

## Konica Minolta, Inc

### Q&A from Q1 /March 2022 Financial Results Briefing Session

Date and time: July 29, 2021, 18:00 to 19:00 JST

Method: Online/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 number of factors.*

#### **[Regarding results for the Company overall]**

**Q: Are not there any changes of earnings forecast not only for the Company overall, but also for each segment from the previous announcement on 14th May?**

**A:** Please note that the progress of each business is described on P.4 of the financial results materials. Although there were strengths and weaknesses between businesses, the progress as the Company overall is within the plan and has been left them unchanged based on a comprehensive assessment.

**Q: How much did the expenses associated with the portfolio conversion occur in Q1? Was this included in the corporate etc. of operating profit, ¥3.7 billion loss?**

**A:** Costs incurred in Q1 are minimal and most part of the costs are expected to be incurred in Q2. In the earnings forecasts, they can't be disclosed as segments, so they are included in Corporate etc. If actual expenses are incurred, they are included in each segment.

**【Regarding each business】**

**Q: In the Industry Business, operating profit was ¥8 billion in Q1. Are there any profits ahead of schedule from Q2? Also, will this strong performance continue after Q2?**

**A:** In Sensing Business, we responded to additional demands from customers in Q1. From Q2 onward, we expect demands to stabilize a little, but remain at the level of our internal plan. In performance materials, market demand momentum has continued since the second half of last year, and we expect the favorable condition to continue for the time being.

**Q: Regarding performance materials, there is a view that the demand for LCD panels is peaking out. Please let us know how your company view the market.**

**A:** The new resin SANUQI film is targeting at large TV displays, this market is expected to grow. And we also see strong demand for small and medium-sized display panels.

**Q: You are planning to accelerate strategic investment and acquire additional company in Sensing Business. Which areas do you see as opportunities? Please also let us know about the status of collaboration with the acquired company, Specim.**

**A:** We see an opportunity to expand the application of Specim's Hyper Spectrum Imaging technology, which we acquired last year. We intend to take the lead in creating a market in this field. The specific synergies between Specim and our existing businesses have not yet been shaped, but there has been active discussion between the division and the top management of Specim, and we are in the process of starting implementation from now on.

**Q: Regarding as Digital Workplace Business, Q1 result was ¥1 billion compared to the annual operating profit plan of ¥32.5 billion, and it is necessary to generate profits of ¥30 billion or more in the remaining 3 quarters. Please let us know how profits will increase in the remaining quarters. And what extent the profit margin will recover?**

**A:** From our large perspective, the business will recover in order each quarter. We assume a shortage of semiconductor supply to become apparent in Q2, but we also anticipate a recovery in non-hardware and others from the second half. We expect a higher ratio of non-hardware and a recovery in the replacement of hardware, which had been postponed due to the spread of COVID-19. We expect the profit margin to return to the level of around 10% as it was before the spread of COVID-19.

Q: Please let us know about the details of the gain on transfer of business described in Summary of Consolidated Financial Results.

A: In the office field of the Digital Workplace Business, we sold certain branches and related assets to dealers in the U.S. We organized the customers that we should provide direct service and the customers that should be entrusted with dealers.

Q: Please let us know about the impact of semiconductor supply delays and the impact of lockdowns and logistics disruptions in Southeast Asia, particularly Malaysia, due to COVID-19.

A: Regarding the effect of semiconductor supply delay, the required semiconductors differ depending on the product model, so the affected season differs accordingly. In Q2, we assume that it will affect mainly Digital Workplace Business. On the other hand, Production Print Business, which were affected in Q1, are expected to be able to avoid the impact in Q2.

Due to lockdown in Malaysia, plants in the manufacturing industry should be operated by 60% of employees, but we are able to avoid the effects by shift work and holiday operations. In terms of port conditions, in Q1 we experienced delays of arrival due to not entering or calling at the port on schedule, and we assume this situation will continue after Q2.

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