KONICA MINOLTA, INC.

Q3/March 2025 Consolidated Financial Results

February 6, 2025

Event Summary

[Company Name]	KONICA MINOLTA, INC.	
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[Event Language]	JPN	
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[Venue Size]		
[Participants]		
[Number of Speakers]	6	
	Toshimitsu Taiko	Director, President & CEO, Representative Executive Officer
	Noriyasu Kuzuhara	Director, Executive Vice President & Executive Officer Responsible for Industry Business
	Yoshihiro Hirai	Executive Vice President & Executive Officer Responsible for Corporate Accounting, Corporate Finance, Legal, Risk Management and Compliance
	Miwa Okamura	Senior Vice President & Executive Officer Responsible for Corporate Communications and IR
	Norihisa Takayama	Senior Vice President & Executive Officer Responsible for Business Technologies Business

	Takahiko Ueno	Manager of Investor Relations
[Analyst Names]*	Takashi Shimamoto	Okasan Securities
	Masahiro Shibano	Citigroup Global Markets
	Yu Okazaki	Nomura Securities
	Masahiro Nakanomyo	Jefferies
	Naoko Saito	JPMorgan Securities

*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: Hello everyone. Thank you very much for taking time out of your busy schedule today. We will now begin the KONICA MINOLTA, INC. Q3 FY2025 Financial Results Briefing Session.

First, I would like to introduce today's attendees. Toshimitsu Taiko, President and CEO, Representative Executive Officer, KONICA MINOLTA.

Taiko: Thank you very much.

Ueno: Noriyasu Kuzuhara, Director, Executive Vice President & Executive Officer Responsible for Industry Business.

Kuzuhara: Thank you for your time.

Ueno: Yoshihiro Hirai, Executive Vice President & Executive Officer Responsible for Corporate Accounting, Corporate Finance, Legal, Risk Management and Compliance.

Hirai: Thank you very much.

Ueno: Senior Vice President & Executive Officer Responsible for Business Technologies Business, Norihisa Takayama.

Takayama: Thank you very much.

Ueno: Senior Vice President & Executive Officer Responsible for Corporate Communications and IR, Miwa Okamura.

Okamura: Good evening.

Ueno: I, Ueno from the IR Office will be the facilitator. Best regards.

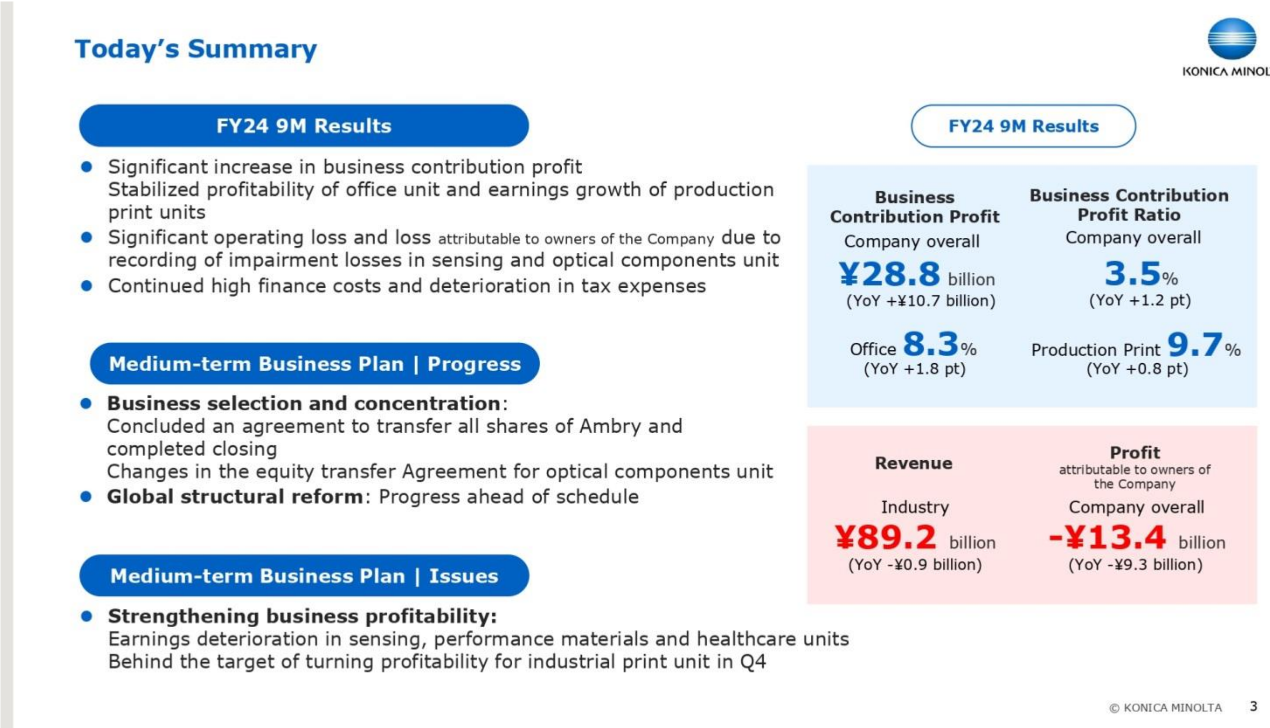
So, without further ado, Mr. Taiko, please go ahead with your presentation.

Taiko: Good evening, everyone. I would like to explain the financial results for the Q3, which were disclosed at 3:30 PM today.

The first slide on the second page shows the positioning of FY2024 in our medium-term business plan, which we have explained several times.

We are determined to complete the selection and concentration of our businesses last year and this fiscal year. As a result, the Company will establish a foundation for growth in 2025 and beyond and will position itself for a renewed trajectory toward sustainable growth in these fiscal years.

In particular, I have written three points, and I will not go into each one individually, but we are now promoting measures focusing on these three points in particular.



Go to the next page. We are proceeding with management in FY2024 based on the policy explained on this slide, and we have summarized the results of the steady progress of reforms and the challenges we face in the future.

First, on the earnings front, business contribution profit, which is an indicator of earning power, has continued to increase YoY, with a large cumulative increase for the first nine months of the fiscal year. Office profitability has remained stable, and revenue from production print, a business we categorize it as strengthening business, is also expanding.

On the other hand, operating income and net income decreased due to this Q3 impairment loss in the sensing business and optical components. Impairment losses will be explained in detail later. We continue to recognize the high level of financial expenses and the deterioration of tax expenses as the main issues to be addressed in the future.

Next, as for progress from the perspective of the medium-term management plan, in terms of business selection and concentration, we have concluded a contract for the transfer of all shares of genetic testing in the US, and the transfer was completed on February 3.

Regarding the transfer of the equity interest in the optical components manufacturing subsidiary in China, the agreement was originally signed in October 2023, but the terms of the agreement have now been changed, and the agreement was signed in January.

From this perspective, the selection and concentration of businesses are currently making significant progress. Furthermore, global structural reforms are progressing at a faster pace than planned through Q3.

On the other hand, unfortunately, profitability has deteriorated, and improvements have been delayed in several business units, which were positioned as businesses to be strengthened in the mid-term business plan. We recognize this as a serious management issue and will accelerate moves toward improvement.

FY2024 9M Performance | Summary

KONICA MINOLTA

- Revenue: Increased
- Gross profit: Improved profit ratio mainly through revenue increase and cost reduction including production in Business Technologies Business
- Business contribution profit: SG&A containment and loss reduction of direction-changing business
- Operating profit: Recorded business structure improvement expenses of ¥17.6 billion
  (global structural reforms approx. ¥13.0 billion, ending production of Wuxi factory, selection and concentration of DW-DX unit, and additional structural reform in sensing unit etc.)
  Recorded impairment losses of ¥29.1 billion (incl. ¥28.2 billion in sensing and optical components units)
- Profit attributable to owners of the Company: Recorded a profit of ¥23.4 billion through the transfer of Precision Medicine Business
  Loss due to continued high finance costs and deterioration in tax expenses

[¥ billions]

	FY23 9M	FY24 9M	YoY	YoY (w/o FOREX)	FY23 Q3	FY24 Q3	YoY	YoY (w/o FOREX)
Revenue	804.0	831.8	+3%	-1%	274.9	274.0	-0%	-2%
Gross Profit	346.6	364.3	+5%	-1%	122.4	120.8	-1%	-4%
Gross Profit ratio	43.1%	43.8%	+0.7pt		44.5%	44.1%	-0.4pt	
SG & A	328.5	335.5	+2%	-2%	111.5	108.3	-3%	-5%
Business Contribution Profit	18.1	28.8	+59%	+15%	10.9	12.5	+14%	+7%
Operating Profit	14.6	-18.5	-	-	8.8	-17.4	-	-
Profit attributable to owners of the Company	-4.1	-13.4	-		0.3	-2.7	-	
FCF	13.3	6.7	-50%		3.9	-10.0	-	
FOREX [Yen]								
USD	143.29	152.57	+9.28		147.89	152.44	+4.55	
EUR	155.29	164.83	+9.54		159.11	162.59	+3.48	

From the Q3 of the consolidated cumulative period, Precision Medicine Business has been classified as a discontinued operation. Accordingly, the figures related to discontinued operations excluded from revenue through profit before tax retroactively applied to the beginning of FY24. The profit attributable to owners of the Company represents the sum of profits from continuing and discontinued operations. The figures of FY23 have also been restated in the same manner. Please refer to P.26 for the FY23 results regarding Precision Medicine Business.

