2	0.1	-1.1
Industrial Business	6.8	4.7	5.6	3.9	4.8	4.9	5.6	3.8	3.2
New Business	-5.1	-3.5	-5.4	-5.3	-6.4	-4.6	-3.8	-2.9	-6.5
Corporate etc.	3.1	-0.2	0.4	-5.8	-6.3	-6.6	-5.2	-4.1	-3.6
Company overall	15.4	19.2	15.9	11.9	0.6	4.9	5.1	-2.4	-22.6

- **MFP (Multi Functional Peripheral) Speed Segment: Office 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)
- **IQ–501 (Intelligent Quality Optimizer): Professional Print Business**  
An optional unit that implements constant monitoring/control during printing to automate color management and front/back register control. This drastically cuts down on control times and improve production time.
- **X–ray kinetic analysis and Digital X–ray Dynamic Digital Radiography Systems: Healthcare Business**  
These devices and systems enable more detailed diagnoses by using continuously captured X–ray images to observe patients in motion.
- **informity: Healthcare Business**  
Our ICT service platform for helping hospitals and clinics deliver care in a variety of ways. Offerings include our Collaboration Box Service, which allows multiple institutions to share medical data such as examination images and reports, and remote diagnostic support services that facilitate requests for image interpretation.
- **RNA (ribonucleic acid)Testing: Bio–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 for COVIT: Bio–healthcare Business**  
The health care program which is aimed to prevent the infection of COVID–19. It offers safety and security to employees and citizens by counselling with AI technology, PCR testing, and telemedicine.
- **Workplace Hub (WPH): New Business**  
Edge IoT platform provided by Konica Minolta. In addition to multi functional peripheral, a server is integrated to create a solution that drives efficiencies by reducing the overall costs of IT infrastructure management, providing real–time data–driven visibility of IT usage patterns that help to improve business processes. This will link people and data, and empower them to make smarter decisions and solve problems in the office.









**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.*