

"Konica Minolta, Inc." Q&A from Q3/March 2023 Financial Results Briefing Session

Date and time: February 1, 2023, 17:00 to 18:00 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.

[Company overall]

Q. Please let us know the difference between the result and company's plan, and the impact of impairment loss on operating profit in the Q3.

A. The Q3 fell slightly short of the company's plan. But excluding impairment loss, operating profit was close to ¥10 billion, slightly higher than our plan.

Q. Regarding the forecast for FY2023, the company has adjusted the forecast among segments. Please let us know the reason.

A. In the Industry Business, we factored in the impact of the impairment loss on planetarium and a delay in the recovery of the display market for sensing business. In the Healthcare Business, the deficit of precision medicine has improved, including the increase in the number of samples. However, the cumulative Q3 of medical imaging has been a little weaker than planned, and the business needs to be improved in the Q4. In the Corporate etc., we will perform impairment tests as usual toward the end of the fiscal year, and we have included risks into the forecast.

Q. The inventory reduction seems to be progressing. Please let us know the progress. Also, please let us know the target of inventory level at the end of the fiscal year and appropriate inventory level.

A. Inventory reduction has progressed, and the level is approaching the target. Depending on the trend of FOREX, we are aiming for the inventory at the ¥210 billion level at the end of the fiscal year and below 4-month level turnover. Due in part to the large number of products with long transportation periods, we assess appropriate inventories in view of the possibility of delayed logistics caused by geopolitical risks and economic conditions.

[Forecast for the next fiscal year]

Q. Please let us know the outlook for the next fiscal year.

A. we don't change the policy of focusing on strengthening areas, including existing areas of the Industry Business. We do not see any signs that print volume in office will be less than expected. So, we would like to aim to maximize revenue, by improving the efficiency of production and sales of the business. In Professional Print Business, we assume that digital printing will accelerate as the exhibition called Drupa will be held for the first time in 8 years in May this year. Also, if interest rates decline, customers' willingness to invest will be returned and business negotiations will be shortened. On the other hand, there are risks such as the Suez Canal and the situation in the Middle East, and we are considering the next fiscal year by incorporating these risks.

[Medium-term Business Plan]

Q. Regarding non-focused businesses and direction-changing businesses, there are changes of remarks in the presentation slide, such as the absence of the description of the precision medicine business. Please let us know the progress.

A. In this presentation, we only describe the items that are executed in the Q3 and can be shared regarding non-focused businesses. We are continuously considering the precision medicine as a non-focused business. Regarding DW-DX and imaging IoT, which are direction-changing businesses, we have identified regions and services which we will withdraw or utilize third-party capital as strategic options.

Q. Regarding the future policies, please let us know the contents of management policy briefing session which will be held in March and April.

A. In the last May, I mentioned that we would finish carrying out selection and concentration of businesses in the first 2 years of this Medium-term Business

Plan. We have disclosed information on the area other than the strengthening area in optical components. However, there are items that are still in the process of implementation. There are also other items that we can carry out on our own without negotiating partners. I plan to talk about the progresses and policies of these items.

[Industry Business]

Q. Please let us know the prospects for recovery of market environment in the sensing business.

A. Major customers for light source color measuring instruments have continued to constrain their CAPEX until the Q3, we continue to watch the situation in the Q4. We are cautiously assuming a full-fledged recovery in FY2025.

Q. Please let us know the background of the decline in sales of performance materials and the forecast in the Q4.

A. The main reasons for the decline in sales were inventory adjustments and a lack of sales during the holiday shopping season regarding TV products, and a lack of demand for IT products. On the other hand, there are some positive signs toward the Q4. In the H1 of FY2024, we expect to see a tailwind from sports events.

Q. As you introduced new films for display applications, please let us know the characteristics and business scale.

A. I think it contributes to improving imaging quality and is highly evaluated for its optical properties and transparency. We will provide value to customers through a combination of coating etc. It is difficult to talk about the business scale at this moment, but I expect it to expand in the field of small-and medium-sized next-generation displays.

Q. Please let us know the positioning of the planetarium business in the future.

A. In the Medium-term Business Plan, we have positioned this business as a direction-changing business. We have expanded our directly managed domestic planetariums prior to the COVID-19 pandemic. However, we recorded impairment loss mainly on the fixed cost portion in 3Q since the number of customers did not recover as expected. In the future, we need to

reduce the scale of some parts of the business. On this basis, we will continue the business.

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