10-Year Financial Summary

Konica Minolta, Inc. and subsidiaries
Fiscal year ended March 31

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Consolidated Financial Highlights				
Net sales, Revenue (millions of yen)	777,953	767,879	813,073	943,759
Operating income, Operating profit (millions of yen)	40,022	40,346	40,659	58,144
Operating income ratio, Operating profit ratio (%) *1	5.1	5.3	5.0	6.2
Ordinary income, Ordinary profit (millions of yen)	33,155	34,758	38,901	54,621
Ordinary income ratio, Ordinary profit ratio (%) *2	4.3	4.5	4.8	5.8
Profit before tax (millions of yen)	-	-	-	-
Profit before tax ratio (%)	-	-	-	-
Net income, Profit for the year (millions of yen)	25,896	20,424	15,124	21,861
Net income ratio, Profit for the year ratio (%) *3	3.3	2.7	1.9	2.3
Profit attributable to owners of the company (millions of yen)	-	-	-	-
Profit attributable to owners of the company ratio (%)	-	-	-	-
Earnings per share, Basic earnings per share attributable to owners of the company (EPS) (yen) *4	48.84	38.52	28.52	41.38
Equity per share attributable to owners of the company (yen)	806.53	817.81	876.65	929.04
Cash dividends per share (yen)	15	15	15	17.5
Dividend payout ratio (%) *5	30.7	38.9	52.6	42.3
R&D expenses (millions of yen)	72,617	72,530	71,533	71,184
R&D expense ratio (%) *6	9.3	9.4	8.8	7.5
Net cash flows from operating activities (millions of yen)	67,957	72,367	66,467	89,945
Net cash flows from investing activities (millions of yen)	-44,738	-42,757	-63,442	-55,776
Free cash flows (millions of yen)	23,219	29,610	3,025	34,169
Profitability				
ROE (J-GAAP) (%) *7	6.1	4.7	3.4	4.6
ROE1 (IFRS) (%) *8	-	-	-	-
ROE2 (IFRS) (%) *9	-	-	-	-
ROA (%) *10	3.0	2.3	1.6	2.3
ROIC (%) *11	3.7	3.6	3.6	5.3
Efficiency				
Total assets (millions of yen)	845,453	902,052	940,553	966,060
Total assets turnover (times) *12	0.91	0.88	0.88	0.99
Property, plant and equipment (millions of yen)	190,701	178,999	179,903	173,362
Property, plant and equipment turnover (times) *13	3.93	4.15	4.53	5.34
Inventories (millions of yen)	100,243	105,080	112,479	115,275
Inventory turnover period (months) *14	2.67	2.81	2.60	2.52
Trade receivables (millions of yen)	163,363	174,193	194,038	220,120
Trade receivables turnover (months) *15	2.42	2.52	2.47	2.53
Stability				
Equity, Equity attributable to owners of the company (millions of yen)	427,647	433,669	464,904	478,404
Equity ratio, Equity ratio attributable to owners of the company (%)	50.6	48.1	49.4	49.5
Current assets (millions of yen)	501,876	565,923	579,593	589,331
Current ratio (%) *16	206.98	247.17	205.04	206.62
D/E ratio (times) *17	0.45	0.53	0.48	0.41
Net D/E ratio (times) *18	0.04	-0.01	0.02	0.02
Investment Indicators				
Price-to-earnings ratio (PER) (times) *19	14.27	18.77	24.12	23.27
Price-book value ratio (PBR) (times) *20	1.16	1.13	1.27	0.96

*1. Operating income ratio = Operating income / Net sales × 100 (%)
Operating profit ratio = Operating profit / Revenue × 100 (%)
*2. Ordinary income ratio = Ordinary income / Net sales × 100 (%)
Ordinary profit ratio = Ordinary profit / Revenue × 100 (%)
*3. Net income ratio = Net income / Net sales × 100 (%)
Profit for the year ratio = Profit for the year / Revenue × 100 (%)
*4. EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period
*5. Dividend payout ratio = Total dividends / Net income × 100 (%)
Dividend payout ratio = Total dividends / Profit for the year × 100 (%)
*6. R&D expense ratio = R&D expenses / Net sales × 100 (%)
R&D expense ratio = R&D expenses / Revenue × 100 (%)
*7. ROE (J-GAAP) = Net income / Average shareholders' equity × 100 (%)
*8. ROE1 (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year)) × 100 (%)
*9. ROE 2 (IFRS) = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances) × 100 (%)

Fiscal 2013 (IFRS)	Fiscal 2014 (IFRS)	Fiscal 2015 (IFRS)	Fiscal 2016 (IFRS)	Fiscal 2017 (IFRS)	Fiscal 2018 (IFRS)	Fiscal 2019 (IFRS)
935,214	1,002,758	1,031,740	962,555	1,031,256	1,059,120	**996,101**
39,859	65,762	60,069	50,135	53,844	62,444	**8,211**
4.3	6.6	5.8	5.2	5.2	5.9	**0.8**
-	-	-	-	-	-	**-**
-	-	-	-	-	-	**-**
37,736	65,491	58,029	49,341	49,124	60,138	**284**
4.0	6.5	5.6	5.1	4.8	5.7	**0.0**
28,431	40,969	32,000	31,485	32,207	41,729	**-3,086**
3.0	4.1	3.1	3.3	3.1	3.9	**-**
28,354	40,934	31,973	31,542	32,248	41,705	**-**
3.0	4.1	3.1	3.3	3.1	3.9	**-**
53.67	81.01	64.39	63.65	65.17	84.33	**-6.21**
968.15	1,067.97	1,037.96	1,057.92	1,060.72	1,123.39	**1,058.29**
17.5	20.0	30.0	30.0	30.0	30.0	**25.0**
32.6	24.7	46.6	47.1	46.0	35.6	**-**
69,599	74,295	76,292	73,275	77,021	78,395	**74,040**
7.4	7.4	7.4	7.6	7.5	7.4	**7.4**
90,058	101,989	59,244	68,659	65,367	57,166	**30,148**
-54,143	-54,014	-110,788	-70,594	-133,737	-41,480	**-50,043**
35,914	47,975	-51,544	-1,935	-68,370	15,685	**-19,895**
-	-	-	-	-	-	**-**
6.1	8.6	6.5	6.3	6.3	7.9	**-0.6**
-	-	-	6.1	6.1	7.7	**-0.6**
2.9	4.1	3.2	3.2	2.9	3.4	**-0.2**
3.6	6.4	6.1	5.1	5.0	5.4	**0.7**
991,700	1,001,800	976,370	1,005,435	1,203,907	1,218,986	**1,276,768**
0.96	1.01	1.04	0.97	0.93	0.87	**0.80**
177,056	181,641	187,322	190,580	192,941	207,138	**309,457**
5.23	5.59	5.59	5.09	5.38	5.29	**3.86**
115,175	120,803	121,361	136,020	139,536	144,703	**162,575**
2.82	2.54	2.58	2.87	2.81	2.89	**3.55**
240,459	248,827	245,047	236,722	255,972	269,147	**255,058**
3.09	2.72	2.73	2.70	2.73	2.87	**3.07**
498,542	535,976	514,285	524,331	524,513	555,689	**523,745**
50.3	53.5	52.7	52.1	43.6	45.6	**41.0**
569,552	570,640	496,216	499,446	581,676	578,937	**551,154**
200.83	202.43	194.40	199.58	214.32	213.34	**181.65**
0.41	0.31	0.33	0.35	0.56	0.49	**0.77**
0.03	-0.02	0.13	0.18	0.27	0.27	**0.60**
17.94	15.07	14.85	15.65	13.99	12.91	**-**
0.99	1.14	0.92	0.94	0.86	0.97	**0.41**