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If you go to page five, you will find a summary of the Company's performance for the first nine months of the fiscal year.

As I explained earlier, we have transferred our entire interest in Ambry to Tempus. Accordingly, the business of Precision Medicine has been classified as a discontinued operation beginning with the first nine months of the current fiscal year. Please note that the same reclassification has been made for the same period of the previous year.

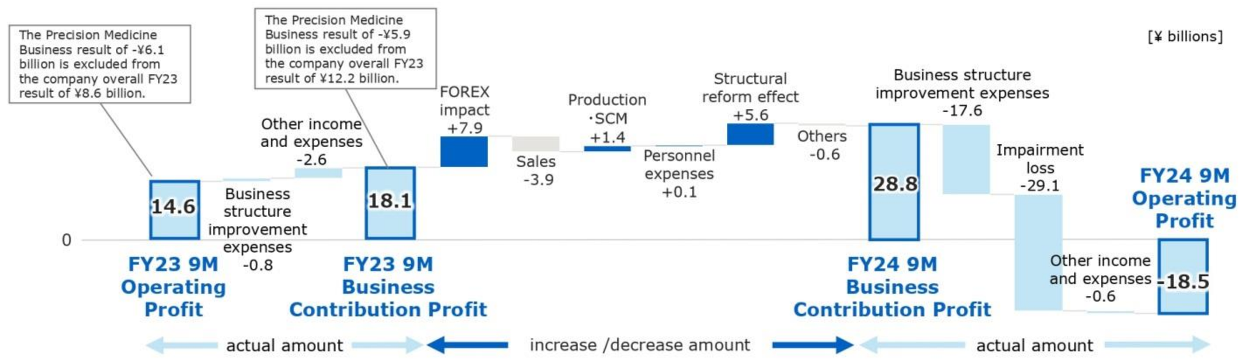
Please refer to page 26 in the latter part of this report for the impact before reclassification and YoY comparison.

First, net sales increased in other than Industry Business, due in part to the impact of foreign exchange rates. One of the main contributors to the business contribution profit was an increase in gross profit on sales due to higher revenue, including the impact of foreign exchange rates, in the Business Technologies Business of Digital Workplace and Professional Printing. In addition, the gross profit margin improved by 1 percentage point due to cost reductions, including in production. In addition, the Company was able to curb SG&A expenses by 1 percentage point, which contributed to a significant increase in profit of JPY10.7 billion over the previous year.

Operating income is affected by one-time expenses that have increased due to the selection and concentration of businesses and progress in global structural reforms. Improvement expenses of JPY17.6 billion were recorded for structural reform of the business.

In addition, as explained at the beginning of this report, the impact of the impairment loss of JPY28.2 billion recorded in Q3 resulted in an operating loss of JPY18.5 billion for the first nine months of the year.

FY2024 9M Performance | Increase/Decrease Factors of Operating Profit and Business Contribution Profit



	FY23 9M Operating Profit	Business structure improvement expenses	Other income and expenses	FY23 9M Business Contribution Profit	FOREX impact	Sales	Production · SCM	Personnel expenses	Structural reform effect	Others	FY24 9M Business Contribution Profit	Business structure improvement expenses	Impairment loss	Other income and expenses	FY24 9M Operating Profit
Digital Workplace	19.7	-0.6	-0.2	20.5	+4.2	-1.3	+1.8	+0.1	+3.8	+1.0	30.1	-13.7	-	-0.9	15.6
Professional Print	8.8	-	-0.0	8.8	+2.9	+2.6	-1.0	-0.4	+1.0	-3.2	10.7	-2.2	-	0.4	8.9
Industry	12.0	-	-0.5	12.5	+0.8	-4.0	+0.7	+0.1	+0.5	+0.3	10.7	-0.5	-28.2	0.2	-17.7
Imaging Solutions	-8.3	-	-1.9	-6.4	-0.0	-1.5	-	+0.2	+0.3	+0.3	-7.2	-0.5	-	0.2	-7.5
Corporate, etc.	-17.5	-0.2	-0.0	-17.3	+0.0	+0.4	-	+0.2	-	+1.0	-15.6	-0.7	-0.9	-0.5	-17.7
Company overall	14.6	-0.8	-2.6	18.1	+7.9	-3.9	+1.4	+0.1	+5.6	-0.6	28.8	-17.6	-29.1	-0.6	-18.5

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Moving on to page six. The following chart shows the actual amount of the difference between operating profit and business contribution profit for the first nine months of the year and the composition of business contribution profit versus the prior year, by factor.

We will first explain the change in business contribution profit from JPY18.1 billion in the first nine months of FY2023 to JPY28.8 billion in FY2024.

There was a JPY7.9 billion positive effect from foreign exchange. Gross profit excluding the effect of foreign exchange rates increased in Professional Print, but decreased in other businesses, resulting in a total business loss of JPY3.9 billion.

In addition, the personnel cost also incorporates the effects of global structural reforms of approximately JPY5.7 billion in the current fiscal year.

As a result of the above, the total business contribution profit for the first nine months of FY2024 was JPY28.8 billion, but due to the impairment loss and one-time restructuring charges, which I have already mentioned, operating profit was a negative JPY18.5 billion.

FY2024 9M Performance | Revenue & Profit by Segment

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[¥ billions]

Revenue	FY23 9M		FY24 9M		YoY	w/o FOREX	FY23 Q3		FY24 Q3		YoY	w/o FOREX
Digital Workplace	450.6		458.5		+2%	-3%	156.1		150.9		-3%	-5%
Professional Print	189.7		207.6		+9%	+4%	65.7		68.5		+4%	+2%
Industry	90.1		89.2		-1%	-4%	28.4		28.7		+1%	+0%
Imaging Solutions	73.1		76.1		+4%	+1%	24.6		25.6		+4%	+3%
Corporate, etc.	0.5		0.5		+5%	+5%	0.2		0.2		-1%	-1%
Company overall	804.0		831.8		+3%	-1%	274.9		274.0		-0%	-2%
Business Contribution Profit	**FY23 9M**	**ratio**	**FY24 9M**	**ratio**	**YoY**	**w/o FOREX**	**FY23 Q3**	**ratio**	**FY24 Q3**	**ratio**	**YoY**	**w/o FOREX**
Digital Workplace	20.5	5%	30.1	7%	+47%	+26%	9.7	6%	11.0	7%	+13%	+6%
Professional Print	8.8	5%	10.7	5%	+22%	-12%	5.2	8%	4.2	6%	-19%	-21%
Industry	12.5	14%	10.7	12%	-14%	-21%	4.4	15%	3.2	11%	-27%	-29%
Imaging Solutions	-6.4	-	-7.2	-	-	-	-2.9	-	-2.2	-	-	-
Corporate, etc.	-17.3	-	-15.6	-	-	-	-5.5	-	-3.7	-	-	-
Company overall	18.1	2%	28.8	3%	+59%	+15%	10.9	4%	12.5	5%	+14%	+7%
Operating Profit	**FY23 9M**	**ratio**	**FY24 9M**	**ratio**	**YoY**	**w/o FOREX**	**FY23 Q3**	**ratio**	**FY24 Q3**	**ratio**	**YoY**	**w/o FOREX**
Digital Workplace	19.7	4%	15.6	3%	-21%	-39%	9.6	6%	9.0	6%	-7%	-13%
Professional Print	8.8	5%	8.9	4%	+1%	-31%	5.1	8%	3.9	6%	-23%	-25%
Industry	12.0	13%	-17.7	-	-	-	4.4	16%	-24.9	-	-	-
Imaging Solutions	-8.3	-	-7.5	-	-	-	-4.7	-	-1.6	-	-	-
Corporate, etc.	-17.5	-	-17.7	-	-	-	-5.6	-	-3.9	-	-	-
Company overall	14.6	2%	-18.5	-	-	-	8.8	3%	-17.4	-	-	-

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Go to page seven.

