



KONICA MINOLTA, INC.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2025

July 31, 2024

Event Summary

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[Participants]		
[Number of Speakers]	5	
	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
	Takahiko Ueno	Manager of Investor Relations
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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. Q1 financial results briefing session for the fiscal year ending March 2025.

First, I would like to introduce today's attendees. Toshimitsu Taiko, President & CEO, Representative Executive Officer. Noriyasu Kuzuhara, 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. I am Ueno from the IR Office, and I will be your facilitator today. Thank you.

We would now like to move on to the presentation. Mr. Taiko, please go ahead.

Today's Summary



FY2024 Q1 Result

- Increased revenue, significant improvement in business contribution profit*, deficits in operating profit and profit attributable to owners of the Company (effects of one-time cost to operating profit and tax expenses to profit attributable to owners of the Company)
- Good progress: Performance materials, industrial print, DW-DX, Precision Medicine
- Problems in progress: Sensing, healthcare

Medium-term Business Plan Progress

- **Global structural reforms**
 - Progressed as expected
- **Business selection and concentration**
 - Precision Medicine Business: Completed transfer of entire equity capital of Invicro (April 30th) and cash inflow of ¥9.3 billion
 - DW-DX: Completed transfer of some services in Europe and the U.S. in line with the selected regions and services (June 30th)
- **Reinforcement of financial foundation**
 - FCF improved

*Business contribution profit: Original Index of the Company, the profit subtracted sales cost, SG&A from revenue

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Taiko: Hello, everyone. Thank you for attending our financial results briefing session today. I would like to begin with an explanation of the Q1 financial results.

Page two is a summary of the key points we wish to convey today.

First of all, in the Q1 results, revenue increased in all business segments, and in terms of profit, business contribution profit improved significantly. Operating profit and below are in the red, partly due to one-time costs associated with structural reforms, but they have improved YoY.

Looking at business contribution profit by business segment, excluding the effect of foreign exchange rates, performance materials, industrial print, office, DW-DX, and precision medicine performed well with higher profits, while sensing and healthcare saw lower profits.

Next, the key points of progress in the business plan. Global structural reforms are progressing according to plan, with some regions having already begun implementation.

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Regarding business selection and concentration, in precision medicine, which is positioned as a non-focused business, the transfer of the entire equity capital of Invicro was completed at the end of April, resulting in a cash inflow of JPY9.3 billion. In DW-DX, which was positioned as a direction-changing business, we have been assessing the profitability and growth potential of each region and product and selecting which to continue and which to scale back or terminate. In line with this policy, some services in Europe and the US have been transferred.

In terms of efforts to strengthen the financial base, cash flow is improving YoY.

FY2024 Q1 Performance | Summary



FY2024 Q1 Result

- **Revenue:** Increased partly due to impact of FOREX
- **Business contribution profit*:** Gross profit ratio improved by approx. 2 pt., and significant improvement due to deficit reduction and other factors in the non-focused and direction-changing businesses
- **Operating profit:** Deficit reduced with one-time cost for global structural reforms, gain on sale of Invicro and other factors
- **FCF:** Improved as a result of business transfer despite worse operating CF including temporary factors

[¥ billions]

	FY23 Q1	FY24 Q1	YoY	w/o FOREX
Revenue	266.4	286.2	+7%	-2%
Gross Profit	111.9	126.4	+13%	+1%
Gross Profit ratio	42.0%	44.2%	+2.2pt	
SG & A	116.0	124.8	+8%	-1%
Business Contribution Profit *	-4.1	1.6	-	-
Operating Profit	-4.4	-0.4	-	-
Profit attributable to owners of the Company	-5.6	-3.5	-	-
FCF	-10.8	-8.2	-	-
FOREX [Yen]				
USD	137.37	155.88	+18.51	
EUR	149.47	167.88	+18.41	
RMB	19.56	21.48	+1.92	

*Business contribution profit: Original Index of the Company, the profit subtracted sales cost, SG&A from revenue

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Moving on to page four. This is a company-wide summary of Q1 results.

Revenue increased in all businesses, partly due to the impact of foreign exchange rates. By region, revenue increased in all regions except Japan, where revenue declined slightly due to the impact of foreign exchange rates.

While revenue increased, SG&A expenses, excluding the effect of foreign exchange, were under control compared to the previous year. Business contribution profit improved significantly, partly due to a tailwind from foreign exchange rates, but also due to a reduction in fixed and other costs on the real side, resulting in a gross profit ratio increase of approximately two percentage points, as well as a reduction in losses from non-focused and direction-changing businesses.

Operating profit, on the other hand, was affected by JPY3 billion in restructuring costs related to global structural reforms, which resulted in a JPY400 million operating loss, despite the gain from the sale of Invicro. However, this is a significant improvement from the JPY4.4 billion loss in the previous year.

The net loss also improved, but was partially affected by the non-application of tax effects to loss-making subsidiaries in the US and Europe. While operating cash flow deteriorated due in part to transitory factors, free cash flow improved as a result of the transfer of the business.

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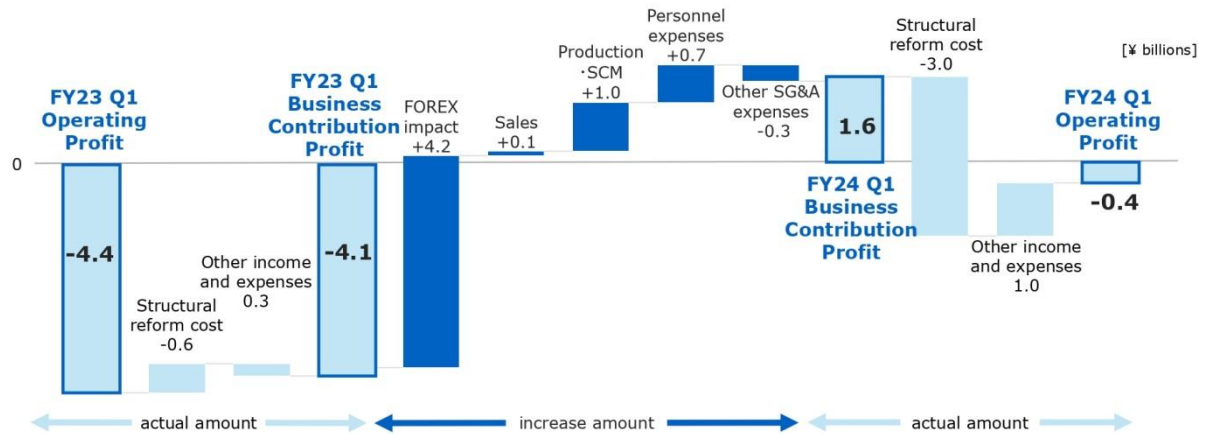
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FY2024 Q1 Performance | Factors of Increase/Decrease of Business Contribution Profit



- Sales: Increased in performance materials and Precision Medicine, decreased in sensing and healthcare
- Manufacturing & SCM: Reduced costs mainly in office
- Personnel expenses: Decreased in Precision Medicine(Invicro) despite rising unit price of personnel expenses



Details are provided on page 31

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The next page shows the change in business contribution profit from Q1 of last fiscal year by factor.

From negative JPY4.1 billion in contribution profit in FY2023, in addition to the positive impact of foreign exchange, gross profit increased mainly in performance materials and precision medicine but decreased in sensing and healthcare. Costs, including manufacturing and logistics, have been reduced, especially in office unit.

Although personnel expenses increased due to a review of regular salary increases in response to rising global prices and other factors, business contribution profit for Q1 of FY2024 was a profit of JPY1.6 billion, mainly due to a reduction in personnel expenses following the transfer of Invicro.

Operating profit was negative JPY0.4 billion as a result of a one-time cost of JPY3 billion for global structural reforms and an additional JPY1 billion in other income and expenses.

