

## "Konica Minolta, Inc." Q&A from Q1/March 2024 Financial Results Briefing Session

Date and time: August 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.*

### [Results for the Company overall]

**Q. You mentioned that the results for the Q1 were slightly above the company's forecast on an operating profit basis. Please let us know about the results by business.**

A. While office unit in Digital Workplace Business contributed significantly to the profits, sensing unit and performance materials unit in the Industry Business were lower than expected.

**Q. Please let us know about the outlook for the Q2, including profit growth drivers.**

A. In the Q2, we expect sales in India to remain strong, despite sales in China to decline for office unit. In sensing unit in Industry Business, we are waiting for upcoming orders as transition period for capital investment of our customers. We will aim to recover profitability by improving our product mix and controlling SG&A expenses under this situation. Performance materials unit will strengthen sales for large displays such as TV.

As a result, we expect to return to be in the black on a consolidated basis in the Q2.

**Q. In the medium-term business plan, you mentioned that the Company did not anticipate any fixed costs or SG&A cost reductions by large-scale structural reform. But in light of the difficult conditions in the Q1, do you reconsider the issue?**

A. Although SG&A expenses have increased by approximately 800 million yen, excluding FOREX, we need to reduce these expenses. Although we do not intend to reduce our workforce, we believe there is room for reduction in the expenses.

**[Progress of Medium-term Business Plan]**

**Q. P.13 shows milestones for non-focused businesses and direction-changing businesses. Is it correct to understand that the Company will continue to consider the measures until the Q3, and then the measures will be implemented from the Q4 onwards?**

A. Each business is in the different status, but we will strive to speed up implementing the measures.

**[Digital Workplace Business]**

**Q. Please let us know about the business environment of office unit.**

A. The business environment has been normalized as the MFPs have been replaced as eliminating the order backlog. We forecast the decline in the number of hardware units (MFPs) to proceed moderately as a result of the decline in printing. In terms of product mix, the percentage of A4 machines is increasing globally, including China. Non-hard declined 4% compared to the previous fiscal year, which is in line with our forecast.

**Q. It seems that the distribution inventory of dealers in office business is having an impact on the business results for other companies in the same industry. What is the Company's situation?**

A. Currently, we are aware that the Chinese market is particularly challenging for the distribution inventory of dealers in office business. We do not recognize distribution inventories to increase as much in the U.S. Europe varies by country. For example, France has relatively low inventories and Germany has a little higher level.

**[Professional Print Business]**

**Q. For Professional Print Business, the increase in profit seems to be small compared to the increase in revenue. What are the factors behind it?**

A. Factors that prevent the increase of profit margins are the impact of changes in the ratio of non-hard and SG&A expenses. With regard to the rise in SG&A expenses, industrial print unit is focusing on developing environmentally contributing products and is increasing its R&D expenses.

**Q. What are the growth drivers for Professional Print Business's annual growth?**

A. Growth is expected in the Indian market. In terms of seasonal factors, we expect sales of non-hard to increase toward the Q3.

**[Healthcare Business]**

**Q. The deficit in Healthcare Business is shrinking, is it in line with the Company's plan? Considering the impairment loss in the Q4 of the previous fiscal year, it seems that the reduction of the deficit is small. Could you explain the reason?**

A. Medical imaging (healthcare unit) has seasonal fluctuations, and it is originally low profitability in Q1. Precision medicine unit has narrowed its loss as planned. Though it was impaired at the end of the previous fiscal year, as goodwill is not an asset subject to amortization, the impairment does not directly lead to a recovery in profits. Only impairment of intangible assets affects profits, but it was not so much, and the impact is minimal.

**[Industry Business]**

**Q. Please let us know the status of performance materials unit.**

A. Regarding the market conditions for performance materials units, TV market has been improving since the Q2 to the Q3 of the last fiscal year, when the market was the toughest. However, when looking at the market for small and medium-sized displays such as mobile and IT, it cannot be said that the market has yet bottomed out, and we will continue to monitor them closely.

-END-