KONICA MINOLTA, INC.

Q2 Financial Results Briefing for the Fiscal Year Ending March 2027

November 5, 2026

Event Summary

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[Venue]	Webcast
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[Participants]	
[Number of Speakers]	6

Toshimitsu Taiko	Director, President & CEO, Representative Executive Officer
Yoshihiro Hirai	Director, Senior Executive Vice President & Executive Officer, General Manager, Corporate Accounting and Finance Headquarters and Responsible for Corporate Digital Transformation, Corporate Legal, Corporate Manufacturing Strategy, Corporate Quality Management and Chairperson of the Risk Management Committee
Noriyasu Kuzuhara	Director, Executive Vice President & Executive Officer Responsible for Industry Business

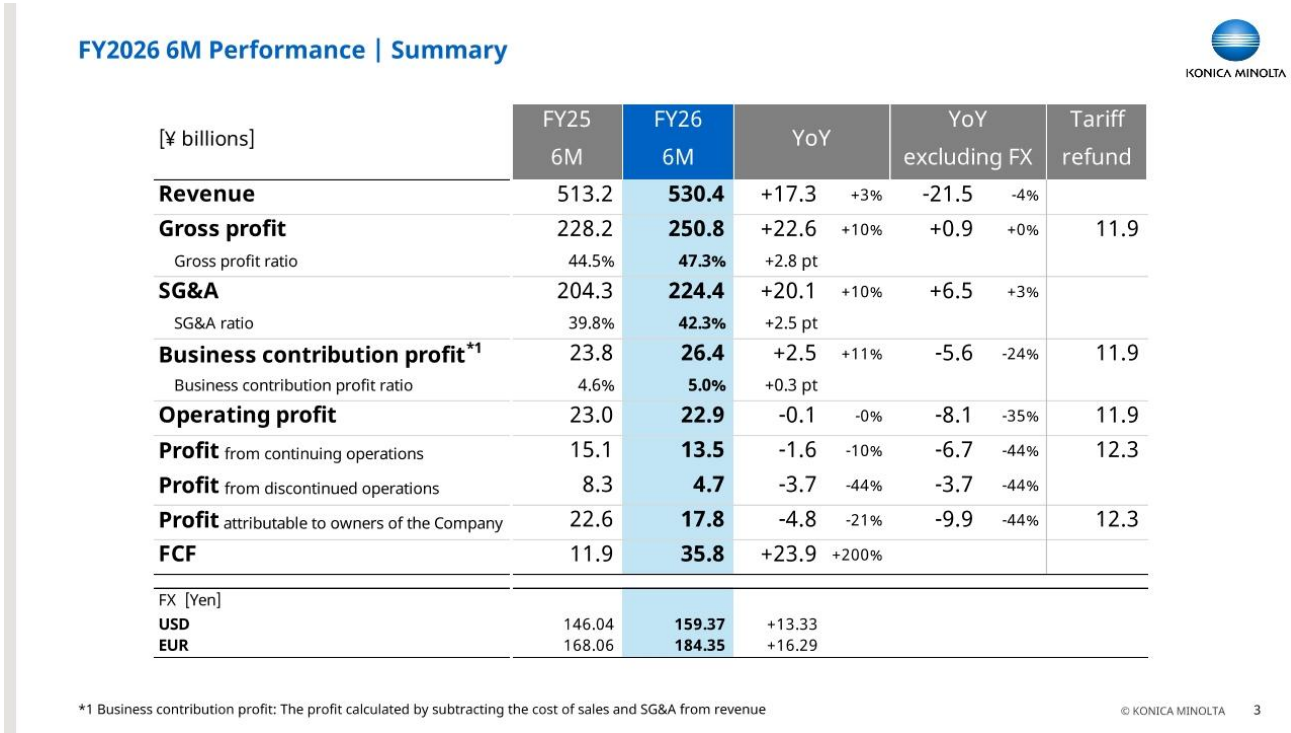
	Norihisa Takayama	Executive Vice President & Executive Officer Responsible for Business Technologies Business
	Miwa Okamura	Senior Vice President & Executive Officer Responsible for Corporate Communications and IR
	Takahiko Ueno	Director of Investor Relations Office
[Analyst Names]*	Masahiro Shibano	Citigroup Global Markets
	Takashi Shimamoto	Okasan Securities
	Masahiro Nakanomyo	Jefferies

*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Ueno: Thank you very much for taking the time out of your busy schedules today. We will now begin the Konica Minolta, Inc. Q2 Financial Results Briefing for the Fiscal Year Ending March 2027. Please allow me to introduce today's attendees. Taiko, President & CEO, Representative Executive Officer; Kuzuhara, Responsible for Industry Business; Hirai, Responsible for Accounting, Finance, and Corporate Legal Affairs; Takayama, Responsible for Business Technologies Business; and Okamura, Responsible for Corporate Communications and IR. I, Ueno from the IR Office, will be serving as the moderator. Thank you.

Following an explanation by Taiko, we will answer questions from everyone present. Questions will first be accepted from capital market participants during the first half of the session, and then from members of the press during the second half. Then, Mr. Taiko, please.



FY2026 6M Performance | Summary

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[¥ billions]	FY25 6M	FY26 6M	YoY		YoY excluding FX		Tariff refund
Revenue	513.2	**530.4**	+17.3	+3%	-21.5	-4%	
Gross profit	228.2	**250.8**	+22.6	+10%	+0.9	+0%	11.9
Gross profit ratio	44.5%	**47.3%**	+2.8 pt				
SG&A	204.3	**224.4**	+20.1	+10%	+6.5	+3%	
SG&A ratio	39.8%	**42.3%**	+2.5 pt				
Business contribution profit[*1]	23.8	**26.4**	+2.5	+11%	-5.6	-24%	11.9
Business contribution profit ratio	4.6%	**5.0%**	+0.3 pt				
Operating profit	23.0	**22.9**	-0.1	-0%	-8.1	-35%	11.9
Profit from continuing operations	15.1	**13.5**	-1.6	-10%	-6.7	-44%	12.3
Profit from discontinued operations	8.3	**4.7**	-3.7	-44%	-3.7	-44%	
Profit attributable to owners of the Company	22.6	**17.8**	-4.8	-21%	-9.9	-44%	12.3
FCF	11.9	**35.8**	+23.9	+200%			
FX [Yen]							
USD	146.04	**159.37**	+13.33				
EUR	168.06	**184.35**	+16.29				

*1 Business contribution profit: The profit calculated by subtracting the cost of sales and SG&A from revenue

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Taiko: Good afternoon, everyone. Thank you very much for participating in our earnings briefing today. I will now explain the Q2 results for FY2026, the revised full-year performance forecast, and our future initiatives announced earlier today.

First, let me discuss the performance for H1 of FY2026. This is a summary of the company-wide results for H1. Sales reached JPY530.4 billion, representing a JPY17.3 billion increase compared to the same period of the previous fiscal year. Although there was a JPY12.7 billion decline due to business selection and focus, the weaker yen contributed a JPY38.7 billion positive effect. Including the impact of exchange rates, sales increased in the Digital Workplace Business, the Industry Business, and Imaging Solutions Business.

Business contribution profit from operations amounted to JPY26.4 billion, reflecting a roughly JPY2.5 billion increase compared to the same period of the previous fiscal year. While rising material procurement costs for semiconductors and electronic components, along with the impact of the situation in the Middle East, had a negative effect of JPY1.6 billion, this was offset by the positive impact of exchange rates and the recognition of JPY11.9 billion in U.S. tariff refunds.

On a business-unit basis, the Industry Business continued its strong performance following the Q1. In contrast, the Digital Workplace Business recorded lower profits due to a decline in sales volume and higherSG&A expenses.

Operating profit stood at JPY22.9 billion, marking a JPY0.1 billion decrease compared to the same period of the previous fiscal year. In addition to the loss on the sales and disposals of fixed assets resulting from the termination of certain businesses within the imaging-IoT solutions unit—a decision made in the Q1—the Company recorded JPY1.9 billion in business structure improvement expenses aimed at improving future profitability in its overseas Business Technologies Business.