*10. ROA = Net income / Average total assets
ROA = Profit attributable to owners of the company / Average total assets × 100 (%)
*11. ROIC = Operating profit after tax/(Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt (yearly average)) × 100 (%)
*12. Total assets turnover = Net sales / Average total assets (times)
Total assets turnover = Revenue / Average total assets (times)
*13. Tangible fixed assets turnover = Net sales / Average tangible fixed assets (times)
Tangible fixed assets turnover = Revenue / Average tangible fixed assets (times)
*14. Inventory turnover period = Inventory balance at fiscal year end / Average cost of sales for most recent three months
*15. Receivables turnover months = Balance of accounts receivable for the current period / Average monthly net sales for the last 3 months (times)
*16. Current ratio = Current assets / Current liabilities (%) × 100 (%)
*17. D/E ratio = Interest-bearing debt / Shareholders' equity (times)
*18. Net D/E ratio = (Interest-bearing debt – Cash on hand) / Shareholders' equity (times)
*19. Price-earnings ratio (PER) = Year-end stock price / EPS
*20. PBR (J-GAAP) = Year-end stock price / Net assets per share
PBR (IFRS) = Year-end stock price / Equity per share attributable to owners of the company

Management's Discussion and Analysis

Operating Environment

Looking back at the economic landscape during the fiscal year ended March31, 2020 (the "current fiscal year"), Europe continued to slowdown from the latter half of the previous fiscal year and uncertainty remained in the economy, given that negotiations between the UK and the EU went on even after the UK left the EU in the beginning of February 2020. Economic growth weakened in the United States and China due to additional tariffs attributable to the United States-China trade friction and other factors, causing companies, mainly in the manufacturing industry,to lose their appetite for making investments. The global economy with remaining uncertainty also affected the Japanese economy, which saw a sluggish movement in exports and capital spending; however,an overall moderate growth was retained in Japan throughout the year. Further, strong yen continued year-on-year on the backdrop of such economic landscape. When entered in 2020, as the COVID-19 pandemic spread across geographies, economic activities started slowing down substantially due to lock down and other mandates implemented from around February 2020 in different countries, including China, Europe,and the United States.

Operating Results

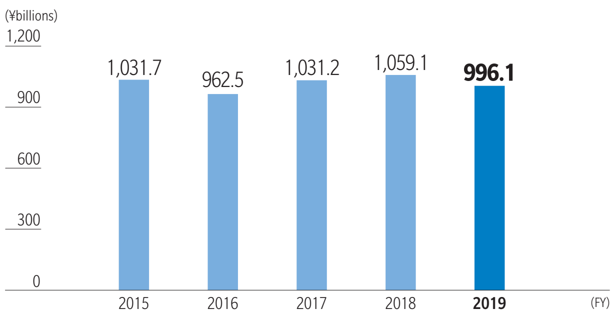
Konica Minolta group (the "Group") recorded revenue of 996.1 billion yen for the current fiscal year, a decrease of 6.0% year-on-year. Decrease in revenue due to the effect of strong yen was 32.9 billion yen year-on-year. On a segment basis, revenue declined in the Office Business due to decreasing sales volume in China and North America despite showing some signs of recovery supported by sales in Europe. As for the Professional Print Business, revenue in the production print business unit was driven by North America and successfully turned into an increase on a constant currency basis up until December 2019; however, when entered into 2020, sales decreased globally excluding ASEAN regions,resulting in a decline in overall revenue in the current fiscal year. Meanwhile, the industrial printing business unit, which is one of the growth businesses of the Group, retained the status of revenue increase on a constant currency basis. Revenue went down in the Healthcare Business due to the drop in China, although sales grew in areas other than China. With respect to the Industrial Business, revenue decreased mainly due to the following: in the performance materials business unit, client companies conducted inventory adjustments; in the inkjet component business unit and the measuring instruments business unit, major customers were located in China and were hit by the COVID-19 outbreak. The impact of COVID-19 on the Group's revenue is expected to be around 23.0 billion yen.

In the new businesses where the Group continues to invest to develop its future revenue pillars as initiatives for sustainable growth over the medium to long term, the sales area of the Workplace Hub, an edge IoT platform provided by the Company, expanded from 9 countries to 26 countries during the current fiscal year, and measures were implemented to reinforce sales activities, leading to an increase in the number of customers. In the bio-healthcare field, the world's first commercialization of the ribonucleic acid (RNA) testing that assesses germline mutations to enhance the accuracy of genetic diagnostics dramatically was highly recognized by medical institutions, contributing to a significant increase in the number of orders for genetic testing. Additionally, preparatory work was commenced to offer full-scale services to imaging centers with an aim to further ex . Revenue in new businesses substantially increased due to progresses made in these areas.

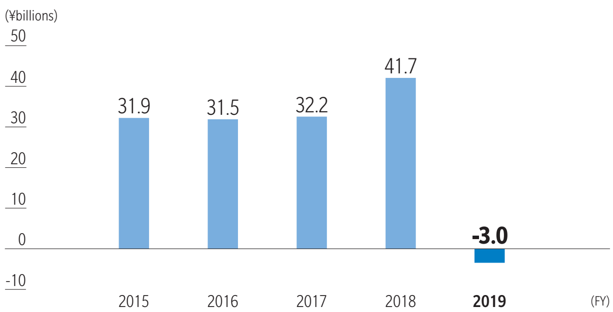
Operating profit was 8.2 billion yen, a decrease of 86.8% year-on-year. Decrease due to the effect of strong yen was 7.1 billion yen year-on-year. The overall decrease in operating profit was mainly due to the following: a temporary gain of 20.2 billion yen generated from the liquidation of assets through sale and leaseback arrangements was recorded in the previous fiscal year; additional tariffs of 2.4 billion yen arising from the United States-China trade friction were borne in the current fiscal year; and 7.4 billion yen was recorded in the current fiscal year as for the cost of structure reform. The impact of COVID-19 on the Group's operating profit is expected to be around 11.0 billion yen.

Although the profit substantially declined year-on-year, certain measures were taken as originally planned during the current fiscal year in order to improve the sluggish performance that was seen in the first half of the year in the Office Business and the Professional Print Business. In detail, the Company implemented the structure reform, took

Revenue



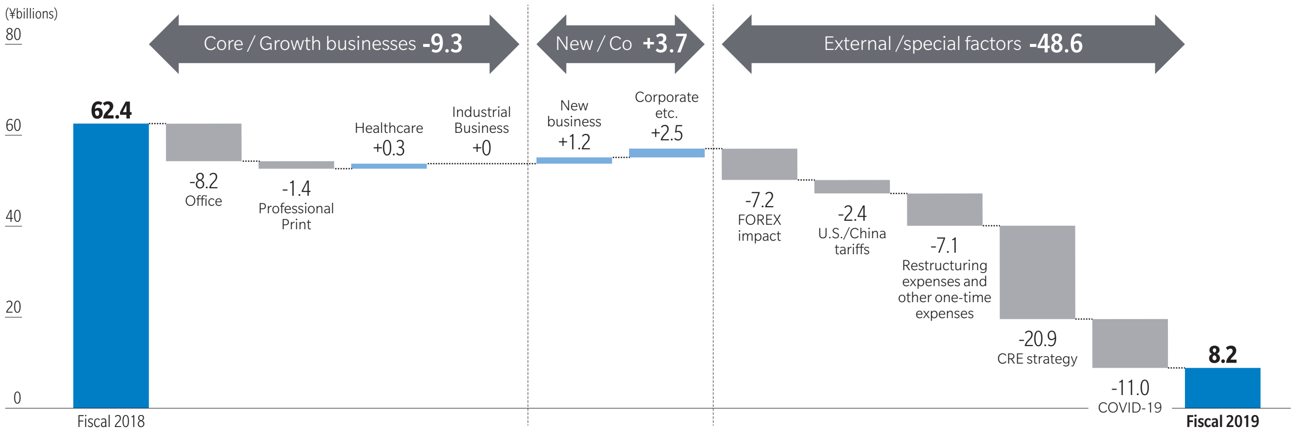
Profit attributable to owners of the company



measures to cut manufacturing costs, and shifted to high value-added new products with an aim to reinforce marketing competitiveness, all with an expectation that they would contribute to the profitability improvement in the next fiscal year. Particularly, the Company expects the structure reform will help the profit boost in the next fiscal year, and the benefit will certainly outweigh the costs put in the current fiscal year.

