



KONICA MINOLTA



December 24, 2021

To whom it may concern,

Company name: Konica Minolta, Inc.

Representative: Shoei Yamana, President and CEO

Stock Exchange Listing: Tokyo (First Section)

Local Securities Code Number: 4902

Contact: Mami Iwamoto, General Manager, Corporate Communications Division

Tel: (81) 3-6250-2111

Notice on Establishment of a Joint Venture with CHANGE Inc. through a Company Split (Simplified Incorporation-type Company Split), Assignment of Shares of the New Subsidiary and Capital Increase by Third Party Allotment

Konica Minolta, Inc. (hereinafter referred to as “the Company”) today determined, effective from April 1, 2022 (planned), as follows:

- The Company will establish a new wholly-owned subsidiary (“New Subsidiary,” name yet to be decided) by means of an incorporation-type company split (“Incorporation-type Company Split”) to take over the Local Government DX Support Project (“Project”) currently being undertaken by the Company’s Local Government DX Promotion Division using business process re-engineering (BPR).
- Simultaneously, the Company will assign the shares of the New Subsidiary to the Company’s wholly-owned subsidiary, Konica Minolta Publitech, Inc. (“Konica Minolta Publitech”) (“Share Assignment”) and transfer Project to Konica Minolta Publitech.
- In addition, the Company concludes a joint venture agreement with CHANGE Inc. (“CHANGE”) dated December 24, 2021. Under this agreement, while issuing new shares of the New Subsidiary through allotment of its shares to CHANGE (“Third Party Allotment”), the New Subsidiary will engage in accelerating DX support for local governments.

“Incorporation-type Company Split,” “Share Transfer” and “Third Party Share Allotment” are collectively referred to as “Transactions.”

As a result of the Transactions process, the New Subsidiary will not be treated as a consolidated subsidiary of the Company. As the Incorporation-type Company Split will be implemented through a simplified process involving the Company only, some of the disclosure items and contents are omitted in this notice.

I. Purpose of the Transactions

Today, demands are growing for digital transformation as a means to drastically enhance operational efficiency among Japanese local governments, which are required to standardize 17

government jobs by the end of fiscal 2025 (March 31, 2026). Against this backdrop, the Company has conducted workload surveys in more than 120 local governments covering all their departments across Japan to help them streamline and standardize government jobs.

The Company had already started collaborating with CHANGE, a company with know-how in AI development and a track record of providing services to more than 1,600 local governments, in promoting the Local Government DX Support Project. Specifically, the two companies jointly developed AI to assist local governments in solving operational problems and standardizing operations (GAIA) and launched it in July 2021.

To accelerate the collaboration with CHANGE, the Company has determined to conclude a joint venture agreement with CHANGE, under which the Company will have its New Subsidiary take over the Project by means of an Incorporation-type Company Split and assign the shares of the New Subsidiary to Konica Minolta Publitech, a wholly-owned subsidiary of the Company engaged in offering DX services to local governments, while issuing new shares of the New Subsidiary through Third Party Allotment to CHANGE. In doing so, the Company aims to combine the assets of both companies to build a stronger position in the BPR market for local governments to help them facilitate DX through the Project in cooperation with partner companies more than ever, while expanding its business operations.

II. Incorporation-type Company Split

1. Summary of the Incorporation-type Company Split

(1) Schedule

Date of the resolution by the President and Representative Executive Officer	December 24, 2021
Effective date of Company Split	April 1, 2022

The Incorporation-type Company Split will be implemented without approval at a shareholders' meeting as it meets the requirements for the simplified process of incorporation-type company split specified in Article 805 of the Companies Act.

(2) Method of the Incorporation-type Company Split

The Incorporation-type Company Split will be implemented through a simplified process, by which the Company is the splitting company and the New Subsidiary is the succeeding company.

(3) Allotment of shares following the Incorporation-type Company Split

Following the Incorporation-type Company Split, all the common shares of the New Subsidiary will be allotted to the Company as the splitting company. After the Incorporation-type Company Split, however, the Company will assign the shares of the New Subsidiary to its subsidiary, Konica Minolta Publitech, and then issue new shares of the New Subsidiary through Third Party Allotment to CHANGE.

(4) Handling of share acquisition rights and bonds with share acquisition rights following the Incorporation-type Company Split

Not applicable.

(5) Increase or decrease in the capital arising from the Incorporation-type Company Split
The Incorporation-type Company Split will cause no change in the capital.