The profit from continuing operations for the period amounted to JPY13.5 billion, reflecting a JPY1.6 billion decrease compared to the same period of the previous fiscal year. In terms of finance income/costs, there was a decline due to the disappearance of gains on the acquisition of real estate trust beneficiary interests at the Tokyo site Hino in the prior-year period, as well as foreign exchange losses stemming from a weaker yen. Tax expenses decreased due to improved profitability resulting from tariff refunds at U.S. subsidiaries, reduced tax burdens thanks to the utilization of loss carryforwards, and an improvement resulting from differences in overseas tax rates; as a result, the effective tax rate for H1 stood at approximately 27%.

Profit from discontinued operations for the period reached JPY4.7 billion. In addition to the JPY2.9 billion in gains from the sale of Tempus AI shares recognized in the Q1, the Company recorded JPY1.8 billion in profits from the settlement of escrow holdback related to the sale of equity capital in Invicro completed in April 2024. However, the absence of the JPY8.3 billion gain from changes in the fair value of Tempus AI shares recognized in the same period of the previous fiscal year contributed to a JPY3.7 billion decrease in profit compared to the same period of the previous fiscal year.

As a result, the profit attributable to owners of the Company for the period was JPY17.8 billion, marking a JPY4.8 billion decline from the same period of the previous fiscal year. Free cash flow reached JPY35.8 billion, an increase of JPY23.9 billion compared to the same period of the previous fiscal year. Details will be explained later.

FY2026 6M Performance | Summary – Main Factors

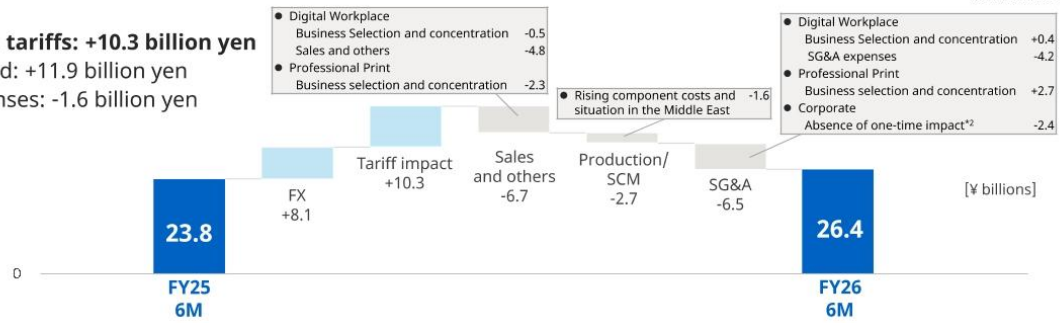
[¥ billions]	YoY	Main Factors +: Positive Factors, –: Negative Factors
Revenue	**+17.3**	+: FX (38.7), Industry (3.8) –: Decrease due to business selection and concentration (12.7), Digital Workplace (11.8)
Gross profit	**+22.6**	+: FX (21.7), U.S. tariff refund (11.9) –: Decrease due to business selection and concentration (2.8), U.S. tariff expenses (1.6), Sales and others, production, and SCM (9.4)
SG&A	**+20.1**	–: FX (13.5), Costs related to preparing for transformation, allowance for doubtful accounts, and others (7.2), Absence of one-time factors for decrease for acquisition of real estate trust beneficiary interests (Tokyo site Hino) and others in FY25 (2.4) +: Decrease due to business selection and concentration (3.1)
Business contribution profit	**+2.5**	
Other income and expenses	**-2.6**	–: Absence of gains from subsidiary (Mobotix) equity transfer in FY25 (2.3), Business structure improvement expenses (1.5), Loss on sales and disposals of property, plant and equipment and intangible assets (0.9) +: Absence of loss from subsidiary (MPM) shares transfer in FY25 (2.2)
Operating profit	**-0.1**	
Finance income and costs	**-1.3**	–: Absence of gains from real estate trust beneficiary interests in FY25 (1.1), Foreign exchange loss (0.6), Interest expenses (0.6) +: Interest (0.9)
Profit from continuing operations	**-1.6**	
Profit from discontinued operations	**-3.7**	+: Gain on sale of Tempus AI shares, etc. (2.9), Settlement of the escrow holdback related to the sale of equity capital in Invicro (1.8) –: Absence of valuation gain based on the fair value of Tempus AI shares etc. in FY25 (8.3)
Profit attributable to owners of the Company	**-4.8**	
FCF	**+23.9**	+: Increase in operating CF (13.9): Decrease in working capital +: Increase in investing CF (9.9): Absence of expenses for acquisition of real estate trust beneficiary interests (Tokyo site Hino) in FY25

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Page 4 summarizes the main factors affecting the overall company performance. Please refer to this page for a summary of the main factors affecting the Company's performance.

FY2026 6M Performance | Factors behind Changes in Business Contribution Profit

Impact of U.S. tariffs: +10.3 billion yen
- Tariff refund: +11.9 billion yen
- Tariff expenses: -1.6 billion yen



	FY25 6M	FX	Tariff impact	Sales and others	Production/ SCM	SG&A	FY26 6M
Digital Workplace*1	17.7	+3.8	+6.1	-5.3	-1.7	-3.8	16.9
Professional Print	4.9	+3.1	+3.7	-3.5	-0.5	+1.7	9.3
Industry*1	8.9	+1.0	+0.3	+1.8	+0.5	-0.3	12.3
Imaging Solutions*1	0.2	+0.4	+0.3	-0.1	-1.0	-0.4	-0.6
Corporate, etc.	-7.9	-0.2	-0.1	+0.4	-	-3.8	-11.6
Company overall	23.8	+8.1	+10.3	-6.7	-2.7	-6.5	26.4

*1 FY2025 results have been reclassified in accordance with the business reorganization effective from FY2026.
*2 Absence of one-time factors for decrease for the acquisition of real estate trust beneficiary interests (Tokyo Site Hino) and others in FY2025, and reclassification of the Imaging IoT Solutions business from FY2026

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Next, we will explain the factors affecting changes in business contribution profit. The impact of exchange rates was a positive JPY8.1 billion. The impact of U.S. tariffs resulted in a net positive effect of JPY10.3 billion. During H1, JPY11.9 billion in tariff refunds were recorded, while tariff expenses increased by JPY1.6 billion compared to the same period of the previous fiscal year.

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On the sales side, Digital Workplace faced declines in sales volume and the effects of business selection and concentration, while Professional Print was affected by business selection and concentration as well as subdued customers' appetite for investment driven by rising interest rates. In production and SCM, costs included a JPY1.6 billion impact from soaring material prices and the situation in the Middle East. SG&A expenses included consulting fees for transformation aimed at improving future profitability and the absence of one-time factors seen in the same period of the previous fiscal year.

FY2026 6M Performance | Revenue & Profit by Segment

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[¥ billions]

Revenue	FY25 6M	FY26 6M	YoY		YoY excluding FX	
Digital Workplace	289.4	300.0	+10.6	+4%	-13.5	-5%
Professional Print	123.8	121.7	-2.1	-2%	-11.6	-9%
Industry	59.3	66.2	+6.8	+12%	+3.8	+6%
Imaging Solutions	40.3	42.2	+1.9	+5%	+0.0	+0%
Corporate, etc.	0.3	0.3	+0.0	+13%	-0.2	-60%
Company overall	513.2	530.4	+17.3	+3%	-21.5	-4%