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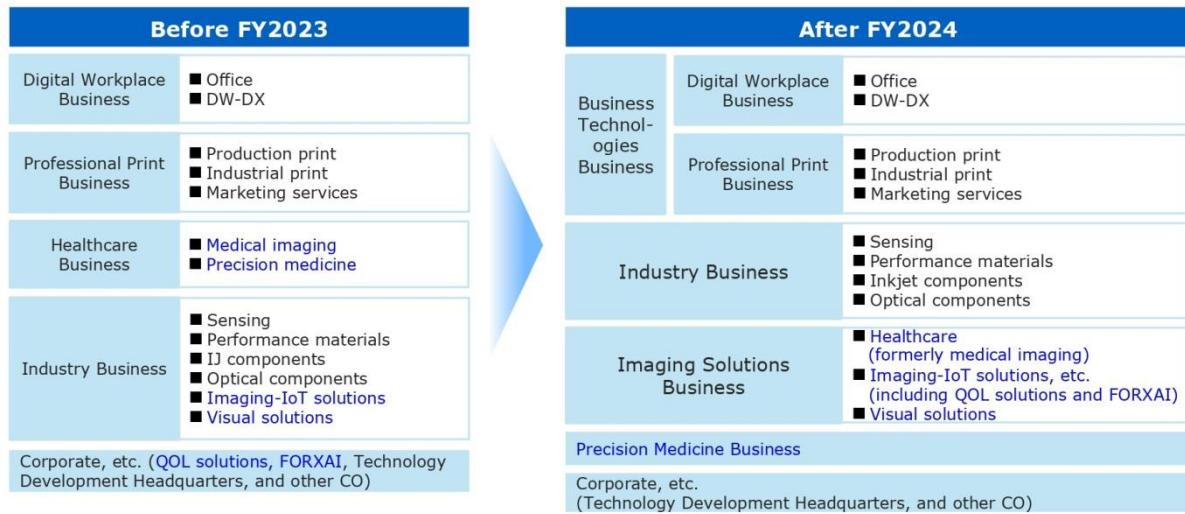
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Changes in Segment Information due to Organizational Changes



Segmented into the main three areas of Business Technologies Business, Industry Business, and Imaging Solutions Business to strengthen the structure for accelerating the execution of Medium-term Business Plan



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This page is an explanation of the revised classification into three main areas of the Business Technologies Business, the Industry Business, and the Imaging Solutions Business, beginning in FY2024, and we are strengthening our structure to accelerate the implementation of the medium-term business plan accordingly.

On page six, we are showing the reclassification of business segments due to that change in organizational structure.

FY2024 Q1 Performance | Revenue & Profit by Segment



FY2024 Q1 Results

[¥ billions]

Revenue	FY23 Q1	FY24 Q1		YoY	w/o FOREX
Digital Workplace	143.3	152.0		+6%	-4%
Professional Print	60.2	67.6		+12%	+1%
Industry	29.7	31.0		+4%	-2%
Imaging Solutions	21.8	22.8		+5%	-1%
Precision Medicine	11.3	12.6		+11%	-2%
Corporate, etc.	0.2	0.2		+19%	+19%
Company overall	266.4	286.2		+7%	-2%

Business Contribution Profit	FY23 Q1	FY24 Q1	ratio	YoY	w/o FOREX
Digital Workplace	2.4	6.8	4%	+186%	+92%
Professional Print	0.8	1.8	3%	+119%	-82%
Industry	3.9	3.8	12%	-2%	-16%
Imaging Solutions	-2.7	-4.0	-	-	-
Precision Medicine	-2.9	-0.2	-	-	-
Corporate, etc.	-5.5	-6.5	-	-	-
Company overall	-4.1	1.6	1%	-	-

Operating Profit	FY23 Q1	FY24 Q1	ratio	YoY	w/o FOREX
Digital Workplace	2.0	4.5	3%	+126%	+23%
Professional Print	0.9	1.7	2%	+79%	-90%
Industry	3.9	3.1	10%	-21%	-34%
Imaging Solutions	-2.7	-4.3	-	-	-
Precision Medicine	-3.1	1.4	4%	-	-
Corporate, etc.	-5.4	-6.8	-	-	-
Company overall	-4.4	-0.4	-	-	-

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Let me move on to the next page.

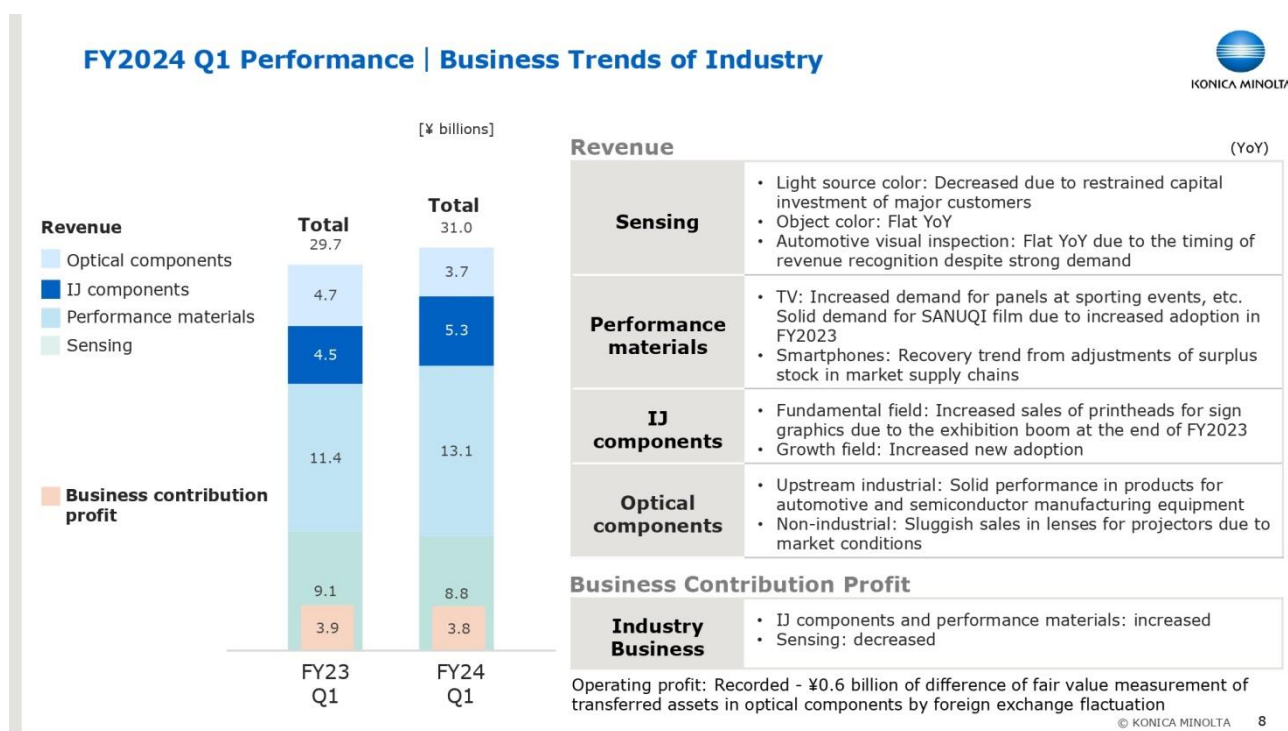
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We present our revenue, business contribution profit, and operating profit by business segment on a new disclosed segment basis for your reference.



From the next page, we will explain a little more about each business segment.

First, in the Industry Business, sensing sales are down about 4%.

Sales for light source color mainly decreased due to a slowdown in demand, especially from major customers, affected by customers' restrained investment in display equipment. For object color, sales of measuring instruments were on a par with the previous year. Sales for inspection equipment for automobile visual inspection systems were at the same level as the previous year, due in part to the timing of revenue recognition, although orders are piling up.

As for the performance materials unit, sales increased YoY. Sales of phase difference films for VA are increasing, capturing the rise in demand for TV panels due to sporting events, etc. In particular, demand for SANUQI for large-size TVs has been strong due to increased adoption.

In addition, demand for thin films for smartphones is on a recovery trend as inventories during the period in the supply chain in the previous fiscal year began to dissipate.

IJ components unit's sales increased YoY. Sales of inkjet print heads increased due to the impact of the largest sign graphics-related exhibition in China, which was held at the end of the previous fiscal year. In the growth field, sales are increasing due to the adoption of the product by new customers, mainly for industrial applications.

