



KONICA MINOLTA



March 7, 2024

To whom it may concern,

Company Name: Konica Minolta, Inc.

Representative: Toshimitsu Taiko, President and CEO

Stock Exchange Listing: Tokyo Prime Market

Local Securities Code Number: 4902

Contact: Miwa Okamura, Corporate Senior Vice President, General Manager,
Corporate Communications Division

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Notice Regarding Change in a Consolidated Subsidiary (Transfer of Equity Capital)

The Company announces that its Representative Executive Officer has decided, on March 6, 2024, to transfer the entire equity capital of Invicro, LLC (hereinafter "Invicro") to Calyx Services Inc. (hereinafter "Calyx"). The Company also announces that, on the same day, the equity purchase agreement has been executed by all parties. Invicro provides imaging analysis and medical imaging data analysis services that support drug discovery and is held by the Company through its subsidiary REALM IDx, Inc. (hereinafter "REALM IDx") which operates the precision medicine business.

Calyx is an expanding pharma services platform created by funds managed and advised by the private equity fund CapVest Partners LLP.

The sale is subject to closing conditions and the required regulatory approvals, and is expected to close in the first quarter of the fiscal year ending March 31, 2025.

1. Reason for Transfer of Equity Capital

The Company made a full-scale entry into the precision medicine business in 2017 with the aim of contributing to personalized medicine, a new trend in healthcare. In 2018, the Company established Konica Minolta Precision Medicine, Inc. (currently REALM IDx) which held three operating companies including Invicro to develop its business globally through integration of the strengths of each of the three companies.

However, recognizing the need to continue investment for further growth of the business and considering the Company's financial status, the Company determined to position precision medicine as a 'non-focused business' in its Medium-term Business Plan for the fiscal year 2023 through 2025.

Based on the foregoing background, the Company proceeded to analyze its strategic options, including the possible sale of the business to a third party and the possible listing of the business on the U.S. stock market, among others. Ultimately, the Company decided that the sale of Invicro to Calyx represented the best option and was in the best interests of the Company’s stockholders.

Invicro supports drug discovery by specializing in imaging CRO*¹ with its strengths in advanced numerical analysis and biomarker*² search technologies. A large number of experts in the Invicro team are scientists holding a Ph.D. and/or M.D. degree and who provide drug discovery support services, including identification of biomarkers, streamlining of clinical trials, and risk-reduction of pharmaceutical development processes, based on advanced imaging analysis technologies that make full use of A.I. In particular, Invicro excels in the central nervous system field, including Alzheimer's disease and Parkinson's disease, and Invicro’s further growth is expected in this field, where new drug development is making progress.

Calyx is a leading global, technology-enabled service provider for medical imaging and IRT/RTSM (Interactive Response Technology/Randomised Trial Supply Management) for drug developers and the global clinical research community.

*1 CRO: Contract Research Organization

*2 biomarkers: All indicators that reflect physical condition can be biomarkers. Proteins and genes in tissues, blood, urine, and other body fluids are commonly used as biomarkers because they correlate with changes in medical conditions or response to the treatment.

2. Overview of the Consolidated Subsidiary

(1) Name	Invicro LLC	
(2) Address	119 4th Avenue, Needham, MA 02494 U.S.A.	
(3) Name and title of representative	Edward J. Hogan Jr., Chief Operating Officer	
(4) Line of business	Imaging analysis and medical imaging data analysis services for drug discovery support	
(5) Capital	US\$29,472,000 (4,440 million yen)	
(6) Establishment	September 26, 2008	
(7) Major shareholder and ownership percentage	REALM IDx, Inc. 100%	
(8) Relationship between the Company and Invicro	Capital relationship	REALM IDx, which is 98.6% owned by the Company, owns 100% of Invicro.
	Personnel relations	No material items to report.
	Business relationship	The Company has a certain business relationship with Invicro.