For the first nine months of business contribution profit, Digital Workplace and Professional Print increased. The Company as a whole secured an increase in profits by covering the decline in profits in the Industry and Imaging Solutions Businesses, which are the challenges.

Operating profit is as explained earlier.

FY2024 9M Performance | Business Trends of Industry

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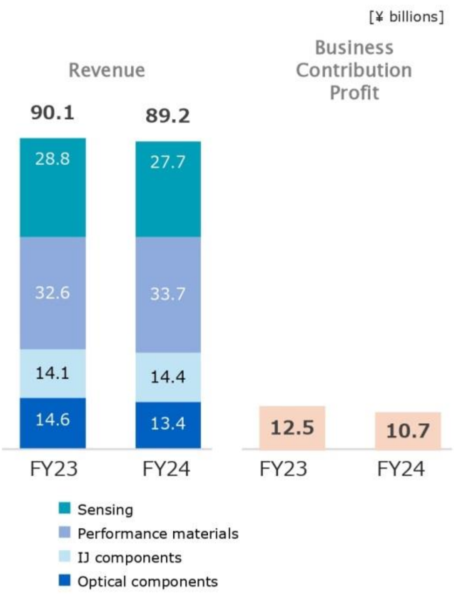

Revenue (YoY)

Sensing -1.1	(−) Light source color: Major customers' restraints on capital investment, harsher competition for some applications (+) Object color: Steady mainly in Asia despite decline in Europe and the U.S. (+) HSI: Strong mainly for recycling applications (+) Automotive visual inspection: Increase mainly in Europe and the U.S.
Performance materials +1.0	(+) TV: Decline in demand for TAC films, growth in SANUQI films for large-sized TV (+) Smartphones: Recovery trend from inventory adjustment in supply chains (−) IT: Decrease due to panel market stagnation
IJ components +0.3	(+) Fundamental: Steady for sign graphics in Europe, the U.S., India, and South Korea (+) Growth: Launch of a long throw distance head, and progress in adoption mainly for cardboard printing applications
Optical components -1.2	(−) Non-industrial: Decrease in demand for pickup lenses (+) Upstream industrial: Growth driven by strong market performance for semiconductor manufacturing equipment application

Business Contribution Profit

Industry -1.8	(−) Performance materials: Increase in SG&A expenses due to increased production testing and new products development testing (−) Sensing: Decrease in gross profit due to revenue decline

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Next, on page eight, I will explain a little bit about our business segments.

First, in the industry business, sales of sensing products declined by JPY1.1 billion due largely to a decrease in sales for light source color products. This section is also explained on the next page.

On top of that, sales of measuring instruments for object color remained strong, especially in Asia. Sales of measuring instruments based on hyper spectral imaging technology have been strong, especially for recycling applications, and our main products have been selling well. Sales of measuring instruments for automobile visual inspections have been favorable, especially in Europe and the United States.

Next, in the area of performance materials, demand for VA-TAC films for small- and medium-sized TVs declined, but sales of SANUQI, a new resin film for large TVs, increased, leading to an increase in sales.

As sales of SANUQI have progressed, the supply has not yet caught up with the rapid increase in demand, and efforts are underway to increase production capacity.

The inkjet component is also increasing revenues. Sales of heads for sign and graphic applications, our core area, have been strong in Europe, the US, India, and South Korea, and in the growth area of heads for industrial applications, our unique long throw distance head launched in December 2024 has been adopted by customers in Japan and overseas, mainly for cardboard printing applications.

In optical components, sales decreased mainly due to a decline in demand for pickup lenses, but sales of products for semiconductor manufacturing equipment, our focus, increased, and we will continue our efforts to improve production capacity for future business expansion with high precision by strengthening lens processing technology.

The overall business contribution profit of the Industry Business corresponds to the increase in SG&A expenses due to testing for increasing products and new products, and the decrease in sales from sensing sales, resulted in a JPY1.8 billion decrease in profit.

Go to page nine.

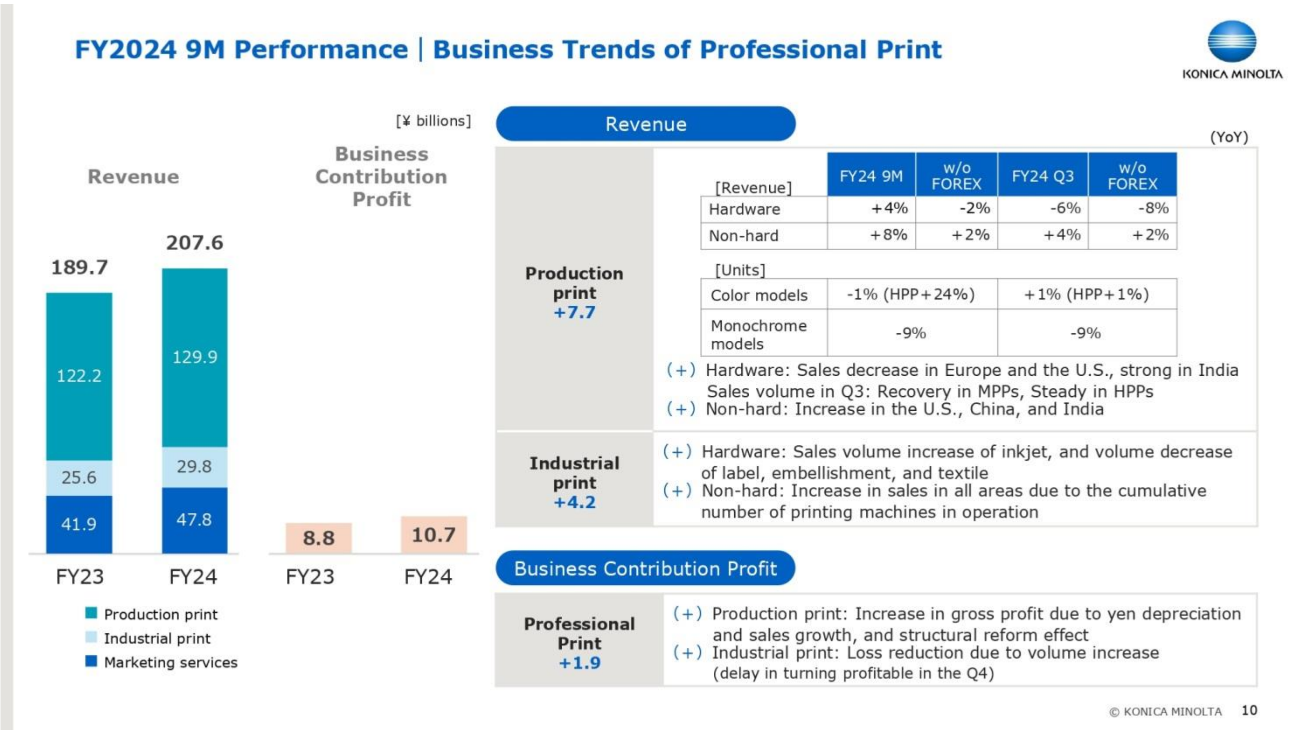
In Q3, sensing was affected by major customers in the display field curtailing large investment facilities, or increased competition in some applications. In addition, the current year's results at Radiant Vision in the US and Instrument Systems in Germany are increasingly expected to fall below projections for the full-year. In light of this, impairment tests were conducted and a combined impairment loss of JPY23.6 billion was recorded.

Although we have given priority to individual companies and individual strategies that leverage the strengths of each company to seize opportunities for major technological innovation, we believe, with some regret, that we have been somewhat backward in reforming our business structure in the face of the sluggish display market.

The Company will strengthen key account management on a global basis. This would strengthen their competitiveness. In addition, we will work to improve profitability at about twice the speed by streamlining business management. In addition to improving the display field, we will also accelerate growth in automotive exteriors or hyperspectral imaging, aiming to establish a solid profit structure once again. From this perspective, we do not intend to change the positioning of the sensing project as a strengthening project.

It will be as I mentioned earlier that we have a revised agreement with Luxvisions in China for optical components. However, depending on the results, the process will involve changing Dalian from being an asset held for sale back to a regular asset and reclassifying it as an asset and a liability. At that time, we made a conservative assessment and conducted an impairment test, and here again, we recorded an impairment loss of JPY4.6 billion.

In the future, we intend to focus more on industrial applications for optical components, particularly for semiconductor manufacturing equipment.



