

FY2022 Third-Quarter Financial Results Presentation  
Q&A

**Overall**

Q: What were the factors that caused inventories to increase? What sort of level will you look to achieve by the end of the fiscal year?

A: In the third quarter, materials supply constraints and logistics constraints eased, causing sales company inventories to increase. The fact that work-in-process increased because of shortages of some materials was also a factor. We will reduce inventory turnover by days to about the same level as it was at the end of last fiscal year by securing sales from products that meet demand in each business and through production adjustments.

Q: Will the changes in the external environment that you saw in the third quarter have an impact into next fiscal year?

A: Plans for the next fiscal year are still to be formulated, but we hope to increase both revenue and profit again. It is likely that the global economy, and particularly the economic slowdown in China, will have some residual impact on B2B businesses such as commercial & industrial printing and robots. Despite this, with the projected easing of supply constraints, we expect to steadily expand in the growth areas of the commercial & industrial printing and office shared printers businesses by launching new products. We will also continue our efforts to expand sales of high-capacity ink tank printers.

Q: Why did you lower the full-year outlook for profit for the period?

A: We did so because we factored in foreign exchange losses that will be incurred due to the appreciation of the yen against the U.S. dollar in the second half. These will affect the valuation of things such as dollar-denominated receivables, deposits, and loans.

**Printing solutions**

Q: You said that, in North America, you will be impacted by a move on the part of channels to curtail their SOHO and home inkjet printer inventories. How long do you expect this to continue?

A: In North America, the sell-through is relatively firm, so we believe that channel inventory control measures will be temporary. We suspect that North American channels are keeping down their inventories due to excess of products such as TVs, concerns about an economic slowdown, and cash flow considerations.

- Q: How much interest has there been in your new office multifunction machines?
- A: The response from dealers in North America, Western Europe, and Japan is very good, and interest and inquiries have been stronger than originally expected. Since the launch date is in the fourth quarter, the contribution to the financial results for the current fiscal year will be limited, but we expect them to contribute in the next fiscal year and beyond.

### **Manufacturing-related & wearables**

- Q: Segment profit seems to be hovering low in the fourth quarter. What is the reason for this?
- A: The fourth quarter has traditionally been a period where we see a fall in wearable products revenue, so we cannot expect high profitability. In manufacturing solutions, we expect a decline in revenue due to a deterioration of market conditions, but will continue to spend on future growth. In microdevices, we do not expect a drastic deterioration in profitability, but we took into account changes in market conditions for crystal devices.