

## Konica Minolta, Inc.

### Q&A from 1Q/ March 2021 Financial Results Briefing Session

Date : July 30, 2020 17:30 – 18:30 JST  
Method: Telephone conference

#### Cautionary Statement

*This material was prepared for those who were unable to attend the financial results briefing 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 a number of factors.*

#### [Q&A regarding Results for Konica Minolta as a whole]

Q. Regarding P.18, it was explained that you would like to raise operating profit level for FY 2020 (C) to double digits billion yen. However, the deficit is supposed to continue in 2Q in light of 1Q deficit. In this case, you have to make ¥40–50 billion profits in the second half of the year, and the hurdle to achieving it is quite high. Let us confirm the approaches to that.

A. At Financial Results Briefing Session in May, we said that operating profit level in FY2020 (C) was targeted at more than ¥20 billion. However, the negative impact of the COVID-19 is expected to be larger by an additional ¥10 billion. We would like to offset the deterioration by additional improvement measures. But in addition to forex impact, we need to reduce inventories on a consolidated basis to prioritize cash flows, and we assume that it will cause the deterioration in manufacturing profits/losses. Including these points, I explained that we would like to secure double digits billion yen operating profit level for FY 2020 (C). The hurdle for the second half will vary depending on the extent of the deficit in 2Q, and we expect the deficit remains even we increase the gross profit from recovering revenue. With the assumption of improving the deficit around a half of single digit billion yen, we are conducting business on the basis of securing double digits billion yen operating profit for the fiscal year.

#### [Q&A regarding Business segments]

Q. What scenarios do you have in July, August, and September? Please tell us about your main business areas such as, Office Print, Professional Print, and Industrial Print and Bio-healthcare.

A. The recovery of sales in Office and Professional Print Business is stronger in July YoY than June. The sales in July to August is slightly smaller than YoY 80% and September is expected to

exceed YoY 80%. Industrial Printing needs some more time to recover taking into account demonstrations to customers and other factors, and we expect a modest recovery in July to August and a major recovery in September.

In Bio-healthcare, the number of genetic testing particularly returns to its previous March level. Whether or not it will return to its previous January to February level is closely related to the restriction in U.S., so we are closely watching it. However, we expect genetic testing to recover in a V-shaped manner because we have begun to acquire CARE Program targeting for healthy people, the demand will not disappear, and the pipeline of drug discovery support service is increasing.

Q. Regarding CARE for COVID in Bio-healthcare, I understand that it is a model of conducting PCR testing for employees and managing them for companies. What kind of business model do you think? Is it charged the fee based on the number of tests or the management fee based on the number of employees? Also, you mentioned that the large-scale contract is in progress. How large is the business expected to become?

A. It starts the business as the fee based on the number of the tests fundamentally. The project proceeds in response to requests from state governments, and contracts with private companies, and it is moving to the implementation stage including the approval. The outlook for sales depends on the progress of ongoing business negotiations. We are working to win orders not only with CARE for COVID, but also with the other projects in P.16 and the target of 3 projects is more than ¥8 billion as a target.

Q. P. 32 shows the growth rate of non-hard sales. Please tell us about the growth rate of hardware sales. Also, you mentioned the U.S. market was in the severe condition and the European market was relatively well. How do you analyze the reasons for the regional differences?

A. The extent of the decline in hardware sales is about the same as that of non-hard sales. Regarding regional differences, although there were countries in Europe where the lock-down was early lifted, the impact in the U.S. has been prolonged due to the recurrence of infection outbreaks in the southern and western regions, etc. From customer grouping perspective, our main customer is SMEs, but in Europe, we were able to record sales due to the progress in delivery and acceptance inspections of large-scale projects for government offices and other facilities that had been ordered before the outbreak of COVID-19. As a result, we were able to achieve relatively better results in Europe than in the U.S.

-END-