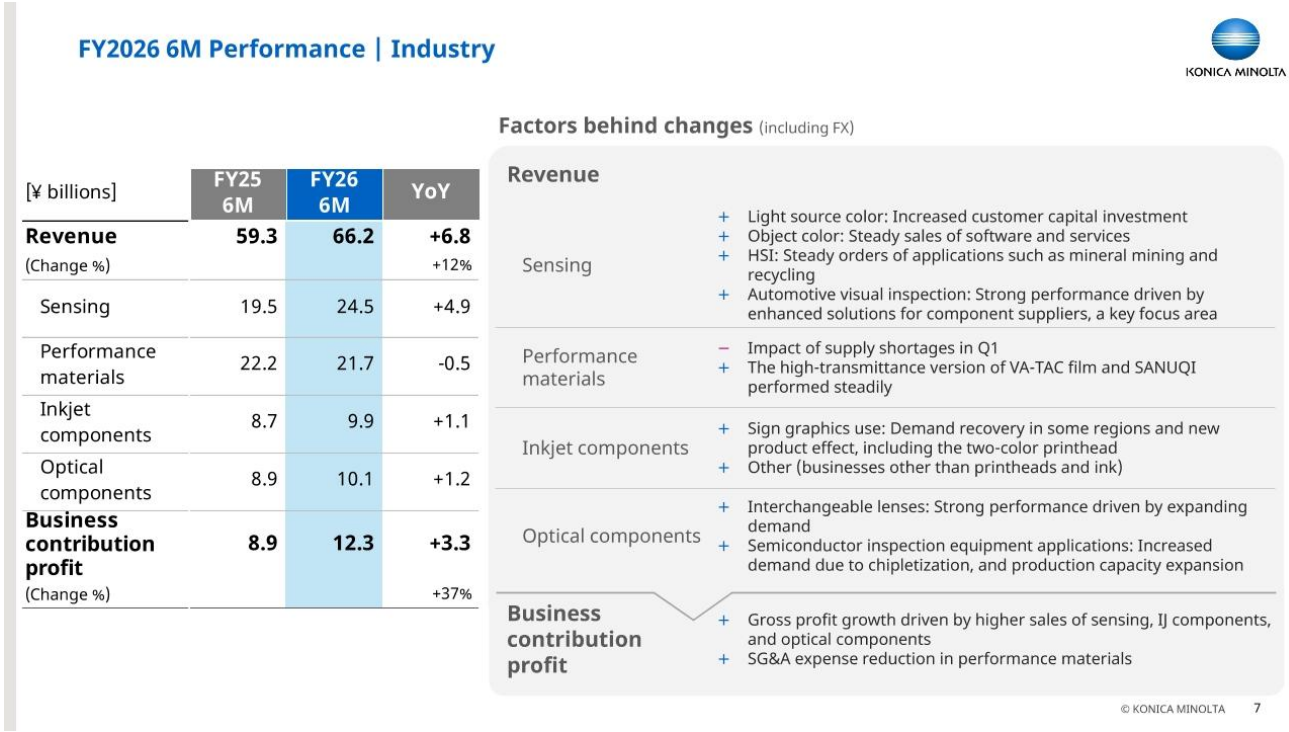
Business Contribution Profit	FY25 6M	ratio	FY26 6M	ratio	YoY		YoY excluding FX	
Digital Workplace	17.7	6%	16.9	6%	-0.7	-4%	-4.6	-26%
Professional Print	4.9	4%	9.3	8%	+4.5	+92%	+1.4	+29%
Industry	8.9	15%	12.3	19%	+3.3	+37%	+2.3	+26%
Imaging Solutions	0.2	1%	-0.6	-	-0.9	-	-1.2	-
Corporate, etc.	-7.9	-	-11.6	-	-3.7	-	-3.5	-
Company overall	23.8	5%	26.4	5%	+2.5	+11%	-5.6	-24%

Operating Profit	FY25 6M	ratio	FY26 6M	ratio	YoY		YoY excluding FX	
Digital Workplace	17.1	6%	15.6	5%	-1.5	-9%	-5.1	-30%
Professional Print	2.8	2%	9.1	7%	+6.3	+226%	+3.3	+117%
Industry	9.0	15%	12.1	18%	+3.2	+35%	+2.1	+24%
Imaging Solutions	2.0	5%	-2.4	-	-4.4	-	-4.7	-
Corporate, etc.	-7.9	-	-11.6	-	-3.7	-	-3.7	-
Company overall	23.0	4%	22.9	4%	-0.1	-0%	-8.1	-35%

*1 FY2025 results have been reclassified in accordance with the business reorganization effective from FY2026.

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Performance by segment, including sales, contribution profit, and operating profit, is presented. The status of each business will be explained on subsequent pages.



First, the Industry Business. Sales reached JPY66.2 billion, an increase of JPY6.8 billion, or 12%, YoY.

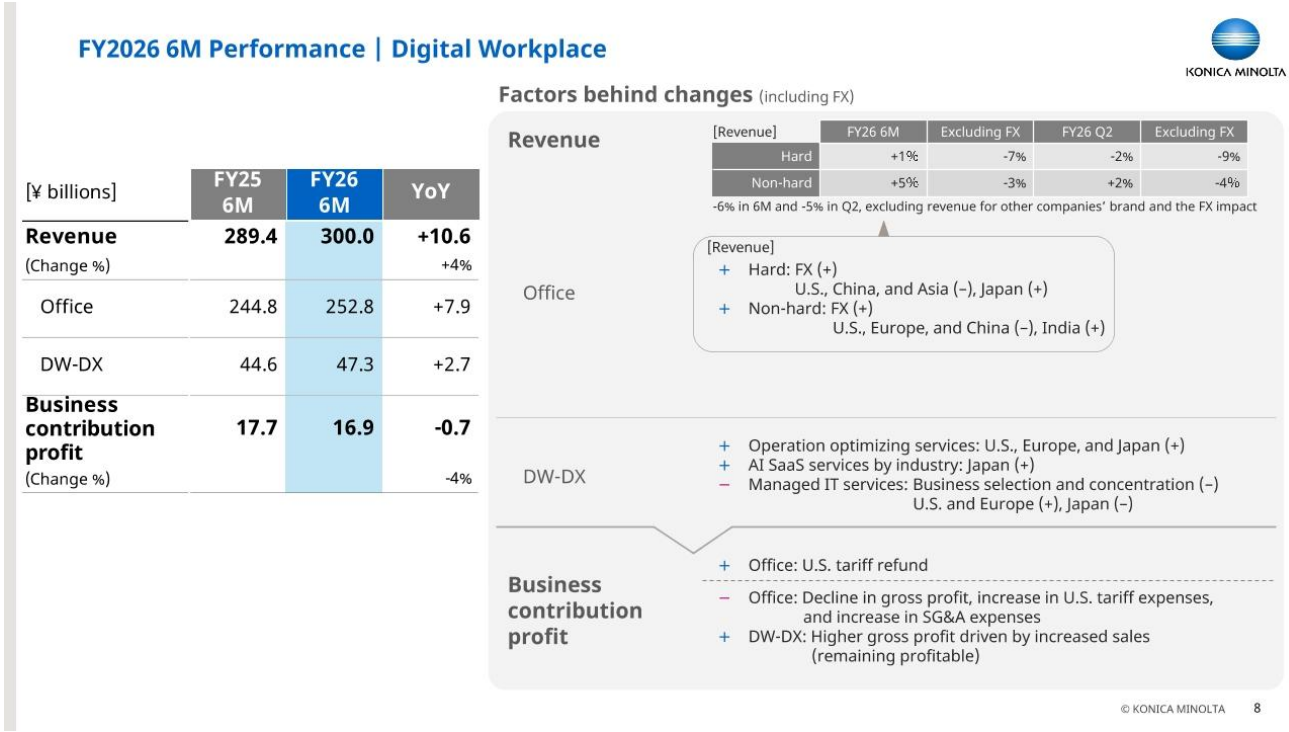
In sensing, customers' capital investment in light source color measurement instrument continued to expand, while sales of software and services for object color measurement remained robust. HSI saw strong order inflows for mineral mining and recycling applications. In automotive visual inspection, enhancements to solutions for component suppliers yielded positive results.

Although performance materials were affected by supply shortages in the Q1, sales of high-transmittance version of VA-TAC film and SANUQI products remained steady.

In inkjet (IJ) components, demand recovered in certain regions for sign graphics use, and new products such as two-color printheads also contributed to growth. Businesses other than printheads and inks are also expanding.

Demand for interchangeable lenses in optical components remained strong; for semiconductor inspection equipment, production capacity is being expanded to meet rising demand driven by chipletization.

The business contribution profit from this business reached JPY12.3 billion, a JPY3.3 billion, or 37%, increase YoY. In H1, sales grew primarily in sensing, IJ components, and optical components. In addition to the rise in gross profit, cost reductions in SG&A expenses for performance materials also contributed to the profit increase. The Industry Business has maintained strong performance continuously since Q1.