Sales of optical components unit decreased YoY. In the upstream industrial field, where we focus on, sales for automotive and semiconductor manufacturing equipment increased, but in the non-industrial field, sales of lenses for high-luminance projectors continued to be sluggish due to the impact of market conditions.

As for the Industry Business, contribution profit was slightly lower. In addition, the transfer of equity interests in two Chinese production subsidiaries in optical components is being adjusted for closing, but the

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difference from the fair value of the transferred assets due to exchange rate fluctuations, a negative JPY0.6 billion, has been recorded.

Industry Business | Progress in Areas of Focus



Steady progress in pipeline expansion and sales in the three areas of focus

Inkjet	Semiconductor manufacturing	Mobility
<ul style="list-style-type: none"> Highly evaluated IJ printing in cardboard conveyance process at drupa 2024 Realizing label-less and labor-saving for customers with IJ printing process  <p>Our thin-film printheads achieve clear print even with high gaps, ensuring application to the cardboard conveyance process</p> <p>Industrial inkjet printing 2023-2025 market CAGR*: over 15%</p>	<ul style="list-style-type: none"> Acquired projects for new equipment models in visible light field for expansion beyond 2025 Introduced non-contact polishing technology to standardize technology and improve surface precision, aiming to expand mass production  <p>Ultra-high precision optical lens for semiconductor manufacturing equipment</p> <p>Optical components for semiconductor manufacturing equipment 2023-2025 market CAGR*: 10%</p>	<ul style="list-style-type: none"> Installed automotive visual inspection system in Suzuki Motor plants for the first time in Japan Expand pipeline globally, including other plants of Suzuki Motor, for expansion beyond market growth  <p>Eines and Konica Minolta technologies achieve the world's highest level of visual inspection</p> <p>Automotive visual inspection 2023-2025 market CAGR*: 10%</p>

* Konika Minolta estimates.

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On the next slide, we introduce the progress in areas of focus of Industry Business.

First, in the inkjet component, we are demonstrating high gap printing using our proprietary thin film IJ head technology at drupa, the world's largest printing exhibition, which I will explain later.

While the distance between the print head and the object to be printed is usually limited to 1 mm to 3 mm, we have achieved printing with a gap of up to 20 mm, enabling practical application in the cardboard transport process.

The cardboard surface on the distribution line is uneven and also swollen with its contents, so a larger gap between the surface and the print head is considered advantageous. We are in a situation where technology that solves these problems is highly valued.

We are focusing on optical components for semiconductor manufacturing, and we were able to win a project for a new model in the visible light field in preparation for expansion beyond 2025. We are in the process of standardizing our technology and introducing a new non-contact polishing technology to achieve higher precision and expand mass production.

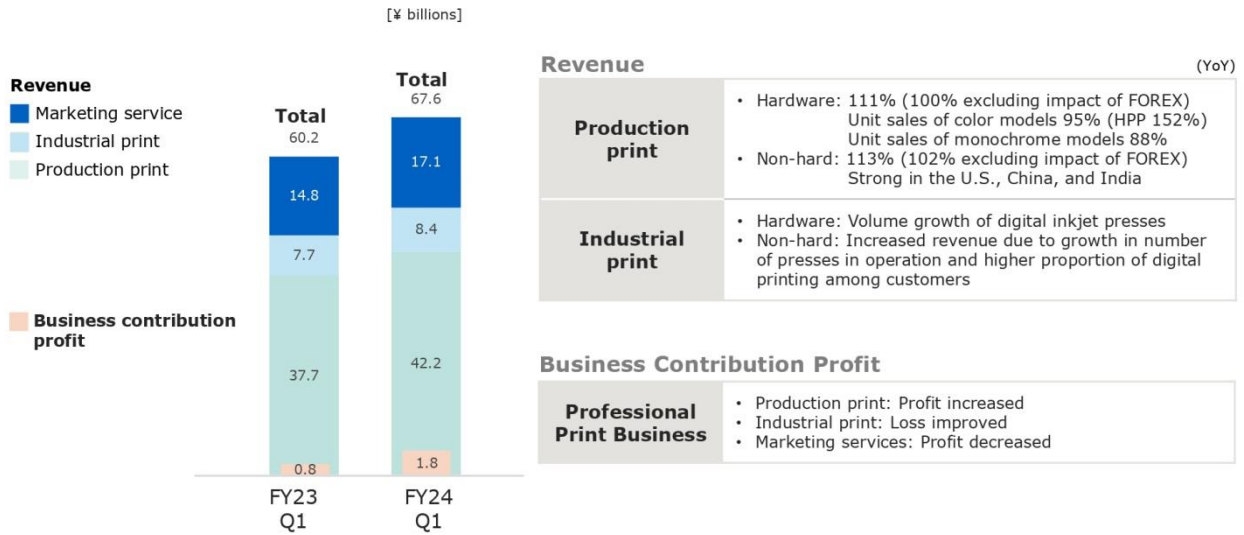
Sensing's automotive visual inspection solution was installed in Suzuki Motor plants for the first time in Japan. This will be useful in reducing the burden on the field and improving productivity in this industry, which continues to face a labor shortage. We are in the process of expanding our pipeline globally from the automotive industry, including to Suzuki's other plants.

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The next page is about professional print.

In production print, the sales volume of color models was 95% YoY, monochrome models 88%, and the high-speed area of heavy production, on which we are particularly focusing our efforts, grew significantly by approximately 1.5 times YoY. Overall sales were 111%, partly due to the impact of foreign exchange rates.

Non-hard, such as consumables and services, are increasing revenues as well. By region, print volumes at commercial printers have fallen in Europe, but demand increased in the US, India, and China.

Industrial print sales are up YoY. Unit sales of inkjet printer AccurioJet KM-1e increased, while non-hard sales rose due to increased demand for printing related to packaging, labels, and textiles for daily necessities.

Business contribution profit increased by JPY1 billion for professional print as a whole, as losses in industrial print narrowed and profit in production print increased.

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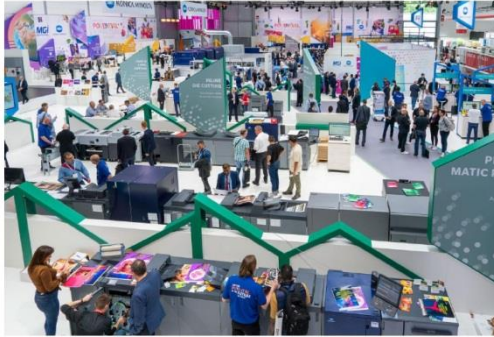
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drupa 2024: The International Trade Fair for Print and Cross-media Solutions



- Held for the first time in eight years after COVID-19
Strong interest in the potential of digital printing, mainly featuring AccurioJet 60000 (KM-1 series), AlphaJET (MGI), and AccurioLabel
- Signed over 200 business contracts during event period