Profit before tax marked 0.2 billion yen, a decrease of 99.5% year-on-year, and loss attributable to owners of the Company was 3.0billionyen (whereas in the previous fiscal year, profit attributable to owners of the Company was 41.7 billion yen).

Fiscal 2019 operating profit analysis



FOREX impact to revenue and operating profit

(FOREX: ¥)

	Fiscal 2018	Fiscal 2019	Impact to Fiscal 2018		FX Sensitivity[2]	
			Revenue (¥billions)	OP (¥billions)	Revenue (¥billions)	OP (¥billions)
USD	110.91	**108.74**	-6.9	+0.1	+3.3	-0.1
EUR	128.41	**120.82**	-13.3	-6.7	+1.8	+0.6
GBP	145.68	**138.24**	-2.1	+0.1	+0.3	+0.0
European Currency[1]	-	**-**	-18.7	-6.6	+2.5	+1.0
CNY	16.54	**15.60**	-2.8	-0.9	+2.9	+1.2
AUD	80.92	**74.14**	-2.7	-0.7	+0.4	+0.1
Other	-	**-**	-1.8	-0.2	-	-
Exchange contract effect	-	**-**	-0.1	+1.1	-	-
Total impact from FY2018	-	**-**	**-32.9**	**-7.2**	-	-

*1 European currencies: Currencies used in Europe excluding EUR/GBP
*2 FOREX Sensitivity: FOREX impact at ¥1 change (Annual)

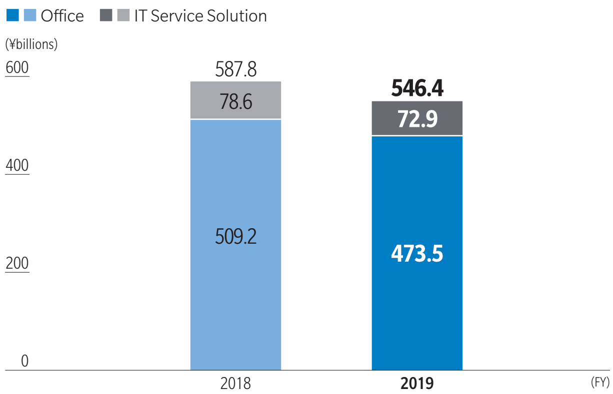
Operating Results by Segment

■ Office Business

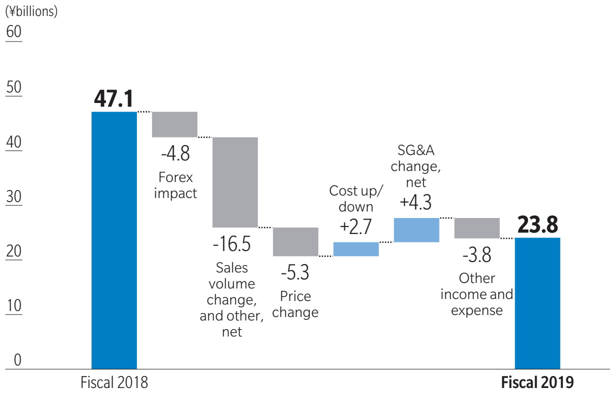
In the office products business unit, the sales volume of color models turned to an increase in the third quarter of the current year due to the effect of new products. However, because of the COVID-19 outbreak, sales volume plummeted from February to March in 2020, the busiest season for sales activities, especially in China where the sales volume of A3MFPs declined substantially. Although Japan and Europe were starting to see some adverse changes under the COVID-19 outbreak, the sales volume of color models was about the same level year-on-year thanks to the new product effect that was in place before the lockdown. North America, the largest market for high-speed color models, saw a decline in sales volume towards the end of the current fiscal year especially in the area of direct sales, because a new product was launched in February2020 when the market was hit hard by the lockdown around the same time. As a result of the above, the sales volume of color models turned to a decrease year-on-year, and further decline was seen in sales of monochrome models year-on-year.

As a result of the above, the Office Business segment recorded revenue of 546.4 billion yen, a decrease of 7.0% year-on-year. Operating profit was 23.8 billion yen, a decrease of 49.4% year-on-year, partly due to the effects of tariffs of 1.9 billion yen linked to the United States-China trade friction as well as the cost of structure reform of 5.8 billion yen recorded in the current fiscal year.

Composition of Revenue



Operating profit analysis



Professional Print Business

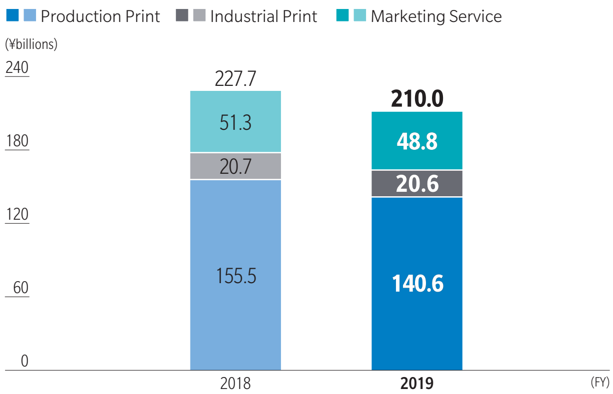
In the production print business unit, a recovery of sales was seen in the third quarter of the current fiscal year in North America thanks to the effect of certain measures taken, including emphasized values of IQ-501 Intelligent Quality Optimizer. "AccurioPress C14000" series, the Company's first high-speed model launched in February 2020, were successfully receiving orders, enabling the business to expand into the heavy production print market. However, the overall sales volume decreased globally, except the ASEAN region, against a backdrop of the COVID-19 outbreak, which caused delays in equipment installments at customers' site, pullbacks in customers' investment activities, and postponements of investment decisions.

In the industrial printing business unit, sales of "AccurioJet KM-1" digital inkjet press through direct sales showed significant growth. The sales of label printers and digital decoration printing equipment showed substantial growth, reflecting the effects of new products and reinforced sales capacity, and maintaining the highest market share in the targeted markets.