(9) Business results and financial position of Invicro for the last three years (U.S. GAAP)								
Fiscal year	Ended March 31, 2021		Ended March 31, 2022		Ended March 31, 2023		Ended September 30, 2023	
Unit	US\$ mil.	¥ bil.	US\$ mil.	¥ bil.	US\$ mil.	¥ bil.	US\$ mil.	¥ bil.
Consolidated net assets	264	39.8	266	40.1	162	24.4	158	23.8
Consolidated total assets	385	58.1	390	58.8	276	41.7	282	42.5
Consolidated revenue	70	10.6	90	13.6	103	15.5	53	8.0
Consolidated operating profit	(16)	(2.4)	(11)	(1.7)	(120)	(18.1)	(1)	(0.2)
Profit attributable to owners of the parent company	(15)	(2.3)	(0)	(0.0)	(78)	(11.8)	(3)	(0.4)

Note: Consolidated operating profit and profit attributable to owners of the parent company for the year ended March 31, 2023 includes the impact of impairment losses of US\$115 million (17.4billion yen). Because Invicro is an LLC, the net assets per share and the operating profit per share are omitted.

3. Summary of the Transferee

(1) Name	Calyx Services Inc.	
(2) Address	1209 Orange Street, Wilmington, New Castle County, DE, 19801	
(3) Name and title of representative	David Herron, Chief Executive Officer	
(4) Line of business	Global, technology-enabled service provider for medical imaging and IRT/RTSM (Interactive Response Technology/Randomised Trial Supply Management) for drug developers and the global clinical research community	
(5) Capital	\$138,310,580 (20,839 million yen)	
(6) Establishment	December 10, 2020	
(7) Relationship between the Company and Calyx	Capital relationship	There are no items that should be included.
	Personnel relationship	There are no items that should be included.
	Business relationship	There are no items that should be included.
	Status as a related company	There are no items that should be included.

4. Equity Capital to Be Transferred and Equity Capital before and after Transfer

(1) Percentage of equity capital before transfer	REALM IDx 100% (The Company's Group's equity capital is 98.6%)
(2) Equity capital to be transferred	100% (entire equity capital owned by REALM IDx)
(3) Equity capital after transfer	0%

5. Transfer Price

Transfer price	US\$115 million (Approximately 17.3 billion yen)
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Note 1: The equity purchase agreement provides for certain adjustments to the transfer price, and includes additional contingent consideration of up to \$15 million (Approximately 2.3 billion yen) which the Company will receive, based on the amount of new orders between February 2024 and April 2024.

Note 2: The Consolidated net assets in "2. Overview of the Consolidated Subsidiary (9) Business results and financial position of Invicro for the last three years (U.S. GAAP)" is in local financial report in accordance with U.S. GAAP. It is different from the net assets which will be used for calculating the gain or loss from this transfer of equity capital.

6. Timeline

(1) Date of the decision on the transfer of equity capital by Representative Executive Officer	March 6, 2024
(2) Signing of agreement	March 6, 2024
(3) Equity capital transfer execution (planned)	During the first quarter of the fiscal year ending March 31, 2025

Note: The closing of the equity transfer is subject to certain closing conditions and required regulatory approvals, the satisfaction of which could have an effect on the timeline noted.

7. Financial Outlook

The gain or loss due to the transfer of equity capital is expected to be recorded in the fourth quarter of the fiscal year ending March 31, 2024 and the first quarter of the fiscal year ending March 31, 2025. The impact on the gain or loss in the fourth quarter of the fiscal year ending March 31, 2024, will be negligible, though the net assets is undetermined, they will be affected by the change in the foreign exchange rate, and there will be transfer price adjustment.

The impact on the gain or loss in the first quarter of the fiscal year ending March 31, 2025 is undetermined due to the gain or loss of the Exchange differences on translation of foreign operations adjustment at equity capital transfer execution in addition to the above.

Therefore, the impact on the Company's consolidated financial results for the fiscal year ending March 31, 2024 is deemed negligible. The Company will promptly announce any matters that require disclosure in the future.

Note: The exchange rate in this document is based on 1USD = 150.67 yen (as of February 29, 2024).

Reference: The Company's consolidated forecasts for the fiscal year ending March 31, 2024 (as disclosed on February 1, 2024) and consolidated financial results for the fiscal year ended March 31, 2023 (in billions of yen)

	Revenue	Business contribution profit*	Operating profit	Profit attributable to owners of the Company
Consolidated forecasts for the fiscal year ending March 31, 2024	1,150.0	24.0	18.0	4.0
Consolidated financial results for the fiscal year ended March 31, 2023	1,130.3	29.7	(95.1)	(103.1)

*Note: `Business contribution profit' is a profit index, calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

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