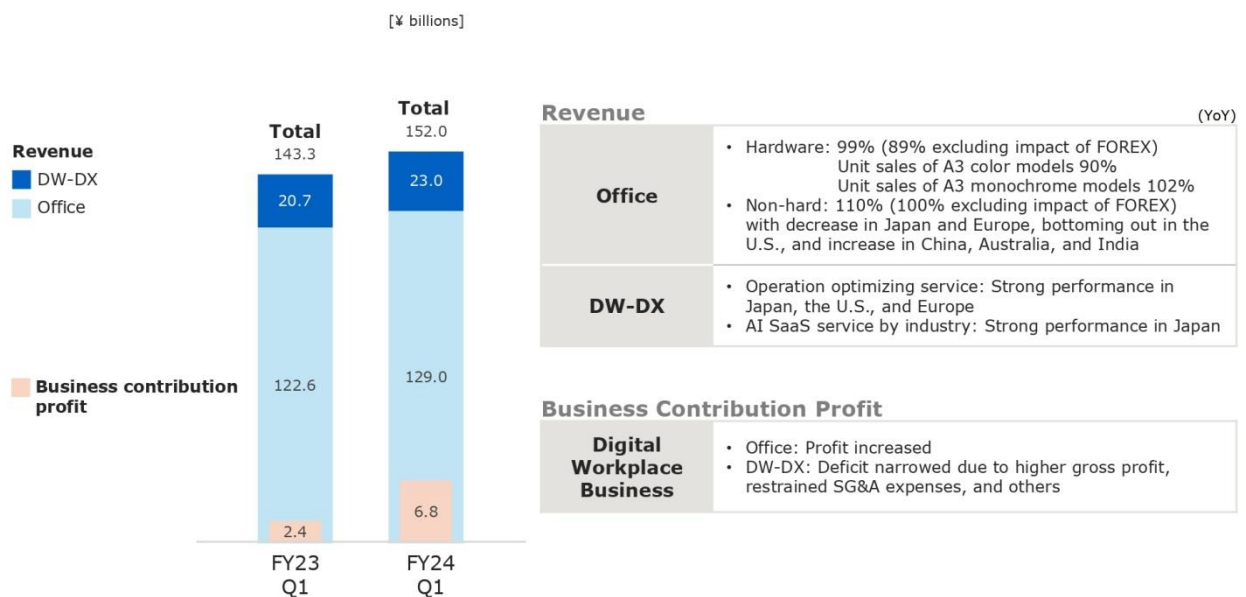
(Reference) Period: May 28th - June 7th, Exhibitors: 1,643 companies from 52 countries, Visitors: approx. 170,000 people from 174 countries

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The following page is a slide, including photos, on the results of drupa 2024, the first drupa to be held in eight years.

In particular, in addition to the technical exhibition, we also showcased our products and conducted business meetings with global customers for 11 days, and achieved more than 200 contracts during this period. In addition, we have acquired a large pipeline, which is the basis for our future activities.

FY2024 Q1 Performance | Business Trends of Digital Workplace



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Let me move on to the next page. This is the field of digital workplace.

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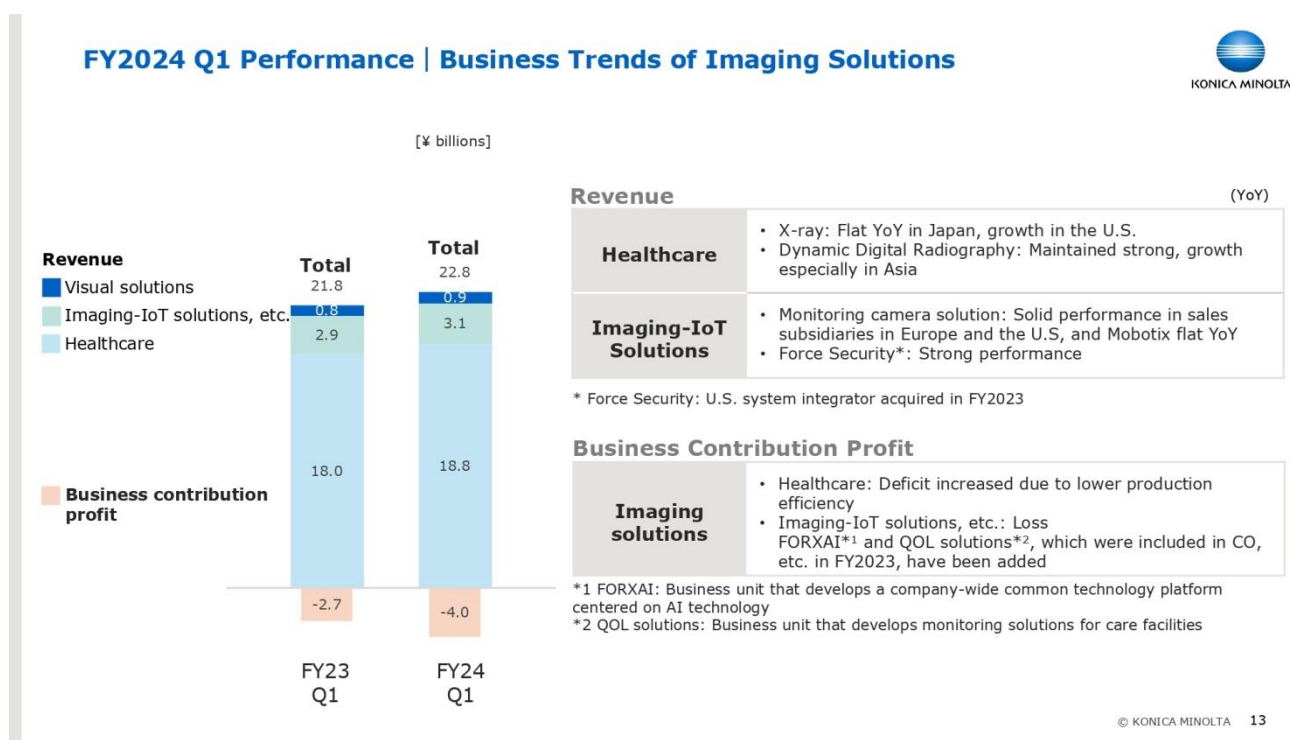
Overall sales of production MFPs were 99%, with color models at 90% and monochrome models at 102% YoY.

Although demand for hardware has been firm, supply constraints, such as prolonged sea transportation due to the avoidance of the Suez Canal, have unfortunately left us with a backlog of orders at the end of June, especially for Europe.

Non-hard sales, such as consumables and services, were on par with the previous year, but foreign exchange contributed to the increase in sales. By region, sales increased in some regions, such as China, Australia, and India, but stopped falling in the US, and then declined in Japan and Europe.

Gross profit increased due to production cost reductions and fixed cost reductions. DW-DX, which focuses on the provision of IT services and other services, saw a YoY increase in revenue. Services providing business content management in sales in Europe and the US and business process management were strong, while in-house developed services, such as AI-based interpretation services, grew in Japan.

Business contribution profit increased by JPY4.4 billion due to higher gross profit and SG&A cost containment in the office and DW-DX.



The next page shows the results of Imaging Solutions as a new segment.

The healthcare unit reported an increase in revenue due to the impact of foreign exchange rates. Unit sales of DR digital radiography systems are growing, especially in the US. Unit sales of the X-ray dynamic analysis system, which only the Company is offering globally, remained strong, with notable growth in Asia.

The imaging-IoT solutions business unit also reported an increase in revenue. Sales of monitoring camera solution in Europe and the US were solid from the previous year. Sales of Force Security, a US system integrator acquired in FY2023, have also remained strong.

Regarding the business contribution profit, with an increased loss due to the deterioration of production efficiency in healthcare, and due to the cost of FORXAI, a common technology platform for the entire

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company that was added to the Imaging Solutions business this fiscal year, which had been recorded in Corporate, the burden for this business increased.

As a result of these factors, business contribution profit declined, and we will strive to accelerate improvement in profitability, especially in imaging-IoT solutions, which we currently position as a direction-changing business.

Progress in Global Structural Reforms

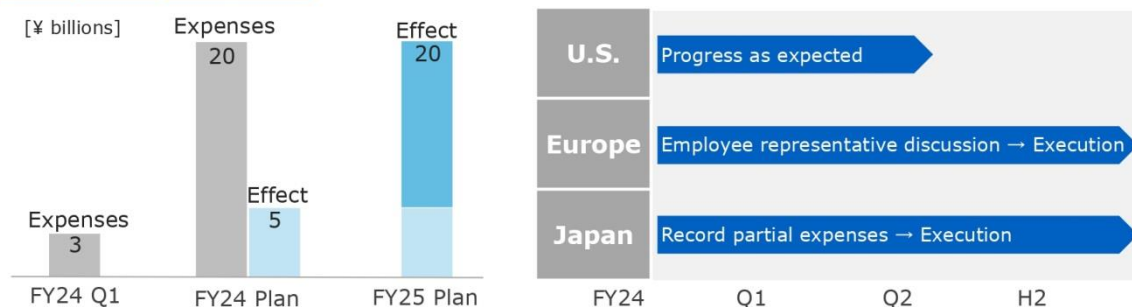


Initiatives for productivity enhancement

HQ	<ul style="list-style-type: none"> Review quality & quantity of reports and analysis documents, and enhance efficiency by visualizing operations and DX 	R&D	<ul style="list-style-type: none"> Enhance efficiency of software development by source code auto creation utilizing generative AI
Manufacturing	<ul style="list-style-type: none"> Optimize manufacturing conditions maximizing yield rate by AI based on past quality data Prediction and automatic optimization proposal of parts inventory when the environment changes 	Sales & Service	<ul style="list-style-type: none"> Minimizing effort of onsite service by predictive maintenance based on data Enhance sales efficiency by marketing based on AI analysis

Maintaining profit and strengthening businesses

- Progressed as expected in Q1



Direction-changing business

- DW-DX, Imaging-IoT solutions: Executed measures in the U.S., discussions underway with employee representative in Europe

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From page 15, I will explain the progress of the medium-term business plan.