I will then move on to page 10. This will be a professional print business.

As for production print, hardware sales declined in Europe and the US in Q3, resulting in a 2% YoY revenue decline in real terms excluding the effect of foreign exchange rates.

However, in the area of heavy production, where demand for high-volume printing, i.e., non-hard, can be expected, installations are firmly growing by 24% from the previous year, and in terms of volume.

Also, in the mid segment, the Q3 sales figures are recovering compared to the Q2 before that, and these are the reasons for the increase in non-hard.

Non-hard year-to-date sales were up 8%, and 2% in real terms excluding foreign exchange, with the US, China, and India leading the way in terms of geography.

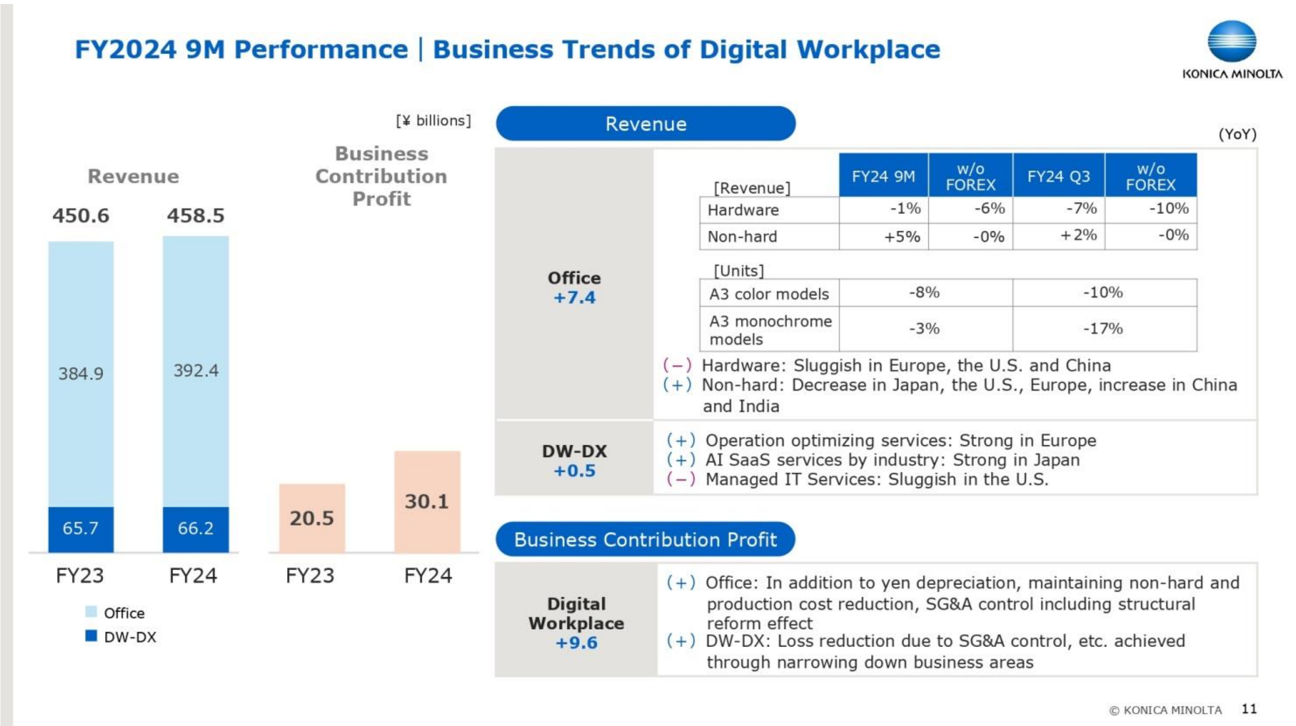
The industrial printing unit also saw an increase in revenues. Hardware increased in the number of inkjet digital printing AccurioJet KM-1e. On the other hand, label printing, decorative printing, and textiles, where customers' judgment is somewhat protracted, are declining.

As for non-hard, all segments have been able to secure an increasing revenue trend with the increase in the number of units installed, but the situation is still somewhat unsatisfactory compared to the plan.

Business contribution profit increased due in part to the effect of structural reforms in production print. On the other hand, the loss in industrial printing narrowed, resulting in an increase of JPY1.9 billion for professional printing.

On the other hand, although we are aiming to turn a profit in Q4 alone in the industrial printing business, given the economic uncertainties in Europe and other regions, including prolonged business negotiations, we now have to expect a slight delay in turning a profit in Q4.

In addition, we have a steadily increasing pipeline of customers, starting with drupa last year, and even if it takes a little longer, we have good prospects for future closings and growth.



Page 11. Digital Workplace. In the office business, hardware sales were weak in Europe, the US, and China, resulting in a 10% decline in Q3 for real sales and a slight YoY decline in year-to-date sales.

However, relatively unprofitable models and lower volume in the low segment for China are the most significant factors in this situation. Therefore, the gross profit margin for hard as a whole has not been hurt that much by the improved product mix.

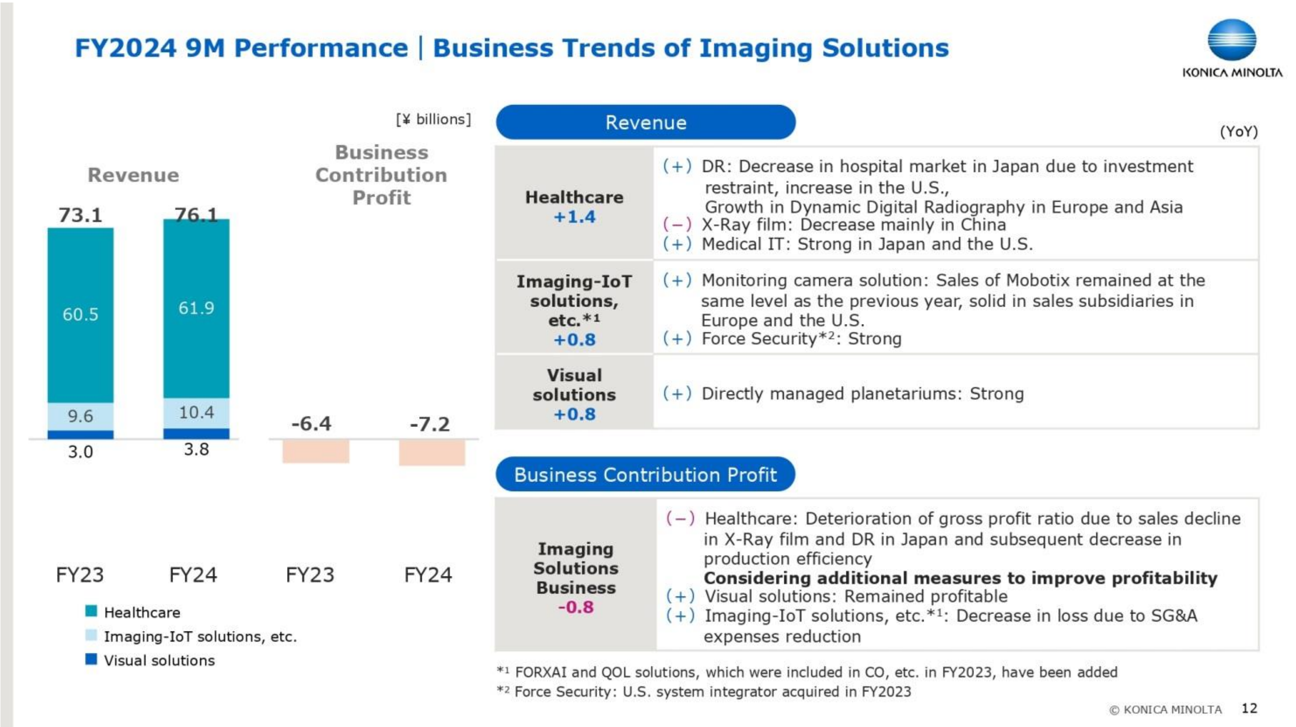
Non-hard sales were up 5% year to date, also benefiting from a tailwind from foreign exchange. In real terms, the situation remains on par with the previous year. Therefore, the situation has not changed after nine months from our previous view.

In terms of profit from office business, gross profit increased thanks to production cost reductions and SG&A cost containment due to the effects of structural reforms.

The DW-DX unit, which focuses on the provision of IT services and other services, reported an increase in revenues. In Europe, the US, and Japan, services that provide business content management and business process management performed well, and in Japan, AI-based interpretation services and other services for the hotel industry and local governments are growing.