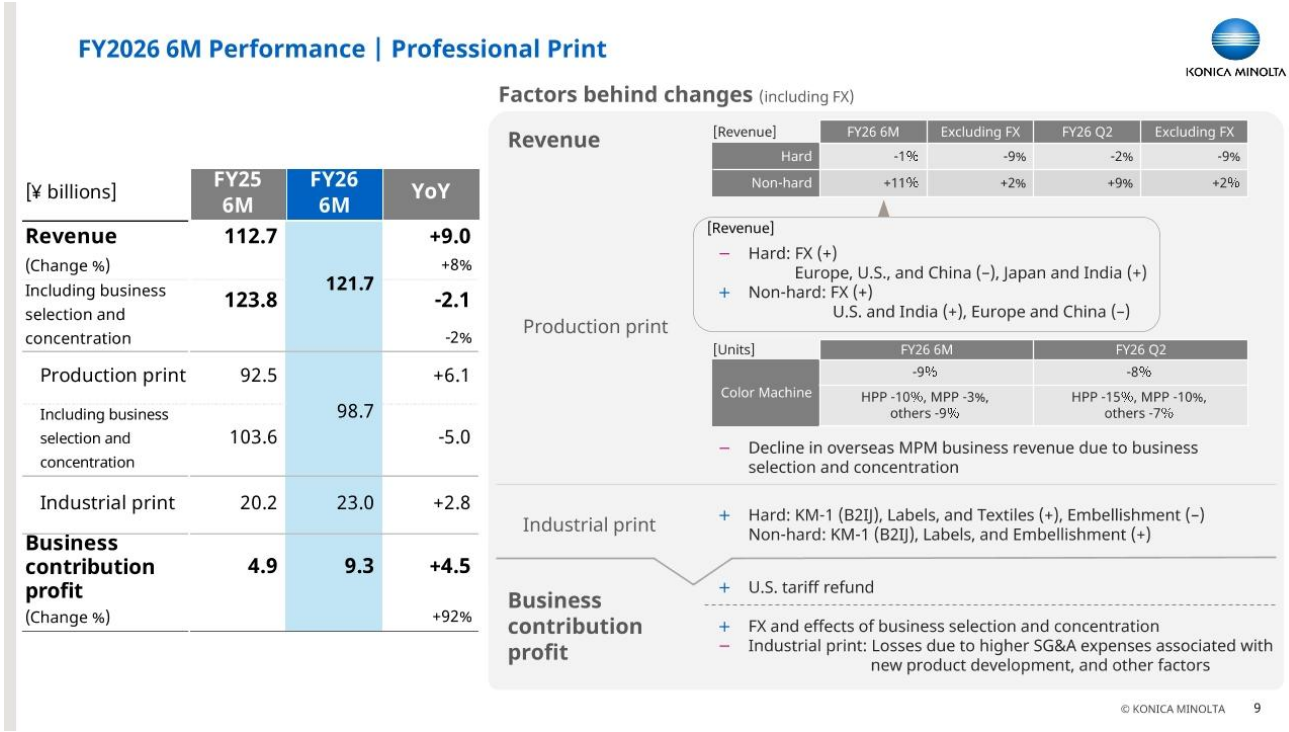


Next, the Digital Workplace Business. Sales reached JPY300.0 billion, an increase of JPY10.6 billion YoY.

Office sales increased due to exchange rate effects; however, excluding the impact of exchange rates, hardware sales declined by 7% in H1 and by 9% in Q2 alone. Excluding OEM, or sales for other companies' brand, the decline rate excluding exchange rate effects was 6% in H1 and 5% in Q2 alone, showing an improving trend compared to Q1. Excluding exchange rate effects, non-hardware sales declined by 3% in H1 and by 4% in Q2 alone. Sales decreased in the U.S., Europe, and China, but increased in India.

In DW-DX, operation optimizing services grew in the U.S., Europe, and Japan, and AI SaaS services by industry also expanded in Japan. Although managed IT services were affected by revenue declines due to business selection and concentration, sales grew in the U.S. and Europe.

Business contribution profit amounted to JPY16.9 billion. This represents a JPY0.7 billion decrease YoY. While U.S. tariff refunds had a positive impact, rising material costs, the effects of the Middle East situation, U.S. tariff expenses, a decline in sales volume of office, and increased SG&A expenses acted as negative factors. DW-DX continues to generate profit. Regarding the improvement of the profit structure of office, we will accelerate fundamental transformation in business process using AI technology while enhancing profitability through the growth of DW-DX.



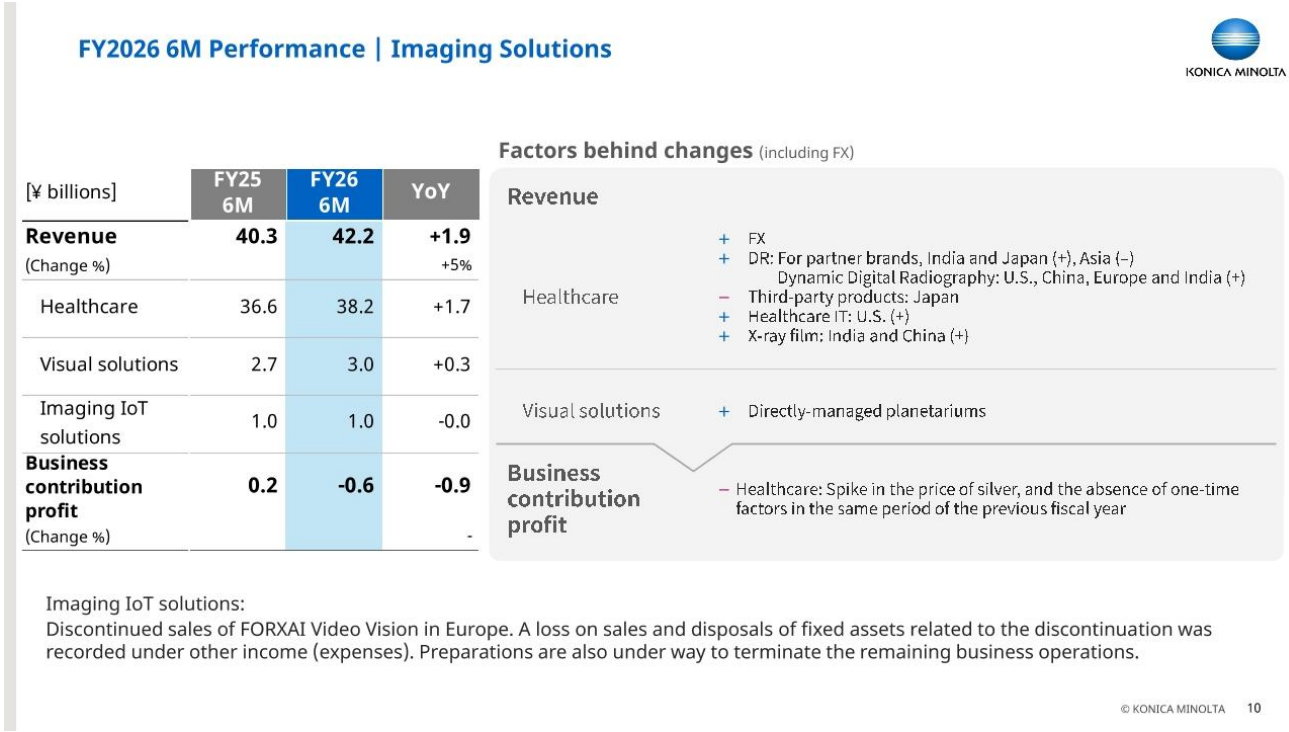
Next, I will discuss our Professional Print Business. Sales reached JPY121.7 billion, marking a JPY2.1 billion decline YoY. Excluding the JPY11.1 billion drop in overseas MPM business sales due to business selection and concentration, sales increased by JPY9.0 billion YoY.

Excluding the impact of exchange rates, production print hardware sales decreased by 9% in H1. Regionally, sales declined in Europe, the U.S., and China, while increasing in Japan and India. Excluding the impact of exchange rates, non-hardware sales grew by 2%, continuing to expand primarily in the U.S. and India.

In industrial print, hardware sales increased for KM-1, label, and textile applications. Non-hardware sales also grew, driven mainly by KM-1, label, and embellishment.

Business contribution profit reached JPY9.3 billion, a JPY4.5 billion increase YoY. This was attributable to U.S. tariff refunds, exchange rate effects, and the results of business selection and concentration. However, industrial print reported a loss due to increased SG&A expenses associated with new product development.

Looking ahead to H2, we will promote the transition from analog to digital by rolling out services that support customers' workflows, strive to recover hardware sales including the effects of new products, grow non-hardware sales through an expansion of installed base, and continue to improve cost efficiency.