First, I would like to discuss global structural reforms. Structural reform is a measure intended to improve productivity, and we will simultaneously promote the value provided to customers and the productivity improvement of operations through the promotion of DX. Manufacturing, sales, R&D, and HQ are visualizing their operations and improving efficiency through DX.

For example, we are now strengthening our efforts to review the quantity and quality of business reports at the monthly management meetings and to change the monthly reporting meetings to once a quarter to focus the time created more on solving problems in respective frontlines of development, production, and sales.

In addition, we are also in the process of promoting the automatic optimization of production conditions and prediction of parts inventories in the event of environmental changes on the production side, the streamlining of software development through the use of generative AI on the development side, and the minimization of man-hours required for service maintenance based on data on the sales side.

In parallel with these efforts, we will optimize human resources. One-time costs for the annual structural reforms to solidify and strengthen earnings are expected to be JPY20 billion, but JPY3 billion was recorded as other expenses in Q1, which was charged to operating profit.

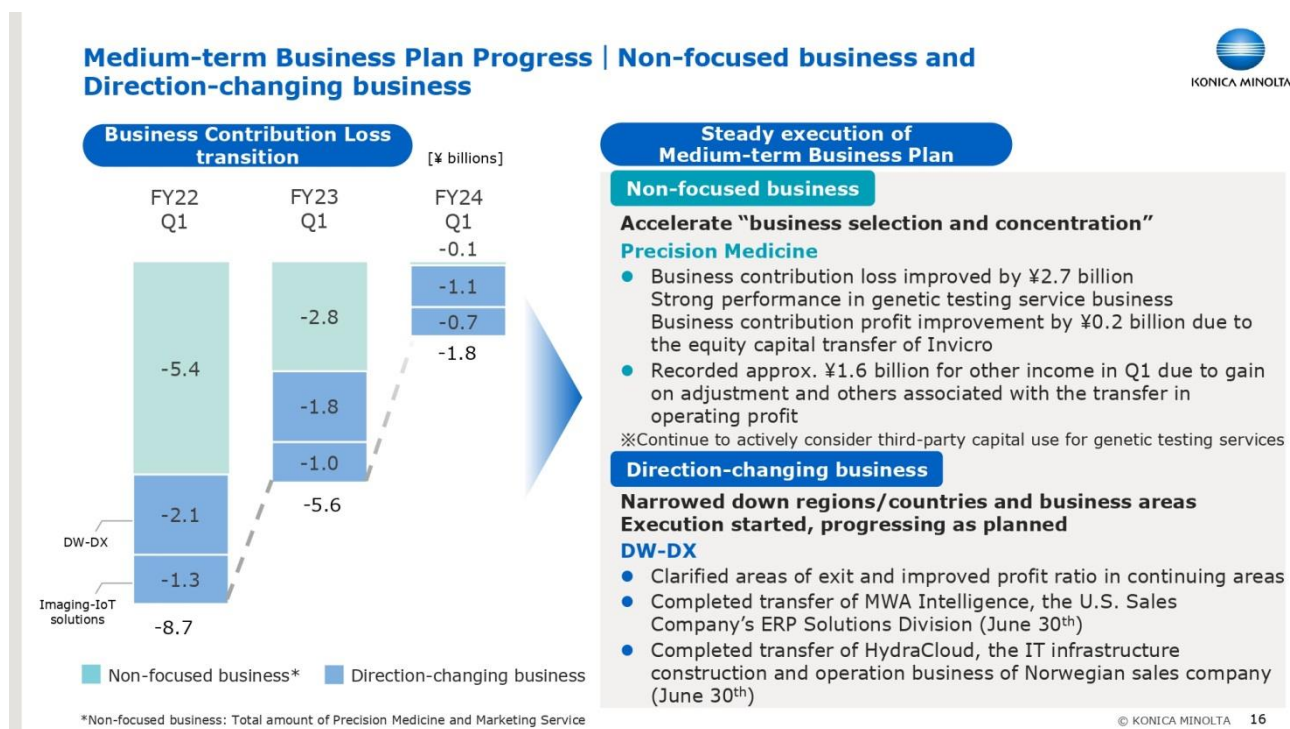
By region, the US is ahead. Europe is in parallel discussions with employee representatives, and the actual optimization execution is expected to take place over Q2 and H2. In Japan, partial expenses have been recorded in Q1, but optimization will be executed starting in Q2.

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In the DW-DX and imaging-IoT solutions as direction-changing businesses, we have already executed this human optimization in the US and are in discussions with employee representatives in Europe.



Let me move on to the next slide. Here is the progress on non-focused and direction-changing business initiatives.

As for the business contribution loss from non-focused and direction-changing businesses, the figure shows that it has been steadily shrinking as Q1 since FY2022. The plan to increase business contribution profit for the full-year of FY2024 naturally includes a reduction in the deficit in these non-focused and direction-changing businesses.

In precision medicine, the business contribution loss is JPY2.7 billion, an improvement from FY2023. This was the result of a JPY0.2 billion improvement due to the transfer of all equity interests in Invicro, as well as a strong business performance due to an increase in the number of samples ordered for genetic testing.

In operating profit, other income of JPY1.6 billion was recorded due to gains from adjustments associated with the transfer. We continue to work on the remaining genetic testing service with the intention of moving forward by considering aggressive use of third-party capital.

DW-DX, which has been positioned as a direction-changing business, has begun to narrow down the regions, countries of operation, and business domains, or service products. On top of that, as a plan, progress is being made on schedule. By clearly defining and executing areas of exit, we are also improving profit ratio in continuing areas.

In Q1, as described here, we are executing the transfer of the division of ERP solutions in the US and the IT infrastructure construction and operation company in Scandinavia, which we no longer need.

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Business Technologies Business | Strategic Alliance with FUJIFILM Business Innovation (BI)



- Decided to establish a joint venture to coordinate the procurement of raw materials and parts with FUJIFILM BI, and signed a shareholders agreement (announced in the July 17th)
- Through the newly established joint venture, **FUJIFILM BI and Konica Minolta will leverage their extensive supplier networks to strengthen business foundations such as establishing a robust supply system for products and streamlining business processes**

Outline of the new joint venture

Company name	(to be decided)
Location	Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa (planned)
Capital	¥50 million
Date of Establishment	September 30 th , 2024 (planned)
Representative	Masaharu Furukawa Corporate Vice President and Director, FUJIFILM BI
Number of Employees	223 employees (planned) *Including temporary employees FUJIFILM BI: 162 employees, Konica Minolta: 56 employees
Shareholding Ratio	FUJIFILM BI: 75%, Konica Minolta: 25%
Business Description	<ul style="list-style-type: none"> • Development of procurement strategies and deployment to the procurement divisions at each production site • Procurement lead function, including negotiation with suppliers and procurement management • Procurement services to ensure quality, cost, delivery, and environmental compliance of externally purchased good

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Let me move on to the next slide.

As we have already reported, as part of our business alliance with FUJIFILM Business Innovation, we have formulated an agreement to create a joint venture for procurement by the end of September. The new company will have approximately 220 employees, and will be 75% owned by FUJIFILM and 25% by us, based on those who will be transferred to the new company.