(6) Rights and obligations to be assumed by the succeeding company

The New Subsidiary will assume the assets, liabilities and contracts related to the Project, and other rights and obligations specified in the Incorporation-type Company Split Agreement. By assuming these obligations, the New Subsidiary will release the original obligor from the obligations.

(7) Performance of obligations

The Company believes that there will be no problem in performing the obligations to be assumed by the Company and the New Subsidiary following the Incorporation-type Company Split.

2. Outline of the Parties Involved in the Incorporation-type Company Split

	Splitting Company (As of March 31, 2021)	Company to be Incorporated (Planned for April 1, 2022)
(1) Company name	Konica Minolta, Inc.	TBD
(2) Location	2-7-2 Marunouchi, Chiyoda-ku, Tokyo	2-7-2 Marunouchi, Chiyoda-ku, Tokyo
(3) Representative	President and CEO Shoei Yamana	President Mikio Beppu
(4) Business overview	<ul style="list-style-type: none"> ■Digital Workplace Business Development, manufacturing, and sales of multi-functional peripherals (MFPs) and related consumables; provision of related services and solutions; provision of IT solution services; ■Professional Print Business Development, manufacturing, and sales of digital printing systems and related consumables; provision of various printing services and solutions ■Healthcare Business <Healthcare> Development, manufacturing, and sales of, and provision of services for diagnostic imaging systems (digital X ray diagnostic imaging, diagnostic ultrasound systems, and others); provision of digitalization, 	<ul style="list-style-type: none"> ■Support for local governments' DX through BPR ■Software development business to support the local government DX ■Other business incidental to each of the above items

	<p>networking, solutions, and services in the medical field</p> <p><Precision Medicine> Genetic testing; provision of services related to primary care; provision of drug discovery support services</p> <p>■Industry Business</p> <p><Sensing> Development, manufacturing, and sales of measuring instruments</p> <p><Materials and Components> Development, manufacturing, and sales of products, such as functional film used in displays, industrial inkjet printheads, and lenses for industrial and professional use</p> <p><Imaging IoT Solutions> Development, manufacturing, and sales of instruments related to imaging IoT and visual solutions; provision of related solution services</p>	
(5) Share capital	37,519 million yen	100 million yen
(6) Date of establishment	December 22, 1936	April 1, 2022 (planned)
(7) Number of issued shares	502,664,337 shares	200 shares
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders and shareholding ratio	<p>The Master Trust Bank of Japan, Ltd. 10.47%</p> <p>Custody Bank of Japan, Ltd. 6.60%</p> <p>MUFG Bank, Ltd. 2.42%</p> <p>SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account) 2.39%</p>	Konica Minolta, Inc. 100%

3. Consolidated Operating Results and Consolidated Financial Position of the Splitting Company for the Past Three Years

(Millions of yen, excluding notable items; IFRS)

Fiscal Year-end	FYE March 31, 2019	FYE March 31, 2020	FYE March 31, 2021
Total equity	565,983	533,766	550,703
Total assets	1,218,986	1,276,768	1,299,752
Equity per share attributable to owners of the parent (yen)	1,123.39	1,058.29	1,093.98
Revenue	1,059,120	996,101	863,381
Operating profit (loss)	62,444	8,211	(16,266)
Profit (loss) attributable to owners of the parent	41,705	(3,073)	(15,211)
Basic earnings (loss) per share (yen)	84.33	(6.21)	(30.75)
Dividend per share (yen)	30.00	25.00	25.00

4. Overview of the Business Division to be Split

(1) Business of the division to be split

DX support for local governments through BPR

(2) Operating results of the divisions to be divided

Revenue 434,484 thousand yen

(Note) Revenue figures are forecasted figures for the fiscal year ending March 31, 2022.

(3) Items and book values of assets and liabilities to be split

(Thousands of yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	37	Current liabilities	-
Non-current assets	180,749	Non-current liabilities	-
Total assets	180,786	Total liabilities	-

(Note) Assets and liabilities are forecasted figures for the fiscal year ending in March 31, 2022.

5. Status of the Company after the Company Split

There will be no changes to the Company's name, location, representative, businesses, share capital or fiscal year-end due to the Company Split.