In addition, the Company executed a narrowing of geographic regions and business areas based on profitability for managed IT services. The situation is that these results have resulted in a decrease in revenue.

The above combined with the increase in gross profit and the narrowing of DW-DX's losses resulted in a significant increase in business contribution profit of JPY9.6 billion.



This is followed by the image solution. Here, healthcare sales increased, partly due to the effect of foreign exchange. However, the loss increased in the same period of the previous year.

Sales of DR, digital radiography systems, have been declining in the Japanese hospital market due to restrained investment. In addition, X-ray film, analog film, also continue to decline, especially in China.

On the other hand, the X-ray Dynamic Digital Radiography system is the only one we offer globally. Sales of this system, which also includes mobile X-ray machines, have been strong, especially in Europe and Asia.

The Imaging-IoT Solutions Unit also saw an increase in revenue, due in part to the effect of foreign exchange rates. Sales of surveillance camera solutions in Europe and the US remained strong.

In terms of business contribution profit, the profitability of video solutions continues to be managed. In particular, the planetarium under direct management has continued to perform well.

This is the reason why the loss of Imaging-IoT Solutions and others also narrowed, which unfortunately resulted in an overall decrease in profit due to the decrease in profit of healthcare.

In healthcare, which we have positioned as a strengthening business, we have been optimizing human capital for a long time now, and in addition to this, we believe it is necessary to implement selection and concentration on the product axis and regional axis.

Furthermore, we would like to hasten the improvement of profitability by utilizing our group-wide infrastructure to improve costs at site or production efficiency, and by focusing on development that takes advantage of our strengths.

We will also continue to strive to reduce losses in the area of imaging-IoT solutions, which we have positioned as a change in direction.

Moving on to page 14. From this point on, we will explain our progress in the medium term.

In particular, the progress made since Q2 is shown in blue, while those that are slightly behind are shown in red, and the rest are within expectations.

First, with regard to the use of third-party capital for non-focused businesses, the Company has completed the sale of all subsidiaries of Precision Medicine, as well as the sale of one Chinese subsidiary's equity interest in Optical Components. The restructuring of DW-DX, one of the direction changing businesses, is progressing as planned in its efforts to reduce losses.

The registration of the joint venture with Fujifilm Business Innovation Corporation, which is aimed at expanding earnings from office equipment, was finally completed at the end of January, and the joint venture will start operations in February. Specifically, both parties have finally exchanged information, and a system in JV is now to begin full-scale actions for cost reduction. We will now proceed with a thorough trial calculation of the effects of future cost reductions, and negotiations with suppliers will also be in full swing.

We see the urgent task here of stocking up to establish a foundation for growth, improving the profitability of sensing, healthcare, and performance materials, as well as regaining profitability in industrial printing, which has been somewhat delayed.

Progress in Global Structural Reform and Business Selection and Concentration

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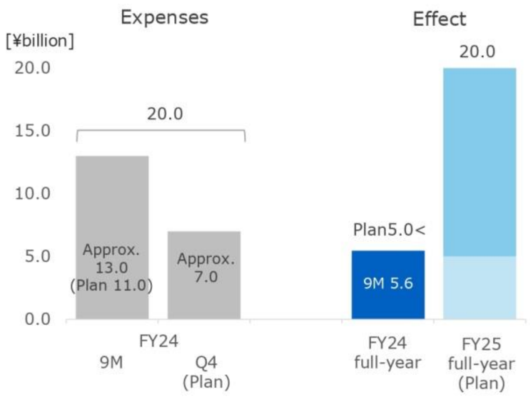
Global structural reform progress ahead of schedule and continue our initiatives to improve productivity

Global structural reform



Number of Group employees: Trend/Plan

	End of Mar. 2024	End of Sept. 2024	End of Dec. 2025
Cumulative reduction number (incl. temporary and contract workers)			
Structural reform		1,597	2,110
Business selection and concentration*		511	556
Group employees (regular employees)	40,015	38,516	38,263

*Business transfer of Invicro and some parts of DW-DX

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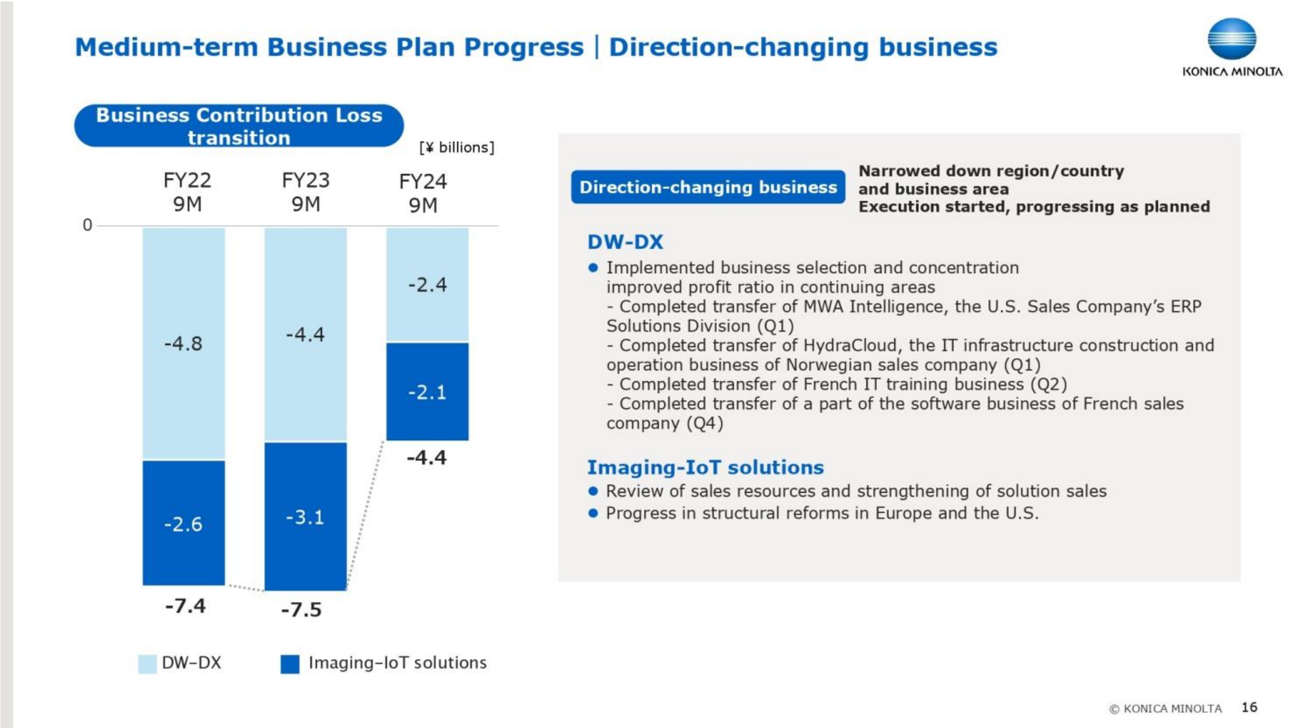
Go to page 15. This section will be about the progress of global structural reforms.

In the first nine months of the year, we have been moving forward with our plan to reduce and optimize our workforce ahead of schedule. The one-time payment, which was expected to be approximately JPY20 billion per year, and the nine-month total is now posted to JPY13 billion. This is already recorded in the profit and loss.

As a result, we expect a JPY20 billion reduction in labor costs and an improvement in profits by the end of FY2025, and we estimate that this will have a full-year effect of approximately JPY7 billion in FY2024.

We expect to reduce the consolidated global workforce by approximately 2,400 employees from the initial plan, but as of the end of the first nine months, the number of employees has been reduced to just over 2,100. In addition, this is the number of companies that were sold or exited due to selection and concentration of businesses. The current situation is that the number of employees is currently about 550 and depending on the progress of the closing process from January onward, there may be a reduction in the number of employees due to non-focused and direction changing businesses.