Next up, Imaging Solutions. Sales reached JPY42.2 billion, a JPY1.9 billion increase YoY. In healthcare, DR sales increased for OEM products as well as in India and Japan. Dynamic Digital Radiography is growing in the U.S., China, Europe, and India, while healthcare IT is also expanding in the U.S. While X-ray film sales increased in India and China, third-party product sales in Japan have decreased. In the visual solutions segment, directly-managed planetariums contributed to sales.

Business contribution profit resulted in a JPY0.6 billion loss, marking a JPY0.9 billion decline YoY. The surge in silver prices in healthcare and the absence of one-time factors from the same period of the previous fiscal year are negative factors.

In the imaging-IoT solutions segment, we are streamlining our business operations; the FORXAI Video Vision business in Europe has been discontinued, and the loss on the sales and disposals of fixed assets due to this discontinuation has been recorded as other income. We are also preparing to terminate the remaining businesses.

Regarding the impact of silver prices on healthcare, we plan to counter it through price adjustments while steadily expanding growth areas such as Dynamic Digital Radiography and healthcare IT.

Strengthening the Financial Structure | Balance Sheet Position (vs. End of FY2025)

[¥ billions]

	End of Mar 2026	End of Sep 2026	Change	Details
Cash and cash equivalents	110.8	97.4	-13.4	
Trade and other receivables	316.6	293.0	-23.7	Decrease mainly in the Business Technologies Business and Healthcare Business
Inventories	210.5	219.2	+8.7	
Other financial assets	14.1	2.9	-11.2	Decrease due to the completion of the sale of Tempus AI shares
Other current assets	41.0	41.7	+0.7	
Total current assets	**693.0**	**654.3**	**-38.7**	
Property, plant and equipment	259.5	261.0	+1.5	
Goodwill and intangible assets	182.8	180.0	-2.8	
Other non-current assets	99.6	105.2	+5.7	
Total non-current assets	**541.9**	**546.3**	**+4.4**	
Total assets	**1,234.9**	**1,200.5**	**-34.4**	FX impact : -10.6, Excluding FX: -23.8
Turnover (months)	*4.6*	*4.5*		

	End of Mar 2026	End of Sep 2026	Change	Details
Trade and other payables	172.7	161.2	-11.6	
Bonds and borrowings	329.6	297.8	-31.8	
Lease liabilities	68.7	70.6	+2.0	
Provisions	18.2	16.9	-1.3	
Other liabilities	96.7	94.1	-2.7	
Total liabilities	**685.9**	**640.6**	**-45.4**	
Equity attributable to owners of the Company	536.5	546.9	+10.4	Increase due to foreign currency translation adjustments of overseas subsidiaries
Non-controlling interests	12.5	13.1	+0.6	
Total equity	**549.0**	**560.0**	**+11.0**	
Total liabilities and equity	**1,234.9**	**1,200.5**	**-34.4**	FX impact: -10.6, Excluding FX: -23.8

FX [¥]

	End of Mar. 2026	End of Sep. 2026
USD	159.88	157.35
EUR	183.41	178.34
RMB	23.11	23.45

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Next, let's look at the balance sheet. Total assets as of the end of September amounted to JPY1.2005 trillion, a reduction of JPY34.4 billion from the end of March. Excluding the JPY10.6 billion decrease due to exchange rate effects, the reduction is JPY23.8 billion. This primarily reflects a JPY31.8 billion reduction in interest-bearing debt, mainly bonds and borrowings. We will continue working to improve asset efficiency and strengthen our financial foundation.

Strengthening the Financial Structure | FCF

Generated cash flow through improvements in working capital and reduced interest-bearing liabilities using proceeds from the sale of Tempus AI shares

[¥ billions]

	FY25 6M	FY26 6M
Profit (loss) before tax	20.0	18.6
Profit (loss) before tax from discontinued operation	8.3	4.7
Depreciation and amortization expenses*1	28.6	31.4
Increase/decrease in trade and other receivables ("-" is increase)	16.7	20.1
Increase/decrease in inventories ("-" is increase)	-11.2	-11.5
Increase/decrease in trade and other payables ("-" is decrease)	-10.5	-5.4
Others	-26.9	-18.8
Net cash provided by (used in) operating activities	**25.1**	**39.0**
Purchase of property, plant and equipment	-30.0	-12.9
Purchase of intangible assets	-6.1	-6.5
Proceeds from sales of subsidiaries	5.7	0.2
Payments for sales of subsidiaries	-1.2	-
Proceeds from sales of investment securities	17.1	16.1
Others	1.3	-0.1
Net cash provided by (used in) investing activities	**-13.2**	**-3.2**
Free cash flows	**11.9**	**35.8**

	FY25 6M	FY26 6M
Increase (decrease) in short-term loans payable	-1.3	-37.0
Proceeds from bonds issuance and long-term loans payable	0.3	3.1
Redemption of bonds and repayments of long-term loans payable	-0.2	-1.5
Repayments of lease liabilities	-10.4	-10.6
Cash dividends paid	-0.0	-3.3
Others	-0.9	-0.1
Net cash provided by (used in) financing activities	**-12.4**	**-49.4**

*1 Including IFRS16 right-of-use assets amortization expenses

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Next, we turn to cash flow. Net cash provided by operating activities for H1 was JPY39.0 billion. This represents a JPY13.9 billion increase compared to JPY25.1 billion in the same period of the previous fiscal year.

Improvements in working capital, such as the collection of trade receivables along with tariff refunds, contributed to this result.

Net cash provided by investing activities was negative JPY3.2 billion, showing an improvement from negative JPY13.2 billion in the same period of the previous fiscal year. The absence of the expenditure related to acquiring real estate trust beneficiary interests at the Tokyo site Hino in the same period of the previous fiscal year accounts for this change. As a result, free cash flows reached JPY35.8 billion, marking a JPY23.9 billion improvement over the same period of the previous fiscal year.

Net cash provided by financing activities was a negative JPY49.4 billion. We also utilized funds from the sale of Tempus AI shares to reduce short-term borrowings by JPY37.0 billion.

FY2026 Earnings Forecast | Summary – Upward Revision

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- U.S. tariff refunds and strong performance in the Industry Business
- Profit growth driven by the benefits of a lower tax rate and income from discontinued operations
- Deterioration in the business environment, including rising component costs and the Middle East situation
- Bringing forward and accelerating the business structure optimization initiatives incorporated in the Medium-term Business Plan
- Annual dividend remains in line with the initial forecast

[¥ billions]	FY25 Results	FY26 Previous Forecast	FY26 Forecast	Change
Revenue	**1,087.7**	**1,105.0**	**1,121.0**	**+16.0**
Business contribution profit	**53.2**	**56.0**	**57.5**	**+1.5**
Operating profit	**49.9**	**50.0**	**50.5**	**+0.5**
	33.8		**26.9**	
	-1.9		**4.9**	
Profit attributable to owners of the Company	**30.3**	**28.5**	**31.5**	**+3.0**
Dividends (yen/share)	**12**	**18**	**18**	**-**
ROE (%)	**6.1**	**5.2**	**5.8**	**+0.6**
Capital expenditures	41.6*1	50.0	48.0	-2.0
Depreciation and Amortization Expenses*2	40.2	43.0	42.5	-0.5
R&D expenses	54.8	55.0	55.0	-
FCF	52.3	44.5	44.5	-

FX [Yen]					FX Sensitivity Revenue	FX Sensitivity Operating profit
USD	150.77	150.00	154.69	+4.69	+2.4	-0.1
EUR	174.79	180.00	182.18	+2.18	+1.5	+0.5

*1 Not including the expenses for acquiring real estate trust beneficiary interests for the land of Tokyo Site Hino (¥18.9 billion)
*2 Not including IFRS16 right-of-use assets amortization expenses

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Moving forward, we will discuss the full-year performance forecast for FY2026. Based on the results of H1 and the current business environment, we are revising our full-year performance forecast for FY2026 upward. Positive factors include U.S. tariff refunds, which were not included in the initial forecast, strong performance in the Industry Business, the effects of improved tax rates, and profits from discontinued operations. At the same time, we have factored in deteriorating business environment, including rising material and component costs and the situation in the Middle East. We also anticipate expenses to bring forward the business structure optimization measures included in the Medium-term Business Plan and accelerate the transformation.