III. Share Transfer

1. Outline of the counterparty to the Share Transfer

(1)	Company name	Konica Minolta Publitech, Inc.	
(2)	Location	JP Tower, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo	
(3)	Representative	President Mikio Beppu	
(4)	Business overview	<ul style="list-style-type: none"> • Support for local governments to reform their job flow by streamlining and standardizing government jobs and using the DX Support Platform for Local Governments • Promotion of Konica Minolta's multifaceted businesses and smart projects for local governments in various fields through open innovation 	
(5)	Share capital	250 million yen	
(6)	Date of establishment	October 18, 2021	
(7)	Major shareholders and shareholding ratio	Konica Minolta, Inc. (100%)	
(8)	Relationship with the Company	Capital relationship	Konica Minolta Publitech is a 100% subsidiary of the Company.
		Personnel relationship	The three Directors of Konica Minolta Publitech are the Company's officers and employees, assuming the position full time or concurrently.
		Business relationship	Since the company was established in October 2021, there is no business relationship between Konica Minolta Publitech and the Company.
		Related party	As Konica Minolta Publitech is a consolidated subsidiary of the Company, it corresponds to a related party.

(Note) DX support platform for local government: A service that utilizes know-how and data obtained through independent surveys to support the comparison and improvement of business processes between local governments, and the standardization of information systems.

<https://www.konicaminolta.com/jp-ja/govchois/> (Japanese)

(Note) Konica Minolta Publitech, Inc. was established on October 18, 2021, and therefore the financial position and operating results for the past three years have not been provided.

2. Number of Shares Transferred, Transfer Price, and Status of Shareholding Ratios before and after the Share Transfer

(1) Number of shares held prior to the Share Transfer	200 shares (Ratio of voting rights held: 100%)
(2) Number of shares transferred	200 shares (Ratio of voting rights held: 100%)
(3) Transfer price	This information is omitted as the Share Transfer is with the Company's consolidated subsidiaries.
(4) Number of shares held after the Share Transfer	0 shares (Ratio of voting rights held: 0%)

IV. Third Party Allotment

1. Outline of the Third Party Allotment

(1) Payment date	April 1, 2022 (planned)
(2) Number of new shares to be issued	300 shares
(3) Issue price	1 million yen per share
(4) Total issuance	300 million yen
(5) Allottee	CHANGE Inc.

2. Outline of the recipient of the Third Party Allotment

(1) Company name	CHANGE Inc.											
(2) Location	TOKYU REIT Toranomom Building 6F, 17-1 Toranomom 3-chome, Minato-ku, Tokyo											
(3) Representative	Representative Director Yoshihisa Jimbo Hiroshi Fukudome											
(4) Business overview	Training for services and IT human resource development utilizing libraries and basic technologies of various algorithms such as AI, voice Internet, mobility, IoT big data, cloud, security, etc.											
(5) Share capital	1,000 million yen											
(6) Date of establishment	April 10, 2003											
(7) Major shareholders and shareholding ratio	<table border="0"> <tr> <td>Yoshihisa Jimbo</td> <td>13.17%</td> </tr> <tr> <td>Hiroshi Fukudome</td> <td>7.37%</td> </tr> <tr> <td>Akira Itoh</td> <td>6.52%</td> </tr> <tr> <td>Kenji Kaneda</td> <td>5.79%</td> </tr> <tr> <td>Tetsuya Ishihara</td> <td>5.46%</td> </tr> </table> (As of September 30, 2021)		Yoshihisa Jimbo	13.17%	Hiroshi Fukudome	7.37%	Akira Itoh	6.52%	Kenji Kaneda	5.79%	Tetsuya Ishihara	5.46%
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Kenji Kaneda	5.79%											
Tetsuya Ishihara	5.46%											
(8) Relationship with the Company	Capital relationship	Not applicable.										
	Personnel relationship	Not applicable.										
	Business relationship	Joint development of operational standardization support AI for local government DX is underway.										
	Related party	Not applicable.										

(Note) Major shareholders and shareholding ratio are calculated after deducting 623,235 shares of treasury stock.

3. Number of shares in the New Subsidiary after the Third Party Allotment

(1) Number of shares held and ratio of voting rights held before the capital increase	200 shares (Ratio of voting rights held: 100%)
(2) Number of shares held and ratio of voting rights held after the capital increase	200 shares (Ratio of voting rights held: 40%)

V. Schedule of the Transactions

December 24, 2021	Date of decision by the Company's President and CEO
December 24, 2021	Date of resolution by CHANGE's Board of Directors
December 24, 2021	Date of execution of the Joint Venture Agreement
April 1, 2022	Effective date of the Transactions (planned)
April 1, 2022	Date of establishment of the joint venture (planned)
April 1, 2022	Date of start of operations by the joint venture (planned)

VI. Future Outlook

The impact of the Transactions on the Company's business performance will be limited. If matters arise in the future that need to be announced, such information will be disclosed promptly.