

Konica Minolta, Inc. Q&A from Industry Business Briefing Session

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Formula: Konica Minolta Kofu site and online/telephone conference

<Cautionary Statement>

This material was prepared for those who were unable to attend Industry Business Briefing Session in person and is intended only for reference purposes. Readers are asked to acknowledge in advance that the following text is not a verbatim account of everything that was said at the briefing but a basic summary whose content was determined by Konica Minolta. Moreover, readers are asked to further acknowledge in advance that the business performance outlook and other content concerning future results in this document is based upon information that the Company has at present and upon a rational evaluation based on certain assumptions and, additionally, that actual business performance can greatly vary due to number of factors.

[Regarding Industry Business Foundation and Toward Growth]

Q. Of the about ¥17 billion in the FY2022 inkjet components revenue, how much is revenue for displays and what is the medium-term strategy for them?

A. The revenue for inkjet for display manufacturing process displays are about single digit billion yen. Our inkjet business captures customer needs to reduce loss for new materials in their manufacturing processes and currently, the business is mainly focused on televisions, but in the future, we will aim to cater for devices with higher resolution by developing more micro droplet printheads.

Even in the medium term, we do not plan for the inkjet revenue for displays to be large enough to dominate the inkjet revenue. The applications of inkjet for manufacturing processes are diverse and include textiles, signage displays, and other applications that are implemented in large printer and so on. We expect that inkjet for industrial applications such as printing on circuit boards will drive the growth going forward.

Q. I feel that Konica Minolta is very good at incorporating customer requests. How does your sales system differ from your competitors'?

A. Relationship with customers is our vital asset, which is characterized by its deep connection with only a few customers especially in Industry Business. In the measurement instrument business, for example, a diverse group of engineers, not limited to Japanese engineers, work with both brand owners and supply chains in different regions and share and verify information from customers instantly. In the functional film business, the development, production, and

sales teams work as one, rapidly sharing information while ensuring confidentiality. We recognize that these arrangements and speed are unmatched by other companies.

Q. I understand that you are making a shift in strategy and acknowledge that your market strategy is qualitatively reasonable. However, as some aspects are still quantitatively unclear, please tell us the challenges you identify.

A. We understand that it is challenging to increase the revenue of over ¥120 billion at a growth rate of 12% while maintaining the operating profit ratio in the strengthening areas for Industry. Going forward, we will invest capital in areas beyond our current sight, while following the frequently changing market trends, under winning patterns that will allow us to leverage our strengths as we replace our businesses. In this context, we also recognize that we need to establish a major direction to identify areas for the Industry Business to focus on. Meanwhile, maintaining the ability to generate cash in existing areas is another requirement for growth.

Q. This briefing is new to me in the sense that the explanation was not by business unit. When did you adopt this new structure?

A. With operations segmented by business unit, we are unable to fully leverage business opportunities and relationship with customers. Therefore, we considered changing our structure during the last fiscal year, and this April, updated the structure to reflect our switching to the customer-based approach. We have established the business development center in the front-line, where we will gather human capitals to accelerate execution. We are already generating business opportunities by quickly implementing door-knocking and making proposals to customers exceeding the scope of the current business units.

[Regarding Business Deployment in the Display Area]

Q. I assume that pattern formation by inkjet method is for OLEDs, but will it still take time to adapt to mass production?

A. Although we cannot mention what kind of device it is for, it has been already used for mass-produced products.

Q. Is the demand for SANUQI mainly for replacement of your products or contributing to expanding the market share? Also, I understand that you expect to increase the market share of SAZMA going forward. What is its strength?

A. SANUQI is contributing to pure market share growth. SAZMA’s strengths are its width and stretchability. This helps customers reduce loss and cost associated with film replacement and address environmental needs. In addition, it has excellent processability for surface protection.

Q. Can other companies implement the solution method and offline stretching method, which are Konica Minolta's manufacturing strengths? Please tell us the differentiating factors.

A. Our strength is that we can combine the solution method and the offline stretching method. This allows for a variety of customizations while increasing productivity.

Q. Please tell us about your current revenue of AR/VR measurement equipment, and by when and to what extent you expect to increase the revenue based on market forecasts.

A. I cannot give you a clear answer, but we have a variety of business opportunities and expect to leverage the strengths of our three businesses to double or triple our current revenue.

Q. What are the origins of the names "SANUQI" and "SAZMA"?

A. Our customers often ask us the same question, which serves as an icebreaker. In terms of the original meaning, SANUQI was the hometown of the then general manager of sales, and SAZMA was the hometown of the former head of the production department.

Q. You seem highly dependent on market cycles. How do you address this?

A. While it is true that we are dependent on demand for smartphones, we do not only follow the trends of devices alone, but also keep a close eye on peripheral investments such as in telecommunications. Going forward, we will expand our automotive applications and develop HSI applications to create a portfolio that is resilient to fluctuating demand.

[Regarding Automotive Visual Inspection Business]

Q. For the Automotive Visual Inspection Business, how do Konica Minolta and Eines share marketing roles for regions outside Europe? Also, please tell us about the competitive situation for the tunnel-type technology and its advantage over other technologies.

A. Konica Minolta and Eines work together on marketing. We focus on word-of-mouth information from Europe, but we also attract business opportunities through online marketing and other measures. For the tunnel-type technology, we are competing with two to three companies globally. Although there is the traditional robot arm-type system in the market, luxury car manufacturers using the robot arm-type system are starting to switch to a tunnel-type system, which we recognize is currently predominant.

Q. What is unique and interesting about the Automotive Visual Inspection Business, which is in the customer development stage and not a business that sells finished-product business?

A. What Eines and Konica Minolta have in common is the creation of value by leveraging the relationship with customers. In the automotive industry, we also had the relationship with

customers in object color, in-vehicle display inspection, and in-vehicle optical systems. Meanwhile, the production facility business is different from the existing businesses because it is dependent on the customer’s production strategies, and the brand owner’s production plant has the decision-making authority. An interesting aspect is having access to data on automobiles manufactured around the world, and we hope to do more than just browsing the data.

Q. The labor-saving effect of the tunnel-type measuring device seems limited. Please tell us if it is possible to save labor on an even larger scale and how.

A: The aim and effect of deploying this device varies by customer. Some customers focus on labor savings, while others look to improve quality. The limited labor-saving effect partly has to do with the fact that they are still in the transition period for the implementation, and we recognize further potential for labor savings.

[Regarding Optical Components Business for Semiconductor Manufacturing Equipment]

Q. Of the ¥19.8 billion in the FY2022 revenue of the optical components business, how much is the revenue for semiconductor manufacturing equipment?

A. Currently, the revenue for semiconductor manufacturing equipment remains small. Given the market scale, we aim to exceed ¥10 billion by FY2030.

Q. Do you already have orders for DUVs?

A. Our current business demand is mainly from the VIS and UV areas, where we have been doing business with our customers for many years. For DUVs, we are currently developing the technology while sharing the roadmap with our customers.

Q. What are your target processes and applications?

A. We are not focusing on a specific process or application, but rather we are targeting a wide range of areas related to semiconductor manufacturing, and will qualify the areas by the precision and diameter of the lens.

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