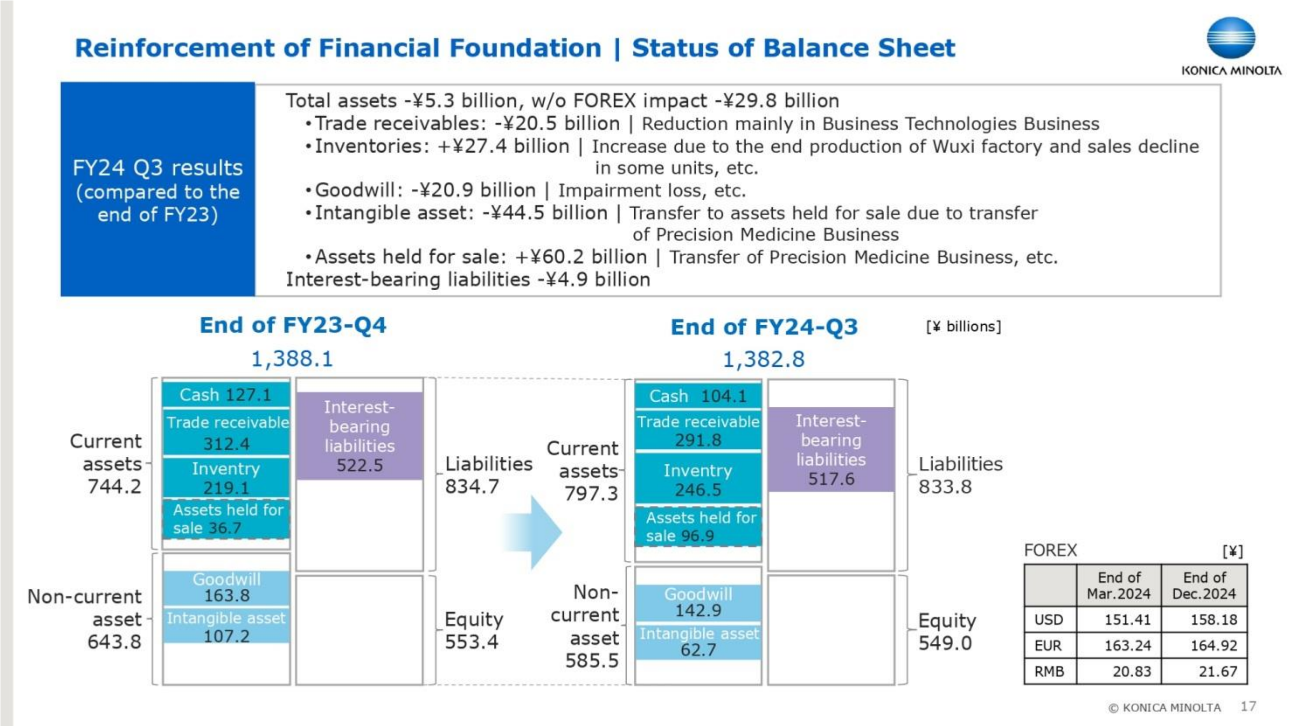


On page 16, we will show you the progress of the direction changing businesses.

In particular, impairment losses and business contribution losses from direction changing businesses have been reduced since FY2022 and we are now looking at a JPY4.4 billion improvement in profit for the first nine months of the current fiscal year compared to the previous fiscal year.

DW-DX is now in a situation where narrowing down the regions and countries in which it operates, and narrowing down its product lineup, are producing positive results.

For imaging-IoT solutions, we are reviewing our sales resources by narrowing the geographic focus, and structural reforms in Europe and the United States, which are still in progress and should be completed by the end of this March.



On page 17, you will see the balance sheet, and we are working to reduce assets with the goal of achieving a total asset turnover ratio of 1x in FY2025.

Compared to the end of the previous fiscal year, trade receivables decreased mainly in the Business Technologies Business.

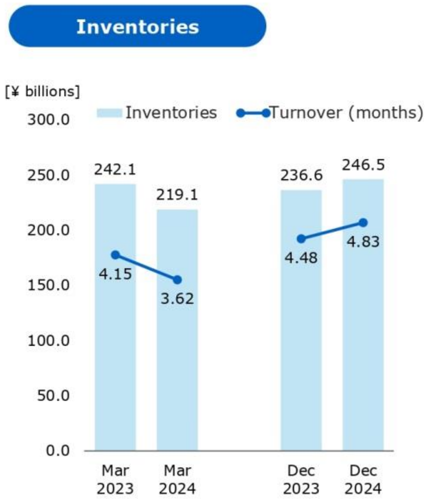
Assets held for sale have temporarily increased due to the transfer of the Precision business, but we expect this to be eliminated in Q4.

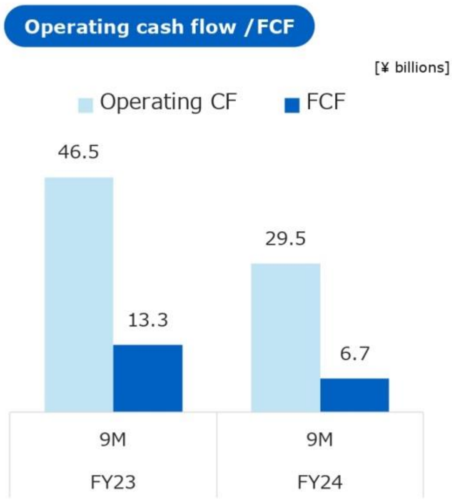
In addition, we have decided to terminate production at the Wuxi factory in China in February, and we are now working on the termination of production. Therefore, the temporary increase in production associated with that action is a factor pushing up inventories. We will continue to reduce this inventory toward the end of the fiscal year.

Interest-bearing debt has been reduced by approximately JPY5 billion, which will be further reduced through the effective use of cash obtained from the transfer.

Reinforcement of Financial Foundation | Inventories and Operating CF / FCF

- Inventory increase due to the end production of Wuxi factory and sales decline in some units
  Deterioration of turnover(months) of inventory





 18

Page 18, change in inventories and operating cash flows and free cash flows. I hope you can see this place as it is described here.

Free cash flow in the Q4 will include the proceeds from the sale and transfer of Ambry, so we expect a large increase in free cash flow versus the prior year.

FY2024 Earnings Forecast | Summary

- Based on progress through Q3, the FY24 earnings forecast remains unchanged
- The profit due to the reevaluation of shares received as business transfer price and foreign currency translation adjustments are expected to be recorded to profit attributable to owners of the Company
- Going forward, we will review our earnings forecast based on the progress of business selection and concentration.

[¥ billions]

	FY23 Result	FY24 Forecast
Revenue	**1,107.7**	**1134.0**
Business contribution profit	**33.3**	**42.0**
Operating Profit	**27.5**	**-14.0**
Profit attributable to owners of the Company	**4.5**	**0.0**
Dividends (¥/share)	**5**	**0**
CAPEX	44.5	45.0
Depreciation and Amortization Expenses*1	54.2	50.0
R&D expenses	58.1	61.0
FCF	38.8	43.0
Investment and lending	0.6	1.0

FOREX [Yen]		9M	Full year*2		FOREX Sensitivity Revenue	FOREX Sensitivity Operating profit
USD	144.60	152.57	151.93	+7.3	+2.6	- 0.1
EUR	156.80	164.83	162.37	+5.6	+1.6	+0.4
RMB	20.10	21.15	20.87	+0.8	+3.1	+1.1

*1 Before retrospective adjustment of discontinued operations
*2 Average of actual rates for 9M and expected rates for Q4 (USD: ¥150, EUR: ¥155, RMB: ¥20)

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Going to page 20, the forecast for the full-year remains unchanged from the previously announced figures for each profit level.

As for the net income, as explained in the previous report, we intend to record the profit in Q4, since the revaluation of stock price received as business transfer price, and the foreign currency translation adjustment arising from the closing after Q3 and thereafter.

In line with this, free cash flow is expected to improve in the Q4, but based on the nine-month cumulative total, the forecast at the beginning of the fiscal year remains unchanged.

And, although we have taken impairment losses in Q3, we are in a situation where we continue to examine the situation closely for the final annual settlement of accounts, taking into account the progress of the selection and concentration measures for future projects.

Regarding the exchange rate, there are two months left, but we are implementing a rate change for Q4.