The September 30 date remains subject to change depending on the status of antitrust law clearances, as the new company will be registered after the necessary antitrust law clearances and the necessary country clearances around the world.

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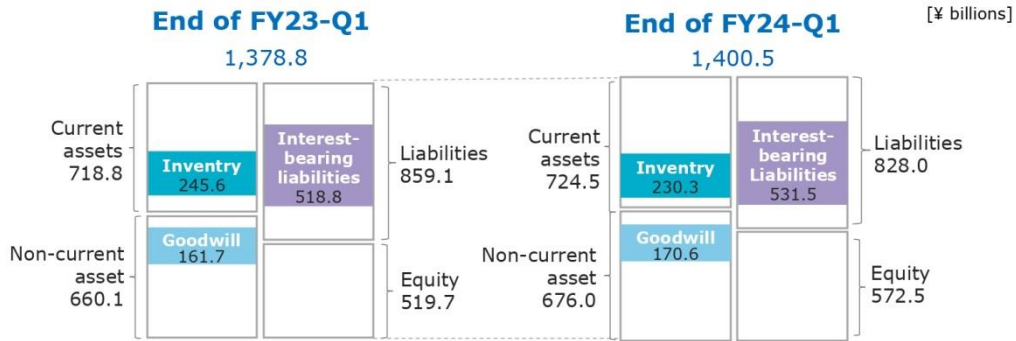
Cost Structure Reform | Progress in B/S Improvement



Asset reduction progressed mainly in inventory despite the impact of FOREX

FY2024 Q1 results
(YoY)

- Total asset +¥21.7 billion, excluding the impact of FOREX -¥65.0 billion
- Working capital: -¥14.5 billion, excluding the impact of FOREX -¥46.0 billion
 - Inventories: -¥15.3 billion, excluding the impact of FOREX -¥29.7 billion
 - Trade receivables: +¥5.5 billion, excluding the impact of FOREX -¥18.1 billion



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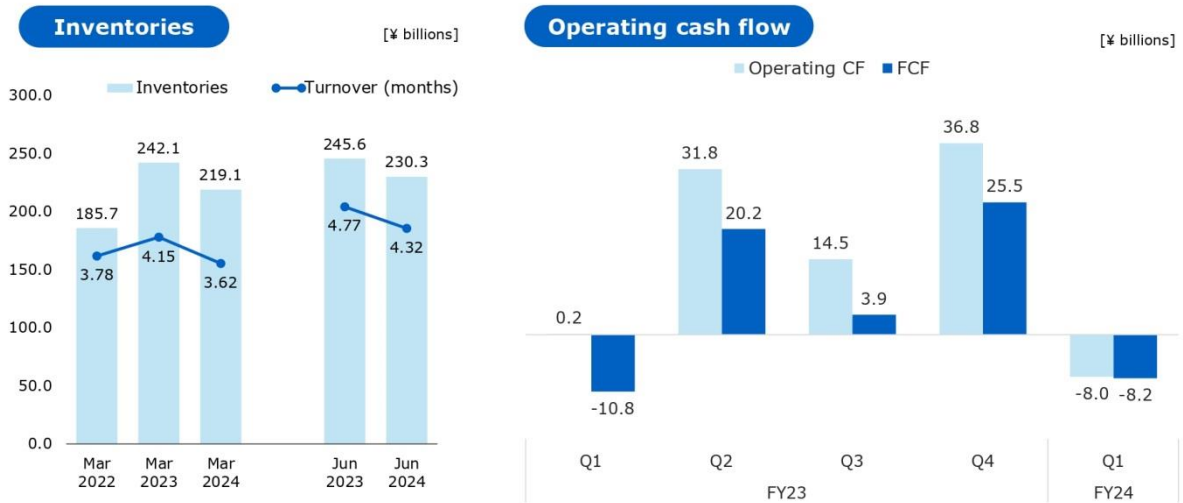
Next, page 18. This is the progress in strengthening our financial base.

With regard to balance sheet reduction, we have set a clear target and are now moving forward with the goal of achieving a total asset turnover ratio of 1x in FY2025. Compared to Q1 of the previous fiscal year, total assets increased by JPY21.7 billion in apparent terms, while in real terms, excluding foreign exchange, they were reduced by JPY65 billion, with reductions in inventories and other factors contributing.

Reinforcement of Financial Foundation | Inventories and Operating Cash Flow



- Inventories reduced YoY
- FCF improved including payment associated with transfer of Invicro despite operating CF worsened due to temporary factors



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The next page shows the reduction of inventories to strengthen the financial base, and then the YoY progress of operating cash flow and free cash flow.

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As explained at the beginning of this report, operating cash flow deteriorated due to one-time factors, but free cash flow improved due to the proceeds from the sale of Invicro.

FY2024 Earnings Forecast | Summary



- Our earnings forecast remains unchanged despite different Q1 performance by segment
- Conservatively set FOREX after Q2
- Focus on business selection and concentration as well as Q1, global structural reforms and strengthening businesses with delayed progress

[¥ billions]

	FY23 Result	FY24 Forecast	Change	rate
Revenue	1,160.0	1,160.0	-	-
Business contribution profit	26.0	40.0	+14.0	+ 54%
Operating Profit	26.1	13.0	-13.1	-50%
Profit attributable to owners of the Company	4.5	0.0	-4.5	-

FOREX [Yen]	*1		FOREX Sensitivity*2 [¥ billions]	
	Revenue	Operating profit	Revenue	Operating profit
USD	144.6	140.0	+3.0	- 0.1
EUR	156.8	150.0	+1.7	+0.4
RMB	20.1	20.0	+3.1	+1.0

*1 Forecast after Q2

*2 FOREX Sensitivity: FOREX impact at ¥1 change (annual)

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On page 21 is the full-year forecast for FY2024.

Although there were honestly some strong and weak results among segments in Q1, we maintain our initial forecast for the fiscal year. Although the yen has been appreciating recently, it is still weak compared to the assumptions made at the beginning of the fiscal year, and from Q2 onward, we will use a conservative exchange rate.

Although there are variations in business contribution profit among businesses, we will reexamine our business strategy to address the lagging sensing and healthcare businesses. Although operating profit in Q1 was in line with our forecast, we will continue to focus on business selection and concentration and implement structural reforms during the current fiscal year, rather than postponing the issues to the future.

In the Q1 results, there were also significant challenges in financial and tax expenses. We intend to strengthen our financial position by allocating cash acquired through business selection and concentration this fiscal year to debt reduction and optimizing the tax assets of our overseas subsidiaries.

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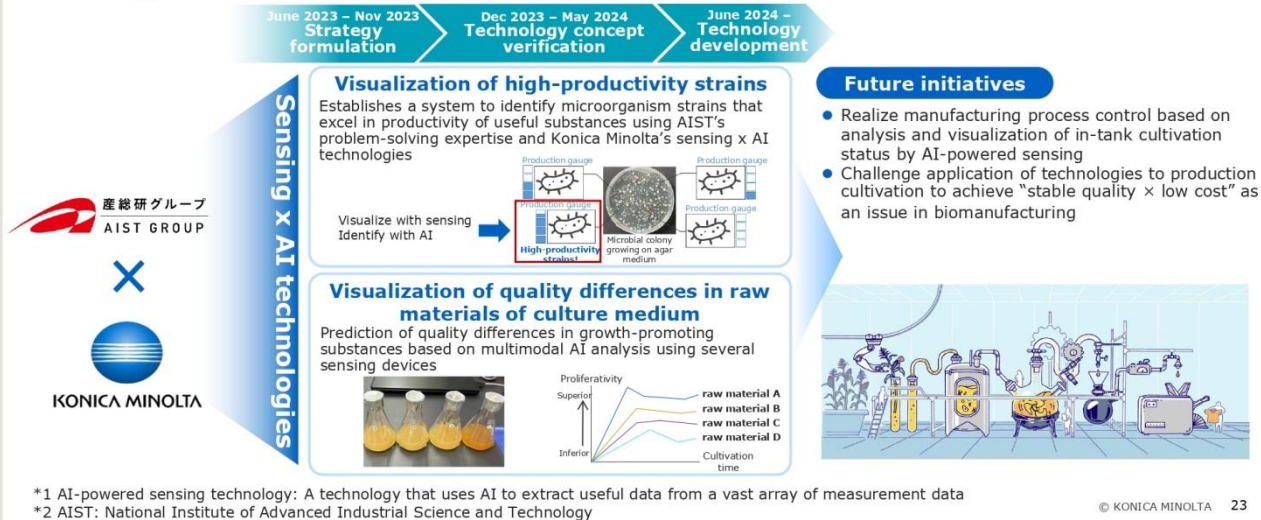
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Growth Seeds Process Monitoring in Non-fossil Resource-derived Biomanufacturing



- Verified the effectiveness of AI-powered sensing technology*1 in a collaborative laboratory with AIST*2
- Accelerated societal implementation of AI-powered sensing through cooperation with partners in various sectors
- Target market: Manufacturing process and development system for functional biomaterials such as chemicals, food, pharmaceuticals



*1 AI-powered sensing technology: A technology that uses AI to extract useful data from a vast array of measurement data
*2 AIST: National Institute of Advanced Industrial Science and Technology

The topic from the next slide will be about efforts to achieve materiality goals.