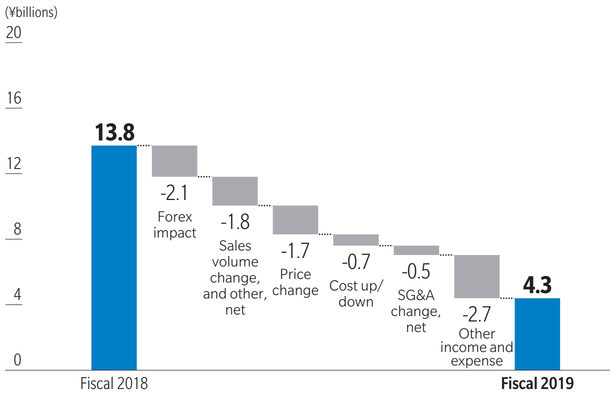
In the marketing services business unit, despite the continuing efforts into transition as a business that provides high value-added solutions and expanding sales driven by the United States and Asia, revenue fell mainly due to the following: a slowdown in marketing activities at client companies of the Group from the latter half of February 2020; and a decrease in the number of customers visiting Kinko's stores, which offer on-demand printing services.

As a result of the above, the Professional Print Business segment recorded revenue of 210.0 billion yen, a decrease of 7.8% year-on-year. Operating profit was 4.3 billion yen, a decrease of 68.5% year-on-year, partly due to the effects of tariffs of 0.5billion yen linked to the United States-China trade friction and an impairment loss of 1.6 billion yen on a subsidiary's goodwill, which was recorded under the marketing services business unit.

Composition of Revenue



Operating profit analysis



Healthcare Business

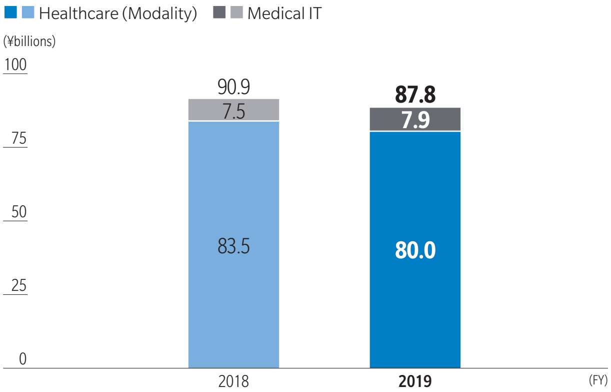
In the healthcare (modality) business unit, the sales volume of the digital radiography (DR) in Japan, Europe,and Asia increased throughout the year, and also solid sales were seen in South America as for Americas. Accordingly, the overall sales volume of DR increased on a year-on-year basis. The sales volume of diagnostic ultrasound systems increased steadily: sales were strong in Japan throughout the current fiscal year, supported by the effect of a new product for obstetrics and a sales volume increase in new fields, including artificial dialysis and anesthesia; and overseas sales also grew, primarily in

Europe and Asia. However, the total revenue in the healthcare (modality) business unit decreased, mainly due to the declining revenue in China under the COVID-19 outbreak.

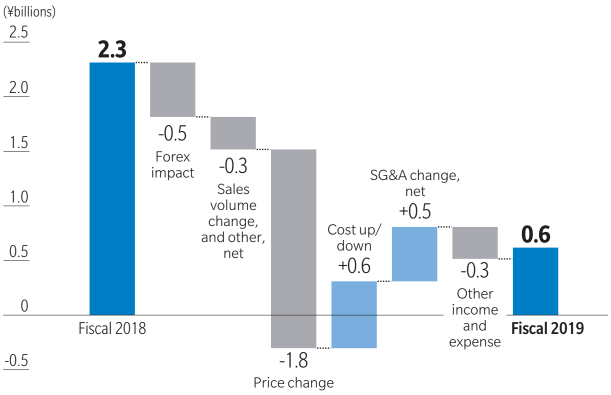
In the medical IT business unit, a large-scale order of the Picture Archiving and Communication System (PACS) was received in North America, and solid sales of PACS were seen in Japan likewise. PACS sales also started in Asia. All of this enabled the unit to maintain an increase in revenue despite the severe economic environment in the second half of the current fiscal year.

As a result, the Healthcare Business segment recorded revenue of 87.8 billion yen, a decrease of 3.4% year-on-year. Operating profit was 0.6 billion yen, a decrease of 73.1% year-on-year, partly due to the recognition of valuation loss on property, plant and equipment of 0.5billionyen related to a sale of subsidiaries' business bases.

Composition of Revenue



Operating profit analysis



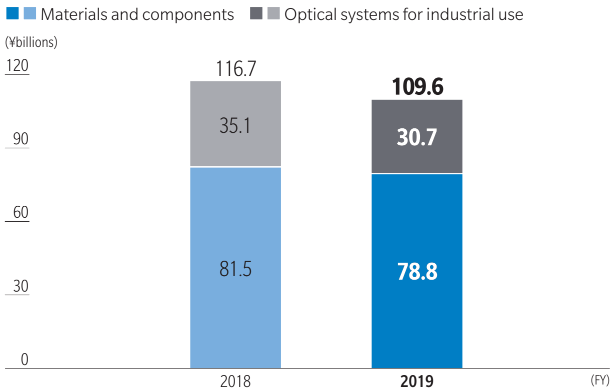
Industrial Business

In the field of materials and components, sales shifted steadily to high value-added products in the performance materials business unit;however, overall revenue slightly decreased partly because the unit was affected by customers' temporary inventory adjustment in the latter half of the current fiscal year. The new resin film which had been successfully developed by the Company over the past few years has obtained wide recognition from customers, and the Company has already started sales of the product. The Company is on track to transform the product portfolio and grow its customer base. In the optical component business unit, sales of projector lenses remained robust throughout the current fiscal year, whereas sales of other optical parts were sluggish, resulting in a decrease in revenue. In the inkjet component business unit, sales plummeted because of the spread of COVID-19, also resulting in a decrease in revenue. Based on above, overall revenue in the field of materials and components went down.

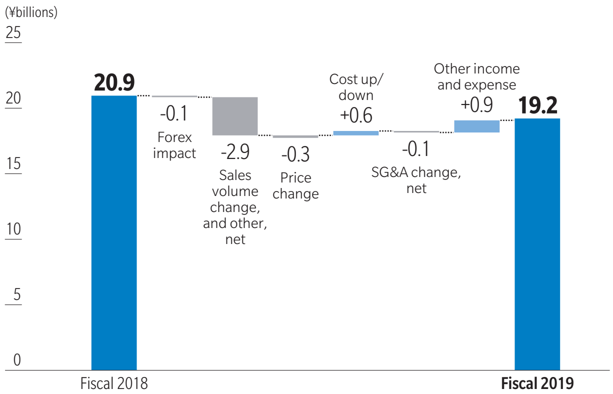
In the field of optical systems for industrial use, overall revenue in the measuring instruments business unit declined: demand for object color measurement instruments was sluggish but further deteriorated when business activities faced restrictions under the COVID-19 outbreak; and sales of light source color measurement instruments fell in the current fiscal year partly because of the absence of large demand that had been seen in the previous fiscal year derived from diversification of display products. Such decrease in sales of light source color measurement instruments was showing signs of improvement in the latter half of the current fiscal year; however, many of the customer deliveries had to be postponed until the next fiscal year because of the COVID-19 outbreak,as many of the business activities were restricted and it took longer than usual time at China Customs. That said, the measuring instruments business unit continues to receive inquiries from customers in China and Korea and has restarted business negotiations from the end of the current fiscal year.

As a result, the Industrial Business segment recorded revenue of 109.6 billion yen, a decrease of 6.1% year-on-year. Operating profit was 19.2 billion yen, a decrease of 8.3% year-on-year.