FY2024 Earnings Forecast | Revenue & Profit

KONICA MINOLTA

- Business contribution profit: Upward revision: office, production print; Downward revision: industrial print, performance materials, healthcare, etc.
- Operating profit: Expenses recorded in Corporate, etc. in bulk in the previous forecast are reflected to each segment based on the results

[¥ billions]

Revenue	FY23 result	FY24 Previous forecast	FY24 Forecast	Change
Digital Workplace	614.9	620.0	624.0	+4.0
Professional Print	263.4	280.0	280.0	-
Industry	123.6	126.0	122.0	- 4.0
Imaging Solutions	105.2	108.0	108.0	-
Corporate, etc.	0.7	0.0	0.0	-
Company overall	1,107.7	1,134.0	1,134.0	-

Business contribution profit	FY23 result	Ratio	FY24 Previous forecast	Ratio	FY24 Forecast	Ratio	Change
Digital Workplace	32.7	5%	34.5	6%	40.5	6%	+6.0
Professional Print	13.8	5%	17.5	6%	15.5	6%	- 2.0
Industry	17.6	14%	18.0	14%	15.0	12%	- 3.0
Imaging Solutions	-8.4	-	-5.5	-	-8.0	-	- 2.5
Corporate, etc.	-22.4	-	-22.5	-	-21.0	-	+1.5
Company overall	33.3	3%	42.0	4%	42.0	4%	-

Operating profit	FY23 result	Ratio	FY24 Previous forecast	Ratio	FY24 Forecast	Ratio	Change
Digital Workplace	33.0	5%	15.0	2%	20.0	3%	+5.0
Professional Print	11.6	4%	15.0	5%	14.0	5%	- 1.0
Industry	16.6	13%	19.0	15%	-11.5	-	- 30.5
Imaging Solutions	-10.9	-	-6.0	-	-9.0	-	- 3.0
Corporate, etc.	-22.7	-	-57.0	-	-27.5	-	+29.5
Company overall	27.5	2%	-14.0	-	-14.0	-	-

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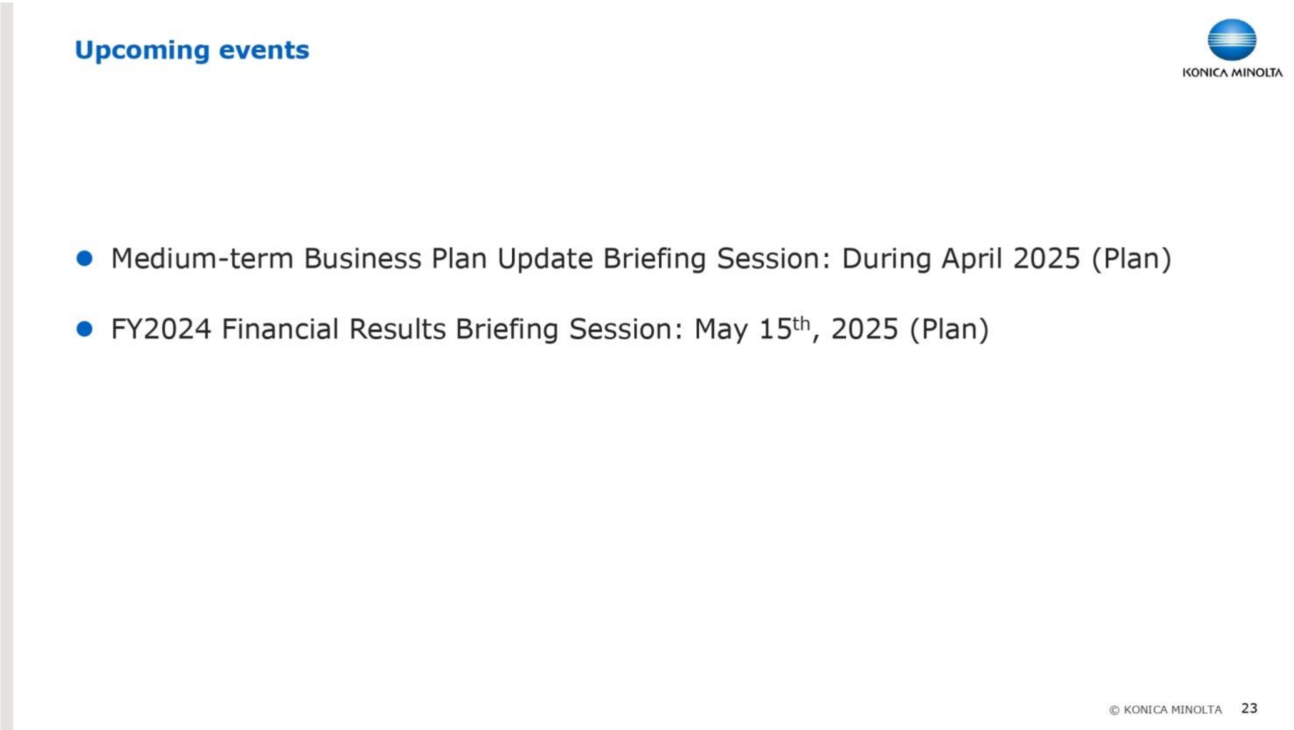
On page 21, we present the results by business segment, which we would like to refer to here.

Lastly, I would like to explain our plan for FY2025. As this is the final year of the current medium-term management plan, we must first achieve ROE of 5% or more, and although we do not believe these figures are sufficient, we must first achieve a V-shaped recovery in profits and ROE of 5%. On top of that, he would like to create a growth spurt and put the Company on track to achieve an ROE of 8% or more. With this in mind, we are now in the process of planning.

In addition, we will strengthen our financial base and optimize capital allocations to ensure that we are able to return profits to our stakeholders after implementing global structural reforms and focusing on specific areas of business.



Last but not least, here are our future plans.

The full-year financial results' meeting is scheduled for May 15. Prior to that, in mid-April, we will hold a briefing on the progress of the medium-term business plan, the date of which will be announced later. In particular, we would like to communicate as much as we can about the future growth of the Company.

Thank you very much for your attention.

Ueno: Thank you very much.

Question & Answer

Ueno [M]: I would now like to take your questions.

If you have any questions, please let us know using Teams. Please provide your company name and your name before asking your question.

Now then, Mr. Shimamoto, please begin.

Shimamoto [Q]: Thank you for your help. My name is Shimamoto of Okasan Securities Co.

First of all, what was the progress up to Q3, mainly in terms of business contribution profit and operating profit, compared to internal assumptions? If possible, could you please mention the shading, if any, for each segment and answer my question?

Taiko [A]: Taiko will answer.

From an internal perspective, we view the overall figures and the progress of business contribution profit itself as coming in at a somewhat high head.

While Digital Workplace and Professional Print are positive, Industry, especially sensing, which is also impaired this time, is negative. Also, healthcare, which is not an Industry business but one of the strengthening businesses, is also behind due to the impact of restrained investment. That is all.

Shimamoto [Q]: Okay. Thank you very much.

Can you please tell us roughly how much money was bumped up in the follow-up and how much was landed in total business contribution profit? I think Q4 was originally an easy quarter for the Digital Workplace and Professional Print Businesses to generate revenue and profits. If we subtract out the revenue, Q4 did not look that good, but I think it was a modest upswing.

Taiko [A]: In the full-year forecast by business, the figures for Q4 can be seen naturally from the nine-month progress.

From this perspective, we have repeatedly failed to follow through on what we have said in the past, so this time we have limited our efforts to the bare minimum, and of course, we have positioned ourselves to aim for something more than that.

Shimamoto [Q]: Okay, thank you.

Secondly, I would like to talk about this Digital Workplace. I would like to ask you about this business, mainly non-hard sales, and the sales situation is almost unchanged from the previous year, which I think is a rather good performance considering the market environment for office equipment.

What are the reasons for this, and what are your thoughts on the future? I understand that your company originally thought that the market would naturally converge in that direction, with minus 2% or so being the market situation. Could you tell us again whether there has been any change in this way of thinking?

Takayama [A]: Takayama will answer your question.

The negative 2% assumption for the medium to long-term remains unchanged at present. In Q3, we were able to maintain a relatively flat sales level, partly because of such favorable results, but also because we have shifted our product mix to high-end products. Due in part to such factors, sales of non-hard products did not decline. That is all.

Shimamoto [Q]: Okay. In terms of products, would it be correct to say that high-end products are A3 color high-speed machines in an office or something like that?

Takayama [A]: You are right.

Shimamoto [M]: Okay, thank you. That is all from me.

Ueno [M]: Thank you. Does anyone have any other questions? Well then, Mr. Shibano, please go ahead.

Shibano [Q]: My name is Shibano from Citigroup Securities. I didn't get to hear the first half, so apologies if there is anything that may overlap.

I am not sure if you have just answered this question, but what was the progress of business segment profit in Q3 compared to the internal plan? Please let me ask this first.

Okamura [A]: It is a detailed part, so I will have this answered from Okamura.

Including foreign exchange, first of all, the Digital Workplace and Professional Print Businesses are overachieving. The businesses that are lagging will be Industry and Imaging Solutions.

Shibano [Q]: Thank you. I understand that this is a business segment profit, but how much was the downward or upward swing on a consolidated basis?

Okamura [A]: Taiko didn't give you a number earlier, but I think it would be best if you understand that it is between JPY1 billion and JPY2 billion.

Shibano [Q]: So you're okay with an upward swing of about JPY1 to JPY2 billion on a consolidated basis?