Page 23. First, I would like to explain the progress of biomanufacturing, as explained in the progress of the medium-term plan in April.

Biomanufacturing is a technology to create diverse substances from biologically derived raw materials through microbial metabolism. It is expected to replace fossil resources and is one of the promising future technologies that will enable the production of raw materials for pharmaceuticals, foods, and industrial products.

We launched a kammuri lab last year with AIST, a pioneer in biomanufacturing research, and have seen solid progress in strategy formulation and technical concepts over the past year.

One of the two results is the visualization of highly productive microorganisms that accelerate the process of biotechnology. We are now at the point where we can visualize the production capacity of microorganisms with our sensing technology and establish a system to identify them with AI technology, whereas in the past we relied on the intuition and experience of researchers.

The second is to visualize the quality differences in raw materials of culture medium, i.e., growth-promoting substances, in the cultivation of these microorganisms. This means that AI analysis of multiple sensing data has been used to successfully predict its proliferative potential.

We are already in the technology development phase in the collaborative lab, especially this year, which includes doing a solid PoC to verify the value to our customers.

Naturally, the question is whether the customer will find value in the technology, so in setting up the PoC, the idea is to conduct the PoC with the possibility of future commercialization in mind and to continue to produce results.

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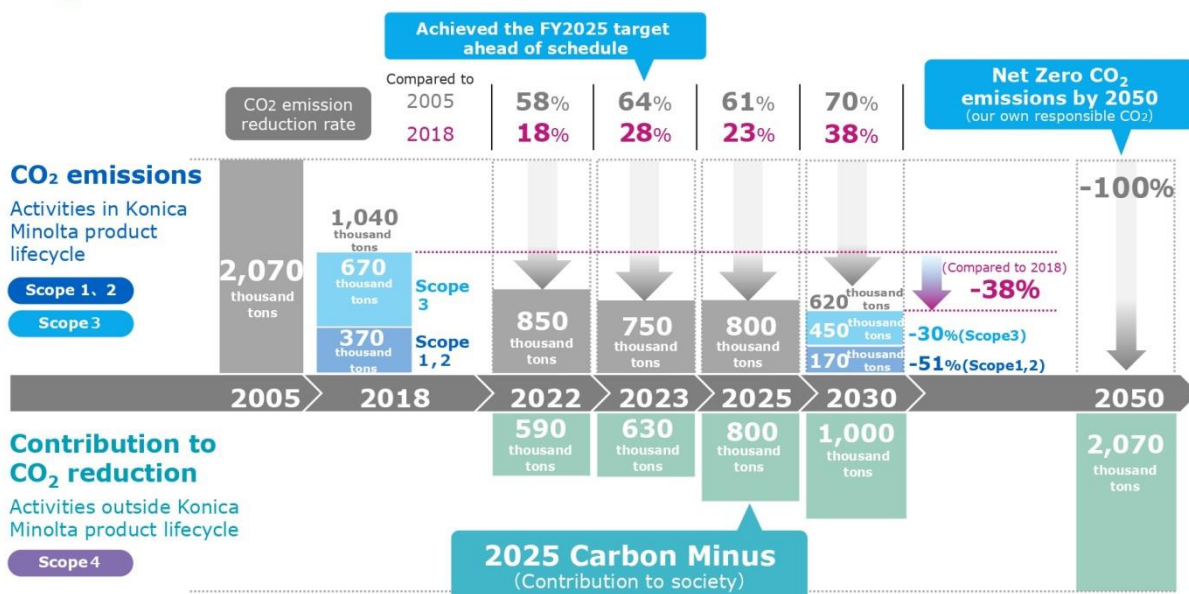
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Also, it is difficult to scale up mass production in biomanufacturing, so stabilizing quality and reducing costs are the most important themes. We will promote development that contributes to these themes and promote efforts with the idea of contributing to social implementation.

Addressing Climate Change: Achieved the 2025 CO₂ Emissions Reduction Target Ahead of Schedule



This page is about reducing carbon dioxide emissions or progress.

We have set a goal of achieving net zero emissions by 2050 compared to 2005 levels. The reduction target for 2025 was 61% of the 2005 level, but as of FY2023, 64% of the reduction has been achieved, which means that we are ahead of schedule.

In particular, we are trying to contribute to activities outside the lifecycle of our own products at the bottom of the graph, that is, to reduce CO₂ emissions by our customers or by society in a world where their reduction of emissions exceeds our own. We have set this as carbon minus, and we expect to achieve carbon minus by 2025.

In the past, we have explained the comparison to 2005, but recent trends have required us to show the comparison to 2018, so we have now added this information as well.

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External Evaluations for Sustainability



Highly recognized for our sustainability efforts by various organizations in the world

SBTi* Net-zero Targets Validation	Joined TNFD* Forum	GPIF ESG Indexes
<ul style="list-style-type: none"> SBTi, international initiative, validated our net-zero targets and near-term targets of mid to long term vision against climate change 45 Japanese companies, including us are validated out of 1,031 companies worldwide (July 31th)  <p>DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p> 	<ul style="list-style-type: none"> Announced as a TNFD Early Adopter at the Annual Meeting of the World Economic Forum (Davos meeting) Disclosed information in our securities reports, including an assessment of its dependency and impact on natural capital according to TNFD framework 	<ul style="list-style-type: none"> Named to all six ESG indexes adopted by GPIF, the world's largest public pension fund, for eight consecutive years Included in the FTSE4Good Index Series for 21 consecutive years, one of the most well-known sustainable investment indexes 

*1 SBTi(Science Based Targets initiative) : An organization jointly established in 2015 by CDP, the UN Global Compact, WRI, and WWF to support the achievement of the goals of the Paris Agreement

*2 Net-Zero Target: Our commits to reach net-zero greenhouse gas emissions across the value chain by FY2050

*3 Near-Term Targets: Our commits to reduce absolute scope 1 and 2 GHG emissions 51.00% by FY2030 from a FY2018 base year

*4 TNFD: Task Force on Nature-related Financial Disclosures

The next page, the last page, will be an introduction to the most recent external evaluation of our sustainability efforts.

The medium- to long-term vision for climate change that I explained earlier, the Net Zero goal, has been certified by the SBT Initiative. In addition, we have joined the TNFD forum.

Finally, we continue to be selected for the GPIF indexes, and I believe that these efforts are only worthwhile if they are sustained, so we will not cut corners and will do our best. We believe that this will lead to the realization of materiality, etc. in the mid- to long-term.

That concludes the explanation from me. Thank you very much for your attention.

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Question & Answer

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

Please provide your company name and your name before asking your question. First of all, Mr. Shibano, please ask your questions.

Shibano [Q]: Thank you for your explanation. I am Shibano from Citigroup Global Markets. First of all, how did the Q1 results compare to the budget for Q1 as projected at the beginning of the fiscal year?

I understand that there were some strong and weak results among segments, but I would like to know how consolidated revenue, business contribution profit, and operating profit compared to the internal plan. This is the first question.