Composition of Revenue



Operating profit analysis



Cash Flows

Cash flows from operating activities

Cash flows from operating activities were ¥30.1 billion. Contributing factors were a cash flow increase arising from profit before tax of ¥0.2 billion and depreciation and amortization expenses of ¥77.1 billion, as well as a cash flow decrease owing to a ¥23.1 billion decline due to increased inventory assets, a ¥4.8 billion decrease from a decrease in trade and other payables , and ¥15.7 billion in income tax payments.

Cash flows from investing activities

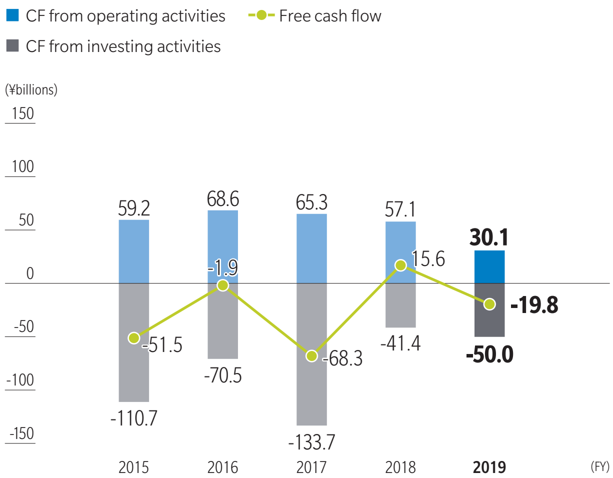
Cash flows from investing activities resulted in an outflow of ¥50.0 billion that owed in part to ¥36.6 billion in purchase of property, plant and equipment, ¥12.9 billion in payments for purchase of intangible assets, and ¥6.3 billion in payments for purchase of investments in subsidiaries.

As a result, free cash flow, calculated as the sum of cash flows from operating and investing activities, saw an outflow of ¥19.8 billion, compared to an inflow of ¥15.6 billion in the previous fiscal year.

Cash flows from financing activities

Cash flows from financing activities amounted to an outflow of ¥11.9 billion (outflow in the previous fiscal year was ¥40.2 billion) owing to an inflow of ¥11.6 billion from increased short-term loans payable and ¥30.9 billion from bond issuance and long-term loans payable, as well as an outflow of ¥20.8 billion for redemption of bonds and repayments of long-term loans payable, ¥18.7 billion for repayments of lease liability, and ¥14.8 billion for dividend payments.

Cash flows



Capital Expenditure, etc.

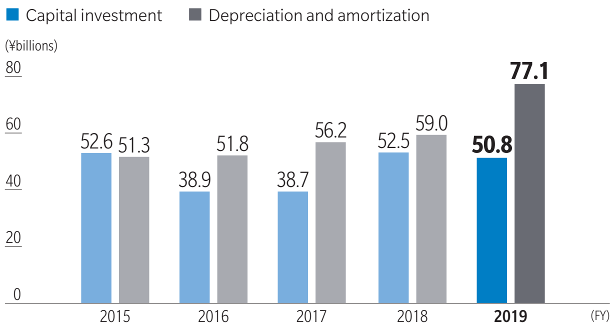
With respect to the Group's capital investment for the fiscal year under review, investment focused primarily on the Office Business and Professional Print Business, core businesses of the Group, as well as the Industrial Business. The main goals of these investments were developing new products and strengthening production capacity. As a result, total capital investment for the current fiscal year was ¥50.8 billion.

Principal investments were machinery and equipment, dies, and other tools and appliances in the Office Business and Professional Print Business, machinery and equipment in the Industrial Business, and buildings and R&D equipment for companywide use.

All of these investments were paid for with cash on hand.

There was no significant sale, disposal, or loss of facilities.

Capital investment/Depreciation and amortization



Capital investment

(¥billions)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Business Technologies	Office Business, Professional Print Businesses, New Business (Workplace Hub)	34.6	23.7	26.7	36.9	33.8
Healthcare	Healthcare Business, New Business (Bio-healthcare)	1.3	1.6	2.6	2.7	3.1
Industrial Business	Industrial Business, New Businesses (QOL, Status monitoring, Digital manufacturing)	11.0	8.3	4.9	9.3	10.1
Corporate and Other Businesses		5.6	5.1	4.3	3.4	3.8
Total		52.6	38.9	38.7	52.5	50.8

Research and Development Expenses

Guided by our philosophy—"The Creation of New Value"— and brand proposition —"Giving Shape to Ideas," which make promises to our customers—the Konica Minolta Group engages in the customer-centric development of new products and services in each of its business segments. This involves not only research and development into core technologies in the four fields of materials, optics, nano-fabrication, and imaging, but also refining and integrating those core technologies while furthering techniques for visualizing the invisible by combining ICT and AI technologies.

In the fiscal year under review, Konica Minolta is working to "achieve ongoing innovation" and "pragmatically strengthen technological competitiveness" as the guiding principles of a technology strategy aimed at fulfilling the basic policy for its medium-term business strategy which was formulated based on the SHINKA 2019 medium-term Business Plan.

As one component of "pragmatically strengthening technological competitiveness", we have undergone a digital transformation internally and externally by enhancing IoT technologies powered by AI. Compared to March 2017, we have doubled the number of specialized engineers in charge of this endeavor in Japan and abroad, bringing the number to 500. Our focus has been on recruiting more "data scientists," who develop solutions to problems based on data analysis, "agile development leaders," who conduct repeated developing and testing with an emphasis on speed, and "data architects," who are skilled in overall IT service design. Additionally, along with utilizing this talent to support our customers' digital transformation, we have been researching and developing data-based material informatics and process informatics, applying our findings to production engineering development, and advancing our own digital transformation.

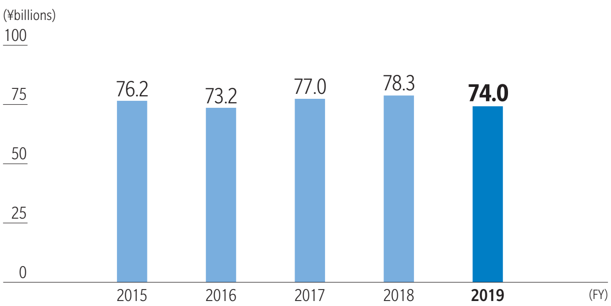
With regard to "achieving ongoing innovation," we have conducted new businesses that integrate core technologies with ICT and AI technologies. We are expanding the office business field through means such as providing industry-specific solutions through the rollout of the Workplace Hub in Japan, the U.S., and Europe as a new service that brings together high-performance servers and IT services with MFPs that facilitate digital transformations for SMEs. In the bio-healthcare field, we are leveraging high sensitive tissue testing technologies, genetic diagnostics technologies, and image analysis technologies that belong to a group comprising Konica Minolta, U.S.-based Ambry, and U.S.-based Invicro to support proper patient medication and treatment by making it possible to diagnose the human body at the molecular level and analyze illnesses and treatment efficacy. We also provide services to help improve pharmaceutical companies' drug discovery success rates by identifying biomarkers and improving clinical trial efficiency. In the fiscal year under review, Ambry Genetics, a provider of DNA tests, became the first to commercialize RNA tests, which assess germline mutation and contributed to improved genetic diagnostic accuracy. We also made headway towards a full-scale rollout of the CARE Program, a genetic diagnostic service for those undergoing regular checkups to screen for such conditions as breast cancer. Because genetics are a major factor for breast cancer risk, the service will greatly contribute to early detection and prevention of breast cancer by providing genetic diagnostics during regular health checkups.