Okamura [A]: Yes, that's right. The most upbeat is the Digital Workplace business. Next, Professional Print. Industry and Imaging Solutions are lagging behind.

Shibano [Q]: I understand. As President Taiko explained at the end of the presentation, there have been many instances in the past where the annual plan has not been achieved. The annual plan for business segment has not been changed, and you are trying to avoid such cases by remaining cautious, is that correct?

Okamura [A]: Yes. We have left the total amount unchanged, but we have made minor adjustments between segments to reflect the trends I mentioned earlier.

Shibano [Q]: Thank you. Secondly, in H1 of the fiscal year, I believe that the one-time costs and impairment risk were included in a fairly wide range.

I think we got most of it out of this quarter, but I was wondering if you could show us the actual range of costs and impairment risks that could be expected in Q4 at this point.

Okamura [A]: I will answer this one as well.

First, let me talk about the impairment loss. We also have an inflow and outflow regarding the factory of optical component business, which we initially expected to be included in the one-time expenses associated with the selection and concentration of businesses, rather than in the impairment loss. However, the total impairment loss in Q3 was higher than expected. On the other hand, it is contained within the overall one-time cost.

Regarding Q4, as Taiko explained earlier, we are proceeding with the selection and concentration of businesses, and if we find a direction to go, we may examine the situation again.

As for impairment, we will also conduct impairment tests under international accounting standards in Q4, so at this stage, it is a bit difficult to answer.

Shibano [Q]: Thank you.

Lastly, on slide 22, President Taiko explained your thinking for the next fiscal year. Have the contents of what you are explaining here changed in any way from what you presented a year ago, for example?

Also, 5% ROE is a level that can be achieved less than JPY60 billion in operating profit, but I think the original medium-term business plan called for 5% or more. Compared to a year ago, are we now in a situation where a higher level can be expected? Or, on the other hand, despite the weak yen, market conditions in Europe and the US are not necessarily good, so I wonder if we should consider that there are some areas where there is an "against" situation. That is all.

Taiko [A]: Overall, in a nutshell, I would say that there has been no major company-wide change. However, when we look at the current situation, there are some businesses that we can place a little more emphasis on and others that we need to be a little more cautious about. The market for healthcare in the Imaging Solutions Business and the Industry as a whole is declining, Professional Print and office businesses is in positive growth we can make. So, there is a change in the mix of them.

Also, some of the seeds of growth are beginning to materialize. I would like to touch on these to the extent possible in the medium-term business plan update briefing in April. We will make sure to invest in those areas and do what we can to achieve them.

Also, we need to take steps in these areas, such as the additional tariffs from the US, which were not there at all until now. As for measures, they are not exactly the same as what we were looking at a year ago, but the overall feeling is that we are determined to achieve a V-shaped recovery in profits and an ROE of 5% or more. That is all.

Shibano [M]: Thank you very much.

Ueno [M]: Thank you. Next, Mr. Okazaki, please continue.

Okazaki [Q]: I am Okazaki from Nomura Securities.

In terms of the office hard part, this time, in terms of the quarter, the negative figure is quite large, and I think it can be seen both in terms of sales and in terms of the number of units. Please explain what the situation is.

Takayama [A]: Takayama will answer.

As for hardware, it is a little lower than expected, as you pointed out, but basically, we have a variety of business negociations, and we are very selective about which ones we do not take that are not profitable.

Conversely, we have decided to focus on areas where we can generate solid profits, so we are proceeding with initiatives that emphasize profitability and not chasing unit numbers, as such, in terms of unit numbers, hardware profits are down a bit.

Okazaki [Q]: I understand. Thank you very much.

The second point is Industry. I think that IJ components have fallen below the previous year's level in the past three months. Sales have been growing steadily, and profit margins have been high, and I think this has been one of the most important growth drivers. Can you comment on this?

Kuzuhara [A]: Kuzuhara, the Industry Manager, will answer your question.

After all, some of the products for sign graphics in the Chinese market are on the road to recovery, but there is also a downturn in the business climate, depending on the product. The situation is a bit mixed.

Compared to last year's relatively strong performance in this area, we are a little behind. However, this does not mean that overall growth has come to a standstill, and we are making steady progress in developing new applications.

Okazaki [Q]: Thank you very much.

Also, regarding the industry, I believe that there was an announcement that the scope and scheme of the sale of the optical components business has changed a little. Could you please explain under what circumstances this is changing?

Kuzuhara [A]: Kuzuhara will answer your question again. We have been in discussions with Luxvisions for a long time here.

In fact, during this period, there were a number of market movements, and the customer wanted to consolidate its operations into one plant rather than two. Based on this, we decided not to maintain the two plants in this area, but to work together with Luxvisions to link these plants to downstream activities, and we were proceeding with the idea of forming a JV. Therefore, we are now moving to complete the deal by consolidating the two plants into one plant.

On the other hand, the production efficiency of the remaining plants will improve, and we are making progress in the areas that we have been working on.

Okazaki [Q]: So, then, this change in the sale scheme to change the trajectory of the optical component is still an extension of your previous thinking.

Kuzuhara [A]: Yes. The basic policy of optical components is to specialize in the upstream industrial field, as we announced many years ago. Although I have not explained each of the issues at this time, we are steadily expanding in the semiconductor area, and our basic concept has not changed at all.

Okazaki [M]: I understand. That is all. Thank you very much.

Okamura [A]: This is Okamura. Let me add one point here, as I gave a misleading explanation earlier.

In terms of segment strengths and weaknesses, commercial printing in the professional printing business is overachieving. On the other hand, industrial printing is lagging behind, so the segment as a whole has been revised downward this time.

Ueno [M]: Mr. Nakanomyo, are you okay?

Nakanomyo [Q]: My name is Nakanomyo from Jefferies.

I'm sorry if this has been explained to you since I joined in the middle of the meeting, but in the production print section of professional printing, looking only at Q3, I think there is a bit of a minus in hard. What is the situation with this?

Takayama [A]: Takayama will answer. Basically, the main thing is that the economy has already been affected by the European and Chinese economies.

Nakanomyo [Q]: In that sense, does that mean that market conditions are a little worse in Q3 compared to H1?

Takayama [A]: Yes, that's right. This is especially true around Europe.

Nakanomyo [Q]: How should we think about that when we look at Q4 or the next fiscal year?

Takayama [A]: We have included that point in the Q4 budget, so we are not necessarily going strong for Q4.

Nakanomyo [Q]: Okay, I understand. What is your outlook for the next fiscal year?

Takayama [A]: We are in the process of preparing the final budget for the next fiscal year, so I will refrain from making a statement, but we are thinking of preparing it while keeping an eye on the market situation.

Nakanomyo [M]: Thank you very much. My apologies.

Taiko [A]: Excuse me, this is Taiko.

Regarding the current point, I do not believe that the economic recovery in Europe will be such an easy recovery or optimistic. In such a situation, we should emphasize our strong high-end products and secure non-hard as a result of that.

Therefore, at this point, we do not yet see that much clear material that we can clearly state that we can expect recovery from H2. That is all I will add and say.

Nakanomyo [M]: Thank you very much.

Moderator [M]: Thank you very much. Now, Ms. Saito, please go ahead.

Saito [Q]: Thank you for your help. My name is Saito from JP Morgan Securities.

In your last presentation, you explained that the first step for the next fiscal year is to achieve a V-shaped recovery in profits and an ROE of 5% or more, and then you said that you would like to achieve an ROE of 8% or more. So, regarding the presentation of the medium-term plan, is it correct to assume that you will basically explain how you aim to achieve this ROE of 8% or more for each of its specific businesses?

Taiko [A]: This is Taiko.

First of all, we have always said that ROE of 5% is the target of the current medium-term management plan, and we must first ensure that this target is met. After explaining this, I have just explained that we recognize that we must aim for 8% or more in the long term.

The briefing for progress of the medium-term plan in April is not to explain the new medium-term plan but to show where we are now after two years of this three-year plan, which ends in FY2025. This is part of the talk that focuses on how we are trying to prepare for growth for the new medium-term plan starting in 2026, and we have not yet reached the point of 8% or more business unit by business unit. That is all.

Saito [Q]: Thank you very much. I'm sorry, did you mean 8% in terms of what your company would like to achieve in the long term in the current business segment?

Taiko [A]: I am saying that the entire company, including that, must take such figures into account somewhere, properly.

Saito [M]: I understand very well. Thank you very much. That is all.

Ueno [M]: Thank you. Since it is now past the appointed time, we would like to conclude today's briefing. We will follow up with you in the IR office in the future.

Thank you very much for your time today.

[END]

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Document Notes

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