Reflecting these changes, revenue is revised upward from the previous forecast of JPY1.1050 trillion to JPY1.1210 trillion, an increase of JPY16.0 billion. Business contribution profit is revised upward from JPY56.0 billion to JPY57.5 billion, and operating profit is revised from JPY50.0 billion to JPY50.5 billion. Profit attributable to owners of the Company is revised upward by JPY3.0 billion, from JPY28.5 billion to JPY31.5 billion.

We expect profit from continuing operations to reach JPY26.9 billion and profit from discontinued operations to reach JPY4.9 billion. This reflects the improved tax rates in H1 and a gain associated with the settlement of the escrow holdback related to the sale of the equity capital in Invicro under discontinued operations.

The forecast for free cash flows remains unchanged at JPY44.5 billion, and the annual dividend is set at JPY18 as initially planned.

This revision not only incorporates changes in the external environment and business progress but also emphasizes accelerating the strengthening of the earnings base for future growth. We are implementing the business structure optimization measures planned under the Medium-term Business Plan ahead of schedule and have accounted for the related expenses.

FY2026 Earnings Forecast

KONICA MINOLTA

[¥billions]

Revenue	FY25 Results	FY26 Previous Forecast	FY25 Forecast	Change
Digital Workplace*1	614.3	619.0	627.0	+8.0
Professional Print	255.2	258.0	264.0	+6.0
Industry*1	127.5	136.0	139.0	+3.0
Imaging Solutions*1	90.0	92.0	91.0	-1.0
Corporate, etc.	0.8	0.0	0.0	-
Company overall	1,087.7	1,105.0	1,121.0	+16.0

Business contribution profit	FY25 Results	Ratio	FY26 Previous Forecast	Ratio	FY25 Forecast	Ratio	Change
Digital Workplace*1	37.6	6%	37.5	6%	35.0	6%	-2.5
Professional Print	11.1	4%	15.5	6%	19.0	7%	+3.5
Industry*1	21.3	17%	24.5	18%	26.5	19%	+2.0
Imaging Solutions*1	1.3	1%	2.5	3%	1.5	2%	-1.0
Corporate, etc.	-18.2	-	-24.0	-	-24.5	-	-0.5
Company overall	53.2	5%	56.0	5%	57.5	5%	+1.5

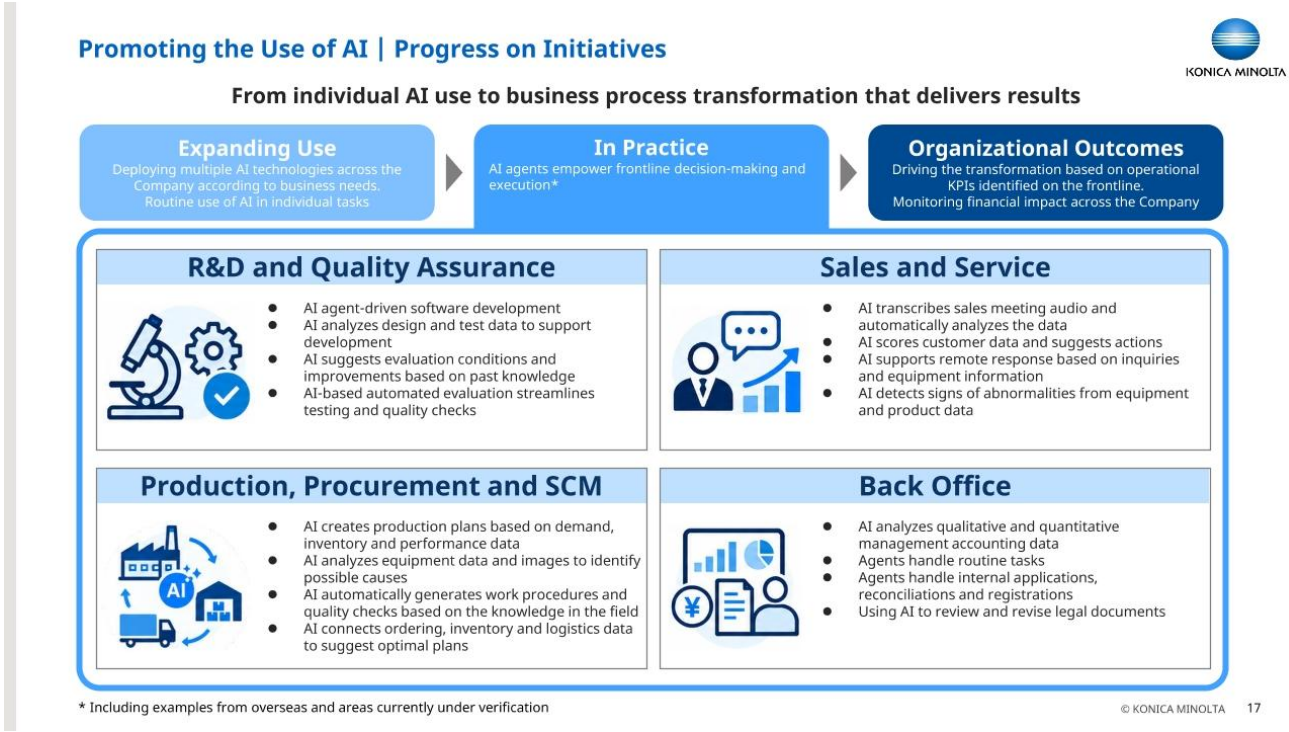
Operating profit	FY25 Results	Ratio	FY26 Previous Forecast	Ratio	FY25 Forecast	Ratio	Change
Digital Workplace*1	35.9	6%	34.5	6%	32.0	5%	-2.5
Professional Print	9.3	4%	15.0	6%	18.5	7%	+3.5
Industry*1	21.0	17%	24.5	18%	26.5	19%	+2.0
Imaging Solutions*1	1.9	2%	1.0	1%	-0.5	-	-1.5
Corporate, etc.	-18.3	-	-25.0	-	-26.0	-	-1.0
Company overall	49.9	5%	50.0	5%	50.5	5%	+0.5

*1 FY2025 results have been reclassified in accordance with the business reorganization effective from FY2026.

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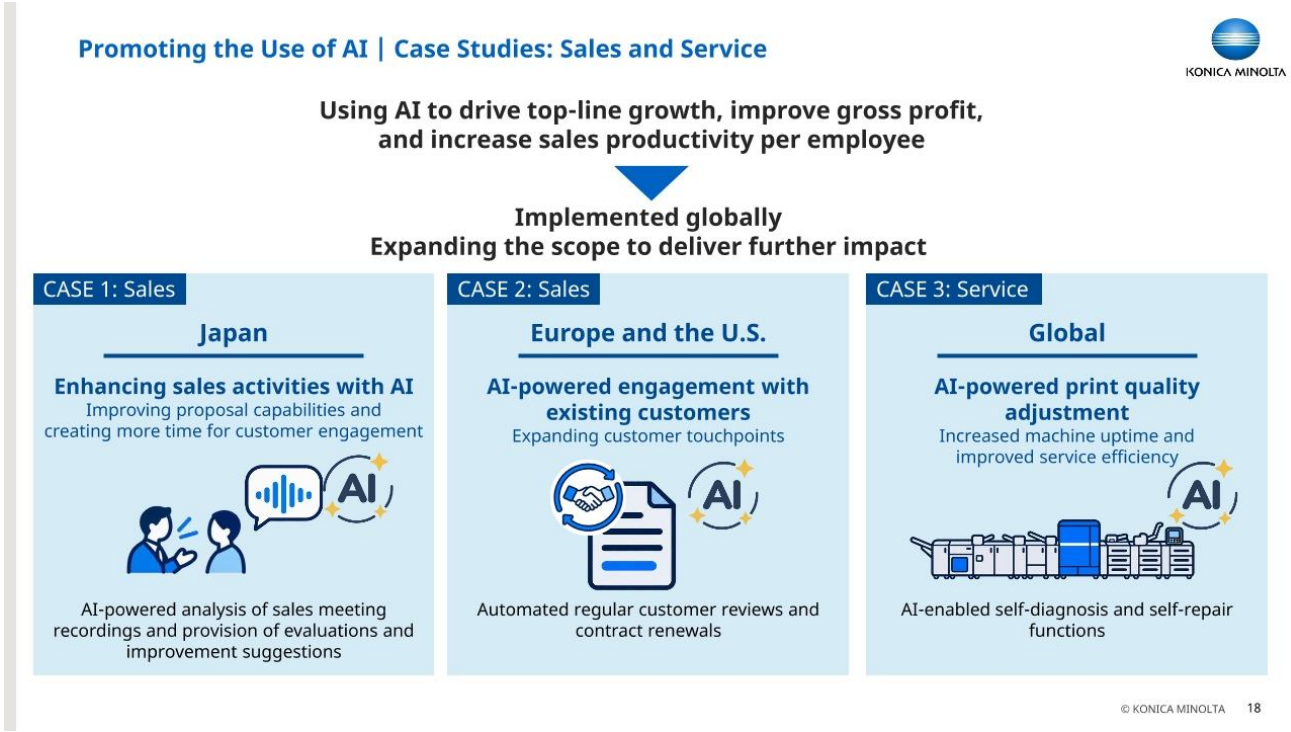
This page presents the forecast for sales, business contribution profit, and operating profit for FY2026, broken down by business segment. It reflects the progress of each business that has been explained so far. Revenue mainly reflects the progress of each business: Digital Workplace and Imaging Solutions, which are affected by declining sales, rising material and component costs, and deteriorating business conditions such as the situation in the Middle East, are revised downward. Professional Print is expected to see a sales recovery from H2 onward, while the Industry Business will maintain its strong performance. Corporate expenses include costs related to accelerating certain business structure optimization measures.