We are also focused on preventing the spread of COVID-19 and will be thinking about ways of contributing to society in a timely fashion by utilizing Konica Minolta Group technologies and products. As a first measure towards controlling virus infections, we developed an application that uses network thermal cameras made by Germany-based MOBOTIX to enable the contactless measurement of body (face) surface temperature via real time detection. The application was launched in May 2020. Meanwhile, in response to urgent social demand, in July 2020, Ambry started providing COVID-19 testing services in the U.S. that include PCR tests conducted through the CARE Program. To support the global research community, Invicro has developed the "Covid-19iPACS platform", a safe repository of data related to COVID-19 that has been focused on X-rays and CT imaging. The repository was made freely and publicly available in May 2020.

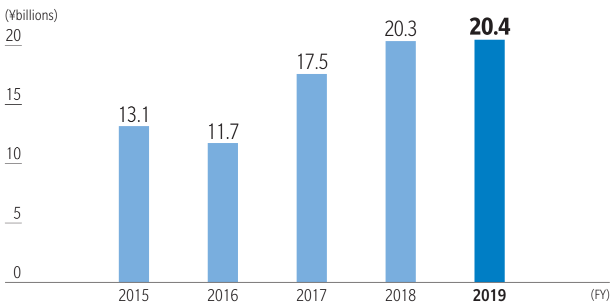
Konica Minolta Group is also making efforts to achieve sustainability for society and the world, positioning the environment as a centerpiece. These efforts involve developing energy-efficient, recyclable, and eco-friendly products, building technologies that involve reusing waste from used products as high-functionality materials and that utilize materials derived from biomass, while finding applications for these technologies in society. More specifically, the company is shifting away from petroleum-based materials and towards recycled materials for use in MFP bodies and consumable parts (toners, etc.), reducing CO_2 emissions from plastic. Companies face two challenges when attempting to use biomass-based material and waste material as high-functionality materials in MFPs and other products: such materials generally exhibit worse performance than virgin material from petroleum, and it is difficult to achieve stability in product quality. The Group develops new plastics by refining materials technologies and forming technologies, which are core technologies that the group has built up over many years, and by combining material development, material selection, and processing technologies. By not only employing these technologies in our MFPs but also sharing with other companies and commercializing them, we will expand our sphere of cooperation to the global stage while greatly increasing the effects of the environmental value we provide.

Groupwide research and development expenditure for the fiscal year under review was ¥74.0 billion. This comprised ¥36.9 billion in Office Business and Professional Print Business R&D expenditures, ¥4.5 billion in Healthcare Business R&D expenditures, ¥12.1 billion in Industrial Business R&D expenditures, and ¥20.4 billion in basic research expenditures and expenditures in other businesses, including those in the bio-healthcare segment.

Research and development expenses



Basic research expenditures and expenditures in other businesses



Research and development expenses

(¥billions)

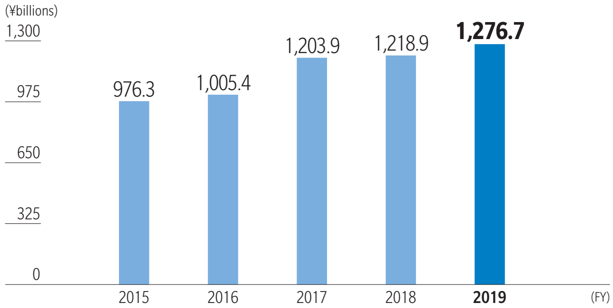
	Overview of R&D	Costs
Office Business and Professional Print Business	These businesses are strengthening and promoting product development targeted at satisfying a demand for high-quality and high productivity through materials, various software, system solutions, and information devices such as MFPs and digital printing systems.	37.1
Healthcare	Initiatives include expanding and improving digital X-ray system and diagnostic ultrasound system product series, along with enhancing the system solutions business, which deploys IT environments for healthcare providers.	4.5
Industrial	Performance materials business in the materials and components field is focused on traditional TAC products that serve as performance films for polarizers, as well as on high added-value development such as new resin products. Optical component business is concentrated on the development of small lenses such as endoscope lenses and drone lenses, which have growth potential. IJ component business is working to develop and productize industrial inkjet head technologies. Measuring instruments business in the field of optical systems for industrial use is focused on expanding and improving on object color measurement along with display and light source measurement.	12.1
Other businesses, including bio-healthcare field, and for basic research	Focuses of these businesses include upgrading the basic software of the Workplace Hub and enhancing genetic diagnostics services in the bio-healthcare field.	20.4
Total		74.0

Financial Position

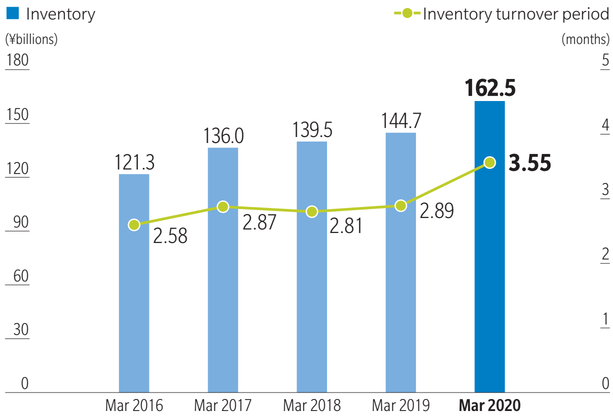
Assets

Total assets at the current fiscal year end increased by ¥57.7 billion, or 4.7%, over the previous fiscal year end to ¥1,276.7 billion. This owes mainly to a ¥102.3 billion increase in property, plant and equipment primarily attributable to the adoption of IFRS 16 Leases (IFRS 16), a ¥17.8 billion increase in inventories, a ¥34.9 billion decrease in cash and cash equivalents, a ¥14.7 billion decrease in trade and other receivables, an ¥8.3 billion decrease in goodwill and intangible assets, and a ¥5.6 billion decrease in other financial assets.

Total assets



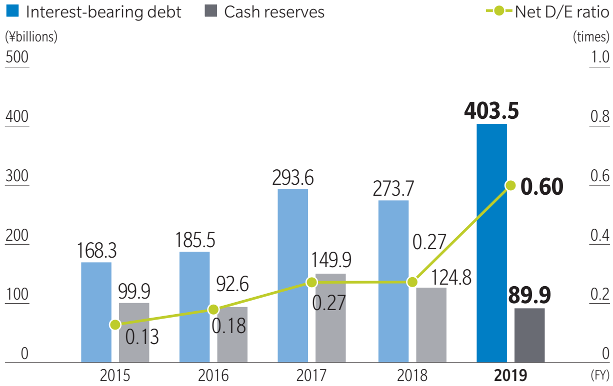
Inventory/Inventory turnover period



Liabilities

Total liabilities increased by ¥89.9 billion, or 13.8%, over the previous year to ¥743.0 billion. This is mainly due to a ¥114.2 billion increase in lease liabilities attributable to the adoption of IFRS 16, a ¥15.5 billion increase in bonds and borrowings, a ¥12.3 billion decrease in trade and other payables, a ¥9.4 billion decrease in other financial liabilities, and a ¥7.5 billion decrease in income tax payable.

Interest-bearing debt, Cash reserves, Net D/E ratio



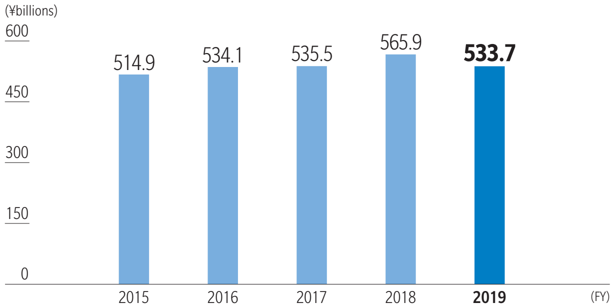
Equity

Total equity decreased by ¥32.2 billion, or 5.7%, over the previous year to ¥533.7 billion.

