

"Konica Minolta, Inc." Q&A from the 122nd Ordinary General Meeting of Shareholders

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Venue: Tokyo International Forum/Online

Cautionary Statement

This material was prepared for those who were unable to attend the Ordinary General Meeting of Shareholders 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 meeting 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.

[Business Performance and Share Price]

- Q. When you became President four years ago, you stated that you aimed for a share price of ¥1,000. However, the Company's share price has not risen significantly compared with competitors. Is a share price of ¥1,000 still achievable? How do you view your responsibility regarding the share price?
- A. (Taiko) While TOPIX has risen significantly over the past year, we recognize that our share price performance has been insufficient and remains below a satisfactory level. We believe the main reasons are not only the structural decline in demand for office businesses but also our inability to clearly communicate a sufficiently concrete growth story, including which business areas will drive growth and to what extent profit growth can be achieved. Going forward, we will present more specific information regarding the timing and scale of earnings contributions from our growth businesses and communicate progress appropriately in order to enhance corporate value.
- Q. Given the current dividend level and the business environment, including the progress of paperless trends in the office business, how do you view earnings recovery and future dividend growth?

A. (Taiko) Although office business must continue operating under the assumption of structural market shrinking, we will maintain profitability through service-related revenue and operational efficiency improvements while generating stable cash flow. At the same time, we recognize that increasing market confidence requires clearly demonstrating the timing and scale of growth opportunities outside the office business.

Q. Please explain the impact of rising crude oil prices on raw material costs and supply risks, as well as your response measures.

A. (Kamata) Petroleum-derived materials such as naphtha and resins are areas where supply risks may arise. However, as a result of our efforts to diversify procurement sources, there are currently no significant impacts on our production.

Cost increases remain uncertain, and the situation continues to require close attention. We monitor impacts on production and logistics weekly and strive to minimize risks through company-wide information sharing and prompt response measures.

Q. Please explain the impact of foreign exchange fluctuations and initiatives for improving profitability.

A. (Hirai) Our earnings structure is designed to be relatively resistant to fluctuations in the U.S. dollar because both production and sales are largely conducted in U.S. dollars. In contrast, earnings are more sensitive to movements in the euro.

Currently, Japanese yen is weaker against euro than our assumed exchange rate, which is contributing positively to profitability. We centrally manage foreign exchange risks through hedging activities conducted by headquarters.

[New Businesses]

Q. The Medium-term Business Plan targets revenue from new businesses at approximately ¥15-20 billion. How realistic is this target?

A. (Taiko) Because new business development involves a high degree of uncertainty, we established targets based on amounts that would be

achievable with a reasonable degree of certainty rather than relying on overly optimistic assumptions.

In addition, revenue from these new businesses is not included in the Medium-term Business Plan targets. Based on this approach, we expect approximately ¥15 billion in cumulative revenue from discontinuous growth initiatives during the period from FY2026 through FY2028.

- Q. Strengthening Industry Business appears to be the right direction. Since the required talent profile differs from that of Digital Workplace Business, could you explain your approach to talent allocation, development, and leadership?
- A. (Kuzuhara) Because Industry Business has different characteristics from our traditional office business, we place strong emphasis on assigning personnel with specialized expertise. We are also developing business creation talent capable of generating value through close dialogue with customers.
- A. (Taiko) We believe it is important for the individuals who launch new businesses to continue exercising leadership as those businesses grow. Our future talent allocation will be based on this policy.

[Research & Development and AI Utilization]

- Q. I have high expectations for healthcare businesses, including AI applications. Please explain your approach to R&D investment for future growth.
- A. (Yoshimura) R&D is the foundation of future growth, and we intend to maintain a consistent level of investment relative to revenue. At the same time, we will improve development efficiency through the use of AI and allocate limited resources more strategically to medium- to long-term growth areas. We are particularly focused on healthcare AI, sensing technologies, and materials development.
- A. (Taiko) Annual R&D expenditure remains at approximately ¥55 billion. Of this amount, around 25% is allocated to medium- to long-term initiatives, while approximately 75% is directed toward advancing existing products and projects expected to generate results within three years. We will continue making focused investments that lead to tangible outcomes.

Q. How are you approaching talent development and education to promote AI utilization?

A. (Kato) We provide advanced education programs for personnel engaged in specialized R&D activities while also offering AI-related education to all employees.

Our programs focus not only on understanding AI and data technologies themselves but also on how these technologies can be applied to create value for businesses and society.

Q. How do you approach cybersecurity?

A. (Kato) Cyberattacks have become increasingly diverse and sophisticated, and we operate on the assumption that any company could become a target. Accordingly, we are pursuing both preventive measures to block intrusions and measures to minimize damage should an intrusion occur. We are also strengthening backup systems and alternative operating arrangements, particularly in manufacturing operations, to ensure business continuity. In addition, we conduct recovery exercises and employee training to improve our organizational readiness and response capabilities.

[Products and Services]

Q. As an elderly user, I find MFPs difficult to operate. Please consider improving usability.

A. (Takayama) As MFPs have become mature products, we recognize that ease of use and user experience are becoming increasingly important in addition to functionality and performance.

We have already introduced simplified operation screens and have enhanced accessibility in the United States in accordance with accessibility standards for users with disabilities. Going forward, we will continue improving usability by incorporating feedback from actual usage environments and designing products that are easy for everyone to use.

[Human Capital and Governance]

Q. With improved performance and achieving targets of the Medium-term Business Plan, dividends have increased. How will you reward employees who contributed to these achievements?

A. (Taiko) For executive officers, compensation is linked not only to annual performance but also to three-year targets under the Medium-term Business Plan.

For employees, bonuses are determined based on the achievement of annual business targets rather than directly on the achievement of the three-year plan. We are currently revising our compensation framework so that bonus levels increase more significantly in line with growth in business contribution profit, thereby enabling more appropriate rewards when strong results are achieved.

Q. New businesses often take time to generate results, making short-term achievements difficult to see. How do you maintain employee motivation for promoting new businesses?

A. (Oka) Employees are our most important asset, and improving engagement is essential for maximizing their capabilities.

To this end, the President personally explains the background and direction of the Medium-term Business Plan in each region to enhance employee understanding. For new business initiatives, we evaluate employees based not only on short-term results but also on broader contributions and appropriately reflect them in employee treatment and rewards.

Q. How do you evaluate the contributions of outside directors and the promotion of women leaders, and what is your future policy in these areas?

A. (Taiko) As part of our efforts to strengthen governance, we have restructured the Board of Directors so that outside directors now constitute a majority of the Board and the Chairperson is also an outside director. This framework allows more effective oversight and advice from an independent perspective. For example, in important decision-making processes such as the formulation of the Medium-term Business Plan, outside directors provide rigorous and constructive viewpoints that significantly enhance the quality of discussions.

From a diversity perspective, women account for more than 30% of our directors and executive officers. We will continue to actively appoint talented and motivated individuals regardless of gender and incorporate diverse perspectives into management. While the appointment of non-Japanese talent remains limited, we will further strengthen our talent strategy to enhance diversity in line with our global business operations.

Q. Corporate sports teams are generally declining. What is the role and the policy of the track and field team, and what are your plans going forward? Personally, I am a strong supporter of track and field and ekiden races and hope the team will continue.

A. (Oka) Thank you for your support of our track and field team.

One distinctive feature of the team is that its athletes are full-time employees and balance their competitive activities with their regular work responsibilities. We believe there is significant value in having employees represent the Company through athletic competition while