

## "Konica Minolta, Inc." Q&A from Konica Minolta day

Date and time: Wednesday, Mar. 15, 2023, 13:00 to 17:00 JST

Method: Iino Hall and Conference Center Room A and Virtual

### 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 medical imaging business]

Q. We recognize that sales ratio in Japan is high, and also the business is aiming for growth in the Asian market. How do you think the future sales ratio of the region? And what is the perception of the global competitive environment?

A. Since the business started in Japan, the sales ratio in Japan is high. We are strengthening its X-ray systems overseas, such as China, the U.S., and Brazil, where it has established a foundation through M&A. In addition to enhancing competitiveness by combining image processing including AI, we will deploy competitive strategies by each region.

Q. Please let us know the strengths, the current share, and future targets of Dynamic Digital Radiography.

A. There are no comparable competitors. Though fluoroscopy for stomach is the specialized equipment, our Dynamic Digital Radiography can easily take the video images of various parts of the body using the general X-ray equipment. Also, it has the feature that the dose is less than the fluoroscopy equipment. In addition, there is the cost merit, because the system uses the general X-ray equipment. Within a few years, we plan to expand sales in the hospitals, mainly university hospital class, and the sales of the system will be around 10% of our X-ray sales.

Q. Does Dynamic Digital Radiography gain market share in the existing markets?

A. We will capture the growth of digital market of the X-ray diagnostic system in particular and provide new value in the field. We cooperate with domestic and overseas X-ray manufacturers for radiating X-ray, and we offer new value by capturing the video images by DR and processing the images at the workstation. I liken it to replacing gasoline-powered vehicles with electric vehicles.

Q. This business has differentiated products and services such as “Dynamic Digital Radiography” and “infomity”, but it seems that the revenue does not grow so much. I’d like you to tell me about the cause you are thinking about.

A. The company discloses the business as Healthcare Business by combining medical imaging and precision medicine. Medical imaging is steadily growing its business, mainly in the digital field. We launched infomity in 2015, and have had 20,000 customers. Among them, we have acquired 10,000 customers paying our services and the business is steadily growing. We are promoting digitization and lowering the ratio of analog X-ray and purchasing and reselling so that we are changing the contents of the business and raising profit margins.

[Regarding sensing business (Specim)]

Q. Please let us know the reasons for deciding to participate in the Konica Minolta Group, the actual impact on the business, advantages and disadvantages by joining the Group.

A. Although this field is a growth field, there are a variety of SME players in the world. Although Specim with the largest market-share was also among its players, we decided to join the Konica Minolta Group. The reasons for the decision were that we could share its long-term growth strategy and the future direction, that the Group deployed globally including technology, and that we would provide services contributing to society by synergy effects. We are actually progressing to this direction, and we have had the benefit of speeding up. We don't recognize the disadvantages.

Q. I would like to know about the status of collaboration with the Group companies, including the technological aspect, by participating in the Group.

A. We are considering various customer issues and technical alliances. From the viewpoint of customer value, we examined what we could do independently and

through collaborations, and judged that we could cooperate in some areas. We recognize the importance of providing the greatest value through cooperation with the group companies.

Q. Please let us know the market size and growth image of the plastic sorting business.

A. Plastic sorting business has significant potential, including fields that have not been undertaken, and we are confident in the competitiveness of our technology. Within recycling, textile recycling is also a major social issue, and we are paying attention to it as a new application of hyperspectral imaging.

[Regarding inkjet (IJ) components business]

Q. In page 7, you showed the growth area (soft packaging and packaging, printed circuit boards, displays, etc.), I would like you to show us the sales ratio of them. The markets for printed circuit boards and displays seem attractive, such as their impact on the process. However, I feel that the progresses appear to be poor, and that there are some sorts of bottlenecks. Please let us know about the possibility that these bottlenecks would be eliminated.

A. In FY21, 30–40% of sales were in growth areas. The areas mainly consist of printed circuit boards and displays. We have heard that applying inkjet technologies instead of solder resist process has already begun in Europe and North America on a mass production basis.

Q. What are the characteristics of Konica Minolta's inkjet head?

A. The main characteristics of our inkjet head are high durability and reliability. We have developed materials that are suitable for inks and chemical materials used in industrial applications and production lines, such as strong solvents, and has applied them into the head. We have also developed and sold the heads for external sales, rather than developing them only for our own printers. For this reason, we have responded quickly to market demands in the history of applying inkjet technologies to the industrial usages.

[Regarding Professional Print Business]

Q. Please let us know the status of overall printing volume in the perspective of analog printing, and digital printing.

A. Overall print volume is decreasing, but digital printing is increasing as a whole including other companies. Part of analog printing is replaced by digital printing, but total printing volume is decreasing. The main factor is the rise of digital media.

Q. The shift from analog printing to digital printing is investments for customers. Please let us know about the impact of the economic condition and the rising labor costs.

A. Investments in relatively low-priced printing presses have not been affected. Investments in expensive printing presses have lengthened the business negotiations due to the impact of rising interest rates. On the other hand, because analog printing requires skilled workers and it needs wasted paper during printing, rising labor costs and soaring paper prices are tailwinds for digital printing.

Q. Please let us know how much the Professional Print Business contribute to carbon minus as Scope4.

A. Approximately 60–70% of the scope 4 is contributed by this business. The ratio will not change, but the amount is expected to increase.

Q. The shift from analog printing to digital printing appears to have been weaker than expected so far. Please let us know about the reason and the outlook for the future.

A. I was also aware that the shift to digital printing was slower than I had expected. The favorable points of digital printing were reconfirmed in the COVID-19 pandemic because of the necessity of producing with limited number of workers, the problem of education of skilled workers, and the heightened consciousness to the environmental issue by the brand owners. Although the economic condition affects as headwinds, the company recognizes that the digitization of printing is accelerating due to these effects.

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