

## "Konica Minolta, Inc." Q&A from Earnings Forecast Revision Briefing Session

Date and time: May 10, 2023, 14:00 to 14:45 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.*

[Management policies and results for the Company overall]

Q. May I understand that the Company is considering the selection and concentration of businesses from the viewpoint of whether Konica Minolta is the best owner in each of these businesses?

A. Basically, that understanding is good.

Q. I have the impression that the previous investment in the new businesses has not resulted in profit, such as the recording of impairments at Precision Medicine and Imaging IoT. What do you think about the challenges as President and CEO?

A. We have taken on the challenge of creating new businesses with the aim of establishing a new earnings mainstay amid projected declines in office printing. Now we recognize that we need to learn how to judge whether the assumptions at the time of starting the business have changed and how to revise the plan when the assumptions have actually changed. We will not stop taking on challenges for the future because of this experience. Indeed, we intend to work on new businesses with preparation of criteria to withdraw and alternative measurements.

Q. The results will end in net loss for four consecutive fiscal years. Regarding the selection and concentration of businesses, are you considering measures that will affect the employment of domestic employees?

A. We will implement a variety of measures to restore earning power and rebuild earnings. While reducing expenses and manufacturing costs, we do not plan any measures that would affect the hiring of employees in areas that has nothing to do with business selection and concentration.

Q. Regarding corporate governance, the Company has adopted a claw-back provision. Will that apply to the recording of the large impairment loss?

A. The claw-back provisions are subject to review, in the event that subsequent adjustments of the financial results are required due to material accounting errors or improprieties. This impairment loss was appropriately handled, including decision-making and processes. From this viewpoint, it is not a case that falls under the provisions.

Q. I understand that the loss for the fourth consecutive fiscal year will breach the covenants. What is the status?

A. As you pointed out, it will breach the covenants, but we have obtained the waiver.

[Impairment loss]

Q. As a result of the impairment test, you recorded the loss. Could you tell us the background of why you did so at this timing?

A. In accordance with IFRS standards, impairment losses are tested annually at a fixed time each year during the year-end closing process. We went through the same annual process this time.

Q. We recognize that goodwill after impairment loss includes goodwill associated with the Konica Minolta's management integration, goodwill at the time of the acquisition of Radiant (Sensing Business), and others. What do you think about the impairment risk for those other than what you recorded impairment losses for this time?

A. We annually perform impairment testing for the fiscal year and are not aware of risks at this time.

[Impairment loss of Precision Medicine]

Q. There was an update about the listing on the U.S. market in the news release.  
Have there been any changes in the situation?

A. In addition to the listing on the U.S. market that we have been considering, there was a change that we have decided to proceed with the examination of strategic options, including the transfer of the business to a third party.

Q. I understand that Precision Medicine is a business that incurs R&D expenses and can pay off on the long-term investment even while it remains in the red. Please tell us about whether the situation has changed since you entered the market, or whether it was difficult to continue investment for a long period of time.

A. As competitors began to adopt measures to collect data with an emphasis on the revenue growth rather than profit, the competitive environment changed, and it became necessary to invest for growth. That was the change from the assumptions made at the time of the acquisition. Before that, there was a time that the business was profitable. We recognize that the changes in the competitive environment had a major impact.

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