The share of the Industry Business in the company-wide business contribution profit, excluding corporate expenses, is expected to exceed 30%. As a business driving our growth, we intend to accelerate its strengthening.



Moving forward, we will explain the initiatives aimed at building the foundation for long-term growth as outlined in the Medium-term Business Plan.

Our company actively promotes the use of AI in business operations. Currently, we are transitioning from a stage of using AI to improve individual work efficiency to a stage where we transform business processes and ways of working to generate organizational outcomes. This page summarizes the AI initiatives underway across various functions.



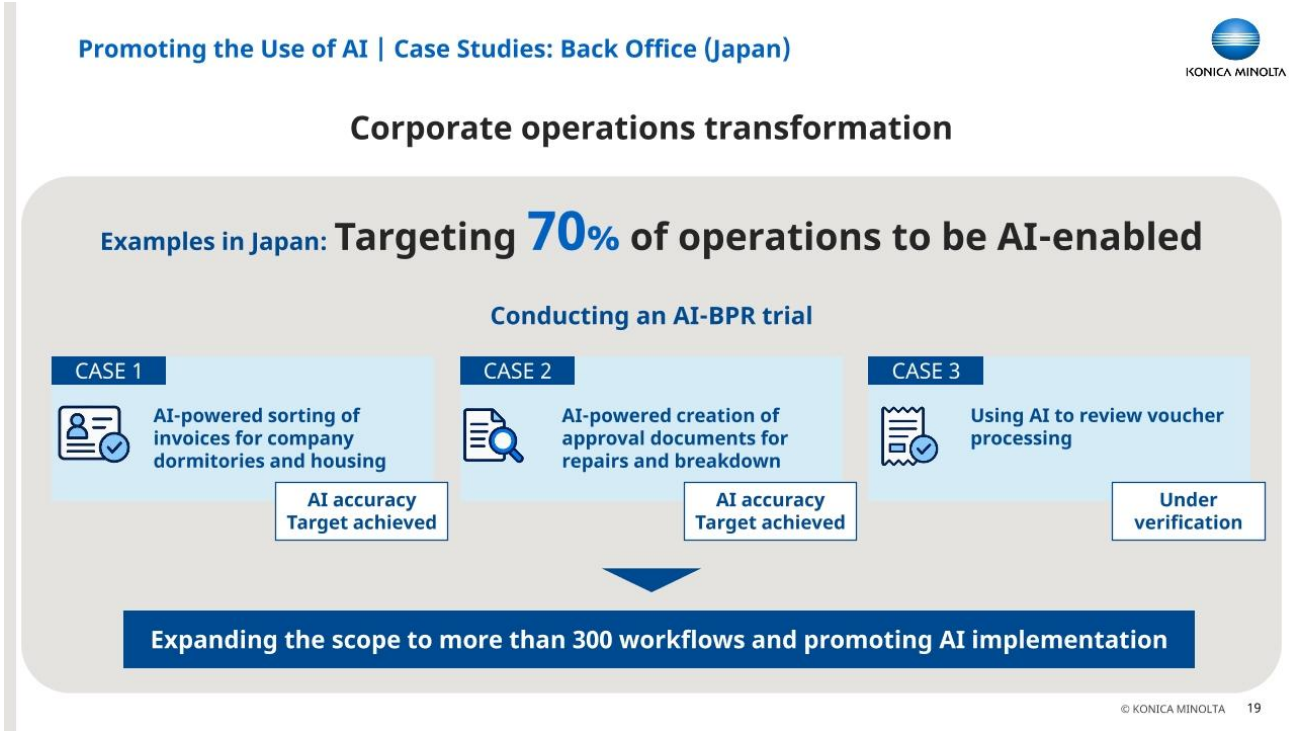
Here, we will introduce specific examples from the sales/service and back office domains.

First up is an example of AI utilization in the sales/service domain. In Japan, AI is used to record and analyze meeting audio, thereby streamlining the creation of records in the sales support system. Furthermore, through AI-driven evaluation of meeting content and suggestions for improvement, we enhance sales activities, boost proposal capabilities, and create more time for customer engagement.

In Europe and the U.S., we are automating regular customer reviews and contract renewals, freeing up time for activities that expand customer touchpoints, such as acquiring new clients.

In the service domain, we are leveraging AI for quality adjustment of printers globally, as well as for self-diagnosis and self-repair functions, aiming to increase equipment uptime and improve service efficiency.

By rolling out these initiatives globally, we aim to go beyond simply reducing working hours and achieve top-line growth, improved gross profit, and enhanced sales productivity per employee on the front lines.



Next is an example from the back office domain in Japan. To fundamentally transform corporate operations, we are exploring the application of AI to over 300 workflows in Japan, with a target of 70% of operations to be AI-enabled.

Currently, we are conducting AI-BPR trials for sorting invoices related to company dormitories and housing, creating approval documents for repair and breakdown responses, and reviewing voucher processing. Through these trials, we are advancing validation toward full-scale implementation, while assessing the accuracy required for business operations and identifying operational challenges. Moving forward, we will expand the scope of targeted processes, standardize and automate operations, and establish a system that allows employees to focus on tasks with higher added value.



The next slide will explain how the application of the AI technologies described here leads to a fundamental transformation of business processes. We will eliminate reliance on individual expertise by eliminating duplication and redundancy and by standardizing operations, and leverage AI to improve efficiency. We will allocate the resources freed up through these efforts to growth domains, while supporting career development and reskilling to facilitate the transition of talent to those domains.

Although these initiatives were part of our Medium-term Business Plan, we are advancing some of them ahead of schedule starting this year to accelerate the optimization of our business structure. Additionally, we will fully implement a business portfolio transformation based on ROIC management, accelerating investments in growth-driving businesses while rigorously making ROIC-based decisions regarding business reviews and exits.



Finally, I will explain the growth drivers and growth seeds.

For optical components for semiconductor inspection equipment, a new polishing process has started operating at the Tokyo site Hachioji since March 2026. The expansion of production capacity is proceeding as planned; by the end of FY2026, it will reach 2.6 times the level of FY2024, and by the end of FY2028, it will expand to 5.6 times that level. The pipeline, including products for DUV applications, is also expanding.

For intelligent recycled materials, the new Malaysian plant of our partner MJ Material Technology Sdn Bhd began operations as scheduled in Q2. We will continue working toward the shipment of mass production samples.

Regarding these initiatives, we plan to hold a plant tour for the capital markets to provide detailed explanations. Once the details are finalized, we will send out invitations.

This concludes my explanation. Thank you very much for your attention.

Ueno: Thank you very much for your attention.

Question & Answer

Ueno [M]: Now, we would like to move on to the Q&A session. Please state your company name and name at the beginning before asking your question. Mr. Shibano, please ask your questions.