Taiko [A]: Taiko will answer. As I mentioned in my explanation, unevenness is occurring in the stage of business contribution profit.

Overall, however, progress was almost as expected, but frankly speaking, we were unable to retain the positive effects of performance materials and precision medicine due to the impact of sensing, healthcare, market conditions, and large accounts. That is all.

Shibano [Q]: Thank you. Second question. The progress of structural reforms is presented on page 15.

Overall, I think you are on schedule here, but even though it has only been three months at this point, as you move forward, are there any further reforms that need to be accelerated or added or any discoveries or needs that need to be made?

Or, if you do it as planned and finish it by the end of this fiscal year, does that mean that you have completed all that you need to proceed with as so-called corporate actions? That is all.

Taiko [A]: Overall, we have quarterly plans, but in terms of execution, I feel that execution is ahead of schedule compared to what we had originally expected, especially in Europe. The first point is that we would like to see how far we can move forward in executing the plan, one or two steps forward, by Q3 or so.

In addition, compared to what we projected at the beginning, as I mentioned in the business section, we are now in the process of expanding the scale of some of our sensing business and others and pursuing greater efficiency, taking into consideration the impact of market conditions and accounts. We are now putting this into practice. That is all.

Shibano [M]: Thank you very much.

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

Shimamoto [Q]: Thank you for your help. I am Shimamoto of Okasan Securities. I would like to ask you about the business environment. First of all, regarding the digital workplace, the non-hard in office area, I think it is solid at 100%, except for foreign exchange.

Canon mentioned in their financial results that the volume of color prints is increasing and that the company is doing well in this way. Could you tell us whether there is a similar story as the situation in your company, and could you also tell us about the future outlook, mainly in the non-hard area?

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Taiko [A]: In particular, I think the non-hard in the office is, in a word, a calm situation. Last year, we still assumed to some extent and the decline in non-hard was less advanced than we had assumed, while the way of working was established.

That extension has been going on all the way through Q1. As I may have mentioned before, I do not see any disruptors that would reverse this trend, and that is the outlook as of today.

Shimamoto [Q]: Okay. Do you have any update or talk about the ratio of color to monochrome?

Taiko [A]: Overall, there has been no major change in the composition of the color machine, with about 35% to 40% being color prints and the rest being monochrome. This was the same level before COVID-19, and I don't think there has been much movement there.

Shimamoto [Q]: Okay. Thank you very much. The second is about professional print. I am aware that drupa is a very big event. Could you tell us about how much of an impact it has on purchasing, such as refraining from buying before and after the event, as well as your views on Q2 and beyond?

Taiko [A]: Regarding restrained purchases, I think that from around January of this year, there was already a movement in the industrial print field to identify the next technology.

However, including these factors, more than 200 contracts were concluded during the 11-day business meeting, and there are thousands more in the pipeline, so this is not something that can be evaluated in a single year, but rather, based on the technology exhibited once every four years, it is a question of which printing companies to deal with. So, after this drupa, I think that the trend of converting these pipelines into figures and into actual demand will continue until H2 or H1 of next year.

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

Ueno [M]: Thank you. Does anyone else have any questions? Now, Mr. Watanabe, please go ahead.

Watanabe [Q]: Thank you for your help. I am Watanabe from SPARX Asset Management. I would like to ask you two questions.

The first question is about your evaluation of Q1 performance, and you mentioned that there were some strong and weak results by segment and sub-segment. I assume that you had initially forecast a recovery in H2, especially in the Industry Business, which is highly profitable and attracting attention as a growth driver. Even so, did you expect a higher standard in terms of sensing performance in this Q1? This is the first question.

Kuzuhara [A]: Kuzuhara, in charge of Industry, will answer your question.

As you pointed out, we had assumed that the sensing business would pick up in H2, but the start of H1 was a little weaker than originally planned, and some of the projects that had been planned have been pushed back. Or it has also become clear that some of the projects are disappearing, so the figures are weaker than planned. That is all.

Watanabe [Q]: Thank you. I would appreciate it if you could provide some additional information on this point. Are structural growth factors, such as next-generation OLED and flexible-type projects, in the background, but is there a slight downturn in the market?

Kuzuhara [A]: That's right. The basic trend is for demand to be generated in certain lumps at such times when there is a technological shift or when displays are changing as an application.

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We are proceeding with our business with this in mind, but as we explained earlier, the slight delays in our major accounts' and customers' plans or slight changes in their plans have had an impact on the movement of our measuring instruments. We are still a little behind in Q1.

Watanabe [Q]: Thank you. Second, I would like to ask you about DW-DX, the direction-changing business.

As was announced at the end of the previous fiscal year, I think you are now in the execution phase of the study of where to continue including overseas operations. As of Q1, were the JPY3 billion in structural transformation costs associated with the transfer in the US and Norway? Also, is there a contribution to profit in this direction-changing business from this type of action that can be expected in the next year or so?

I am sorry to go around these numbers, but could you please tell us about this as well? This is the second question.

Taiko [A]: In the process of transforming our business, the sale of the ERP Solutions division in the US and the IT infrastructure business in Norway, for example, as mentioned in today's presentation, are divestitures themselves and are not included in the JPY3 billion structural reform cost.

The restructuring costs here include the optimization of personnel in terms of the right person for the right job in the businesses that will be retained in the future. In Q1, the JPY3 billion includes this portion in the direction-changing DW-DX in the US and some European countries.

Sorry, could you ask the second question one more time?

Watanabe [Q]: I'm sorry. Then, the sale of the direction-changing business, as I understand it, was not a decision to stop because of a loss or to continue because of a profit, but from the best owner's viewpoint, so the impact on profit and loss was not that major. I would like to know if there is anything you can tell us about the impact of spin-offs and divestitures on the P&L.

Taiko [A]: For example, on page 16, in Q1 DW-DX, there is a negative JPY1.1 billion as contribution loss.

In Q1, we have not been able to keep all of the remaining projects, but we will do what we need to do during the current fiscal year, and the remaining projects will not be worth keeping if they continue to be in the red. In that sense, the idea is to turn this area into a surplus. We are now sorting out which products and which countries to keep. That is all.

Watanabe [M]: That's all from me. Thank you very much.

Ueno [M]: Thank you. Since you have raised your hand once again, Mr. Shibano, please.

Shibano [Q]: I would like to ask about the competitive environment for the copier.

In terms of the FY2024 environment, there was a talk in other company that some manufacturers are considering actions to promote the replacement of MIFs, which had been slow in replacing. If you have any observations on whether, from your company's point of view, you are seeing such a move, in a sense, an increase in sales activity, could you tell us?

Taiko [A]: I have often heard that there is one company that is actively using the weak yen and other such factors as a source of funds, and is still doing so at a slightly lower price. That is all.

Shibano [Q]: I see, I understand very well.

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Another point is about performance materials. I would like to ask you about the situation of other suppliers and whether you can envision a scenario in which you can expand the scale of your business in the medium term. That is all.

Kuzuhara [A]: Thank you. Kuzuhara will answer.

As for performance materials, the document says that demand for SANUQI is strong and that SANUQI is finally beginning to take root in earnest here. New resin materials, not just TAC, are also in hand for development.

This is actually growing significantly in the segment, and in order to produce very wide displays, we need to expand the width of our film lines, from our films to polarizers in an integrated manner. We are now able to respond to such wide film lines in earnest.

In addition, we have various things that we have prepared in the past, so in that sense, we are going into further expansion mode from here.

It may be an overstatement to say that the market as a whole is at a certain stage of maturity, but under such circumstances, the market for a very wide line is growing at a rate of more than 10%. We would like to continue to increase in these areas.

For this purpose, there will be stages such as remodeling of some lines, so there may be a slight dip in some quarters, but the overall trend is to expand the scale of business. Thank you very much. That is all.

Shibano [M]: Thank you very much.

Ueno [M]: Thank you, Mr. Shibano. Do any of the other attendees have any questions?

Since I do not see any raises of hands, I would like to conclude the session for today. Thank you all very much for your participation.

We look forward to your continued support.

[END]

Document Notes

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2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
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