Total equity attributable to owners of the Company decreased by ¥31.9 billion, or 5.7%, over the previous year to ¥523.7 billion. Contributing factors were a ¥22.4 billion decrease in other components of equity (mainly translation differences for foreign operations) and a ¥14.8 billion loss in retained earnings due to dividends.

As a result, equity per share attributable to owners of the Company was ¥1,058.29 and equity ratio attributable to owners of the Company fell 4.6 points to 41.0%.

Equity

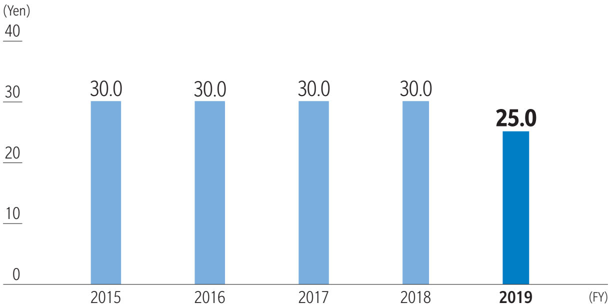


Dividend Policy

Basic dividend policy

The Company's basic policy regarding the payment of dividends from retained earnings is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. The Company strives to improve shareholder return by increasing the per-share dividend and practicing flexible purchasing of treasury shares.

Dividend per share



Dividends for the fiscal year ended March 31, 2020 and projected dividends for the fiscal year ending March 31, 2021

Following a comprehensive accounting of business performance and the business environment as affected by the spread of COVID-19, year-end dividends were paid at a rate of ¥10 per share, a decrease of ¥5 per share over the previous fiscal year. Combined with the dividend of ¥15 per share already paid at the end of the second quarter, the total annual dividend was ¥25 per share.

While we expect to record a loss for the period ending March 31, 2021 due to COVID-19, we are taking measures that include improving earnings in the Office Business and new businesses, and keeping fixed costs at the current lower level. Through such efforts aimed at improving the likelihood of getting fiscal 2021 and 2022 earnings back up to pre-COVID-19 levels, we expect to keep dividends at the fiscal 2019 level and pay an annual dividend per share of ¥25.

Outlook for the Fiscal Year Ending March 31, 2021

The ongoing spread of COVID-19 continues to restrict economic activity worldwide. There are currently no projections for when widespread COVID-19 infections will cease, a situation that presents various risks and opportunities for our business. Certain areas are experiencing recurring waves of COVID-19 infections, leading to localized lockdowns that hamper economic activity and restrict people's activity. With regard to our business environment, no country-level lockdowns of the sort that occurred between March and April 2020 are expected to occur in the major markets in which we operate. Amid this environment, while avoiding becoming overly reliant on any economic upturns, we will focus on definitively improving our businesses' earning power and reorganize earning structures.

The following lays out present risks and opportunities for the Company.

In the Digital Workplace Business, teleworking and business activity restrictions continue at our client companies around the world. However, print volume at offices recovered by roughly 90% year on year in the fourth quarter, and product purchasing is expected to make an even stronger recovery. On the other hand, our IT service solutions and Workplace Hub, which facilitate telework and other new ways of working, are expected to see increased opportunities for sales. This is because of the numerous features they provide to satisfy demand for a means to share documents securely and automate / digitize document management. These features include OCR and RPA, which contribute to reforming business processes and reducing workloads, which are efforts essential for public organizations such as U.S. governmental agencies and Japanese local governments, as well as healthcare providers and other players in society.

With regard to the Professional Print Business, although demand is expected to decline from larger companies' centralized printing rooms and from small and medium-sized printing companies, printing operations are becoming increasingly consolidated in medium-sized and large printing companies. Furthermore, label and package print volume are on the rise despite COVID-19, setting the stage for digital printing market growth in these areas. Employees at our printing company clients are dealing with restrictions on coming into the office and must work while social distancing. As such, we expect further opportunities for sales of our digital printers that can automate operations, save labor, and achieve skill-less operation.

In the Healthcare Business, outpatient numbers everywhere but the U.S. are largely expected to return to pre-COVID-19 levels. Although it will take some time for medical facilities to begin investing again in diagnostic equipment, we anticipate genetic testing to increase alongside rising outpatient numbers. With regard to drug discovery support services, pharmaceutical companies' clinical trials are resuming, allowing us to get through our order backlog and put us on track for increased sales. This business will focus on expanding sales of our solutions that help achieve sustainable healthcare environments, including responses to infectious diseases. These solutions include remote healthcare solutions, regional cooperation solutions, dynamic X-ray systems and AI image interpretation support solutions, and nursing support solutions.

In the Industrial Business, while flat-panel display (FPD) production line investment has leveled off at our client companies, we expect the increasingly diverse array of FPDs to lead to increased growth in the market for, and sales of, our measuring devices and high added-value functional films. We also anticipate further sales opportunities for measuring instruments to help automate and save labor in inspection processes for our customers' production lines.

Regarding our financial base, we have been taking steps in preparation for a future decline in cash flows owing to the spread of COVID-19. We concluded a new commitment line agreement with a financial institution in May 2020, and have cash reserves of ¥300 billion, which includes existing commitment lines. This gives us ample liquidity on hand. In addition, we are strengthening our cash flow management by maintaining the lowest necessary inventory levels while shrewdly selecting and restricting capital investments and loans. We are also improving efficiency by strengthening our cost-benefit philosophy.

Projected consolidated business performance for fiscal 2020 is given below. The operating loss of ¥13.0 billion includes approximately ¥10.5 billion for restructuring expenses. The exchange rates used to calculate performance forecasts were $1= ¥105 and €1= ¥120.

Forecast for the fiscal year ending March 31, 2021

Published October 29, 2020

	Fiscal 2020 forecast (IFRS)	Fiscal 2019 results (IFRS)
Revenue (¥billions)	**870.0**	996.1
Operating profit (¥billions)	**-13.0**	8.2
Operating profit ratio	**-**	0.8%
Profit attributable to owners of the company (¥billions)	**-18.0**	-3.0
Profit attributable to owners of the company ratio	**-**	-
ROE *1	**-3.5%**	**-0.6%**
Capital investment (¥billions)	**47.5**	50.8
Depreciation and amortization expenses *2 (¥billions)	**75.0**	77.1
R&D expenses (¥billions)	**65.0**	74.0
Free cash flow (¥billions)	**-1.5**	-19.8
Investment and loans (¥billions)	**10.0**	7.9
U.S. dollar (yen)	**105.00**	108.74
Euro (yen)	**120.00**	120.82

*1:Profit attributable to the owners of the company divided by the equity attribute to owners of the company (average of beginning and ending balances)
*2:Of this, right-of-use asset depreciation pursuant to IFRS 16 was ¥20.1 billion for fiscal 2019, with a ¥20.0 billion forecast for fiscal 2020

Company Overview/Stock Information

Company Overview (as of March 31, 2020)

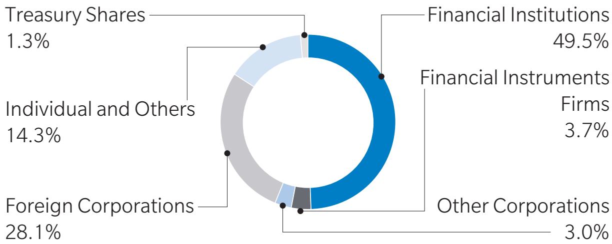
Company name	KONICA MINOLTA, INC.
Stock code	4902 Listed with first section of the Tokyo Stock Exchange
Date established	1873
Establishment as joint-stock company	1936
Capital	37,519 million yen
Number of employees	Consolidated: 43,961
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan

Stock Information (as of March 31, 2020)

Stock Information

Total number of shares authorized to be issued	1,200,000,000 shares
Total number of shares issued	502,664,337 shares
Number of shareholders	59,587
Minimum trading units	100 shares

Shareholder Composition



Major Shareholders (the top ten shareholders)

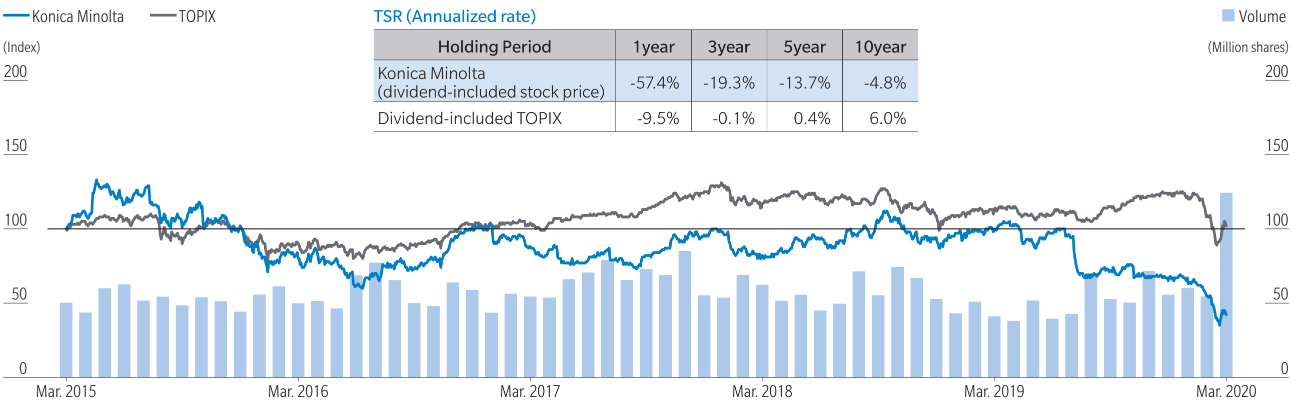
Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held * (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	48,831	9.84
Japan Trustee Services Bank, Ltd. (Trust account)	34,875	7.03
MUFG Bank, Ltd.	13,945	2.81
Japan Trustee Services Bank, Ltd. (Trust account 9)	12,844	2.59
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.39
Nippon Life Insurance Company	10,809	2.18
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for MUFG Bank, Ltd.)	10,801	2.18
Japan Trustee Services Bank, Ltd. (Trust account 7)	9,834	1.98
Daido Life Insurance Company	9,040	1.82
Japan Trustee Services Bank, Ltd. (Trust account 5)	8,892	1.79

* Ratio of shares held is calculated by deducting treasury shares. Treasury shares do not include the Company's shares held by trust accounts related to the BIP (Board Incentive Plan) trust for compensation for Directors (1,184,094 shares).

Total Shareholder Return (TSR)

TSR (Annualized rate)

Holding Period	1year	3year	5year	10year
Konica Minolta (dividend-included stock price)	-57.4%	-19.3%	-13.7%	-4.8%
Dividend-included TOPIX	-9.5%	-0.1%	0.4%	6.0%



* Return on investment assuming the closing price on March 31, 2015 to be 100 and dividends reinvested. Prepared by Konica Minolta based on Bloomberg data.

Glossary

Digital Workplace Business

- MFP (Multi Function Peripheral)
  Units that support a variety of functions otherwise handled by separate equipment, such as copiers, printers, scanners, and facsimiles.
- PV (Print Volume)
  The print output quantity. (Also called Copy Volume.)
- MIT (Managed IT)
  Services that support all operations in a company's IT department. These wide-ranging services include support for a product's lifecycle, including the creation of plans for deploying things such as PCs and servers, operating systems, software, and networks, as well as the actual deployment, contracted operation and support, management, maintenance, and contracted collection.
- Workplace Hub
  An IoT business platform on which Konica Minolta is recently focused. The Workplace Hub is a solution for streamlining business processes and reducing IT infrastructure management costs achieved by equipping MFPs with servers that allow businesses to analyze data in real time and visualize patterns. It brings people and data together and enables smarter decision-making and problem-solving support in the office.

Professional Print Business

- Color production print Machine Segments
  ELPP（Entry Light Production Print,Monthly printing volume: 0.1-0.3 million sheetsfor 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: 0.3-1 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-501
  An optional unit that automates color management and front-to-back registration during printing through continual monitoring, greatly shortening calibration time and improving productivity.

Healthcare Business

- DR (Digital Radiography)
  Also referred to as digital X-rays. A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer. Also refers to systems that do this.
- X-ray kinetic analysis
  These devices and systems enable more detailed diagnoses by using continuously captured X-ray images to observe patients in motion.
- PACS (Picture Archiving and Communication System)
  An image storage and communication system for medical image processing. More generally, any system for managing a large number of images, such as CT, MRI, and X-ray images from DR or CR.
- informity
  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.
- Diagnostic ultrasound systems
  These diagnostic imaging systems emit ultrasonic signals that travel inside the body from the outside and create images of the reflected soundwaves. Causing minimal stress for the patient and allowing images to be observed in real time, they are used in a wide variety of clinical settings.
- HSTT / High Sensitive Tissue Testing
  Technology that uses fluorescent nanoparticles, developed using our proprietary technology from photographic films, to accurately quantify protein.
- SPFS / Surface Plasmon Field-enhanced Fluorescence Spectroscopy
  An immunological testing system. This is a method for detecting fluorescence signals generated by exciting fluorophores that are surface-confined by an antigen-antibody reaction. The fluorophores are excited with extreme efficiency by near-field light induced very close to the gold membrane surface.
- Genetic diagnosis
  DNA information is described as the blueprint for bodily tissue, and this kind of diagnosis identifies susceptibility to hereditary cancer and other diseases, and pharmaceutical compatibility, by examining that information. Knowing about such predispositions through genetic information makes it possible to deal efficiently with a disease if it is contracted.
- Drug discovery support services
  This is the provision of technical support to pharmaceutical companies when developing new drugs. New drug development tends to cost huge sums of money, and this support makes efficient use of our analytical technology to help move from preclinical study and clinical trials to market launch.
- CARE Program
  Program to provide total support for effective pick-up and genetic diagnostics of the high-risk group of genetic breast cancer.
- RNA (ribonucleic acid)Testing
  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.

Industrial Business

- TAC (Triacetyl cellulose) film
  Functional film with cellulose acetate as the main material. It is mainly used as a protective film for the polarizers used in LCD displays.
- OLED (Organic Light Emitting Diode)
  In organic light emitter and light-emitting technology comprising organic compounds. They hold promise as a next-generation display technology for their superior color reproduction, responsiveness, and low power usage.
- Digital manufacturing
  The new manufacturing that Konica Minolta is aiming for, which will revolutionize workflow. Based on the concept of IoT, digital manufacturing involves comprehensively integrating information gained in the production process and analyzing the data to identify angles from which customer value can be improved.