Shibano [Q]: I'm Shibano from Citigroup Global Markets Japan. I have a few questions. First, regarding the Q2 results, business contribution profit was JPY14.8 billion. It might not have been outstanding, but I think it wasn't bad either. I also noticed that the U.S. tariff refunds have increased compared to the forecast three months ago. Could you please provide some further explanation on this?

Also, at the beginning of the period, refunds weren't taken into account. Based on the original budget, how do you see the actual result of JPY14.8 billion—excluding refunds? I suppose this is a rather complicated quarter; I'd like to hear your analysis of the actual vs. planned figures first.

Taiko [A]: From a company-wide perspective, the actual Q2 results themselves aren't bad in terms of the numbers. When we look at the details by business, the Industry Business continues to perform well overall. In the office business, we received tariff refunds in both Q1 and Q2. Excluding those refunds, the impact of weak market conditions, rising material and component costs, and the situation in the Middle East have become increasingly significant. At the beginning of the fiscal year, we indicated that the balance between H1 and H2 would be approximately 30% to 70%. Against this plan, we recognize that the H1 results were somewhat underwhelming.

Shibano [Q]: Thank you. My second question concerns the rationale behind the full-year plan. The business contribution profit forecasted at the start of the fiscal year was JPY56.0 billion, and I believe this has now been revised upward by JPY1.5 billion to JPY57.5 billion. However, I don't think U.S. tariff refunds were factored in at the start of the fiscal year. Considering that this adds an additional JPY10.0 to 12.0 billion, I believe it actually means that business contribution profit have fallen by about 20 percent—is that a fair way to look at it? Also, excluding the impact of the refunds, could you confirm whether the underlying picture is that the office business remains challenging, with some of the weakness being offset by the Industry Business? Also, regarding operating profit, could you clarify how much additional costs have been incurred for the business optimization?

Taiko [A]: Your understanding is correct in broad terms. Despite receiving U.S. tariff refunds, the upward revision to business contribution profit was limited to JPY1.5 billion. One reason for the difference between the amount of the refunds and the upward revision is that, looking ahead, we have included the costs associated with bringing forward our business structure optimization measures in both other income and expenses and SG&A. We have also factored in the weakness of the office market in our projections.

The costs associated with bringing forward these business structure optimization measures are expected to amount to approximately 20% to 30% of the U.S. tariff refunds.

Shibano [Q]: Thank you. Finally, here is my third question. From the perspective of procuring or securing components, could you please confirm whether you are experiencing any difficulties compared to your initial expectations, or if there is a possibility that this could affect your production plans?

Taiko [A]: Cost increases have resulted from soaring silver prices and have also extended to certain semiconductors, including memory chips. Right now, we are making every effort to secure the necessary components to avoid any impact on production. Recently, we recognized that securing electronic circuit boards will also be a challenge in the second half of the fiscal year. However, as of now, we do not anticipate any disruptions to production.

Shibano [M]: That makes sense. Thank you.

Ueno [M]: Thank you. Next, Mr. Shimamoto, please ask your questions.

Shimamoto [Q]: Thank you. I'm Shimamoto from Okasan Securities. My question is about the office business. It seems that, excluding the U.S. tariff refund, the H1 results leave a significant amount to be achieved in H2. Could you please share your assessment of the business environment for the office business, including a review of the H1 and the measures you plan to take to recover in H2?

Takayama [A]: At the beginning of the fiscal year, we had set an internal plan that was back-end-loaded, with a relatively lower level of earnings expected in H1. Even against that plan, however, our H1 results fell short.

One factor was insufficient sales in the U.S. and Europe. In the U.S. in particular, persistently high interest rates and weak business sentiment led some customers to extend their existing leases rather than renew them, making hardware sales particularly challenging. On the profit side, we were also affected by rising raw material costs. Overall, we recognize that the H1 results were challenging even compared with our internal plan.

In H2, we plan to reaccelerate sales through our new products. In addition, delivery of several large projects we have won is scheduled to begin in Q4, and we intend to use this as a catalyst for growth. Although we continue to face the impact of rising raw material costs, we are working to offset them through pricing actions. These actions have not progressed as quickly as initially expected, but they are steadily gaining traction, and we will continue to implement them in H2 and into the next fiscal year. Through these initiatives, we intend to firmly turn around our performance in H2.

Shimamoto [Q]: I understand. Thank you. Europe has traditionally been a strong market for your company, but I assume that higher interest rates and some political uncertainty may also be affecting the region. Given that the situation has been changing recently, could you also share your views on the current business environment in Europe?

Takayama [A]: Overall, we have not seen any major changes across Europe, although conditions vary by country and region. Eastern Europe, for example, has remained solid, while Southern European markets such as Italy, Spain, and Portugal, as well as France, have also remained strong.

Germany has been somewhat weaker, however, and based on our performance in H1, we believe the business needs some reinforcement there. Traditionally, after signing a contract with a customer, we bill the customer separately for print volumes exceeding the amount specified in the contract. These additional billings have been declining, which has raised some concern about a decrease in print volumes. That is the change we are currently seeing in Europe.

Shimamoto [Q]: Thank you. My second question concerns the Industry Business. Sensing, in particular, has performed extremely well and appears to have been a key driver of results in H1. Could you share your views on the outlook for sales, particularly in light of trends in customers' capital investment in the light source color business, which is one of your core businesses? The reason I ask is that there have been some concerning

developments in the display industry, including memory shortages and declining PC sales. I am therefore somewhat concerned that these factors could begin to affect your business from H2 of this fiscal year into next year.

Taiko [A]: Our light source color business for displays has progressed smoothly through both Q1 and Q2. Looking ahead, our business for H2 of this fiscal year is largely secured. For the next fiscal year and beyond, however, we will be firming up our pipeline from the latter half of the calendar year through around the beginning of the new year, so we need to assess the situation carefully, including the concerns you mentioned. That said, our discussions with customers are not limited to their immediate business conditions. Based on those discussions, we currently do not see any negative factors that would cause demand to suddenly hit the brakes.

Shimamoto [Q]: Thank you. I have one question to clarify, as I may have misunderstood the situation. Within the sensing, what percentage of sales is accounted for by the light source color, either based on the actual results for H1 or on the outlook for the current fiscal year?

Okamura [A]: The combined share of light source color and object color accounts for about 70–80% of total sales. The weight of light source color is higher.

Shimamoto [Q]: I see. Is it correct to understand that there is no specific disclosure regarding the light source color alone, as opposed to the combined light source and object colors, which account for 70-80%?

Okamura [A]: Light source color accounts for the larger share.

Shimamoto [M]: Understood. Thank you. That concludes my questions.

Ueno [M]: Thank you. Mr. Nakanomyo, please ask your questions.

Nakanomyo [Q]: I'm Nakanomyo from Jefferies. I'd like to ask about the factors behind the plan for a significant sales recovery of performance materials within the Industry Business in H2.

Kuzuhara [A]: We are currently introducing new products. SANUQI is also expected to grow steadily going forward, and SAZMA, an acrylic-based product, has been introduced and will also grow steadily.

Another major trend is that while cellulose-based products, the so-called TAC, were somewhat sluggish for a while, they have recently started to be re-evaluated in various areas and are now showing strong momentum. Combined, these efforts aim to expand our market share across a broader range.

Nakanomyo [Q]: What's the estimated annual proportion of SANUQI and SAZMA?

Kuzuhara [A]: Since SAZMA has only recently been introduced, I cannot provide specific figures at this time. However, its share of the overall business is still relatively small. Cellulose-based products account for a substantial portion of the product mix.

Nakanomyo [Q]: Understood. The second question concerns the Business Technologies Business: Are there any changes to the annual plans for hardware and non-hardware in the office and Professional Print?

Takayama [A]: For this fiscal year, both hardware and non-hardware in the office business are expected to decline by approximately 3%.

Nakanomyo [Q]: What about the Professional Print?

Takayama [A]: Hardware is expected to increase by 3%, and non-hardware is expected to increase by 2%.

Nakanomyo [Q]: So, compared with the forecast presented at the Q1 earnings call, would it be correct to say that the forecast for non-hardware in Professional Print has been revised down slightly, while the forecast for office has also been lowered somewhat?

Takayama [A]: Compared with the previous forecast, it has been lowered slightly.

Nakanomyo [M]: I understand.

Ueno [M]: Thank you. That concludes the IR-related Q&A session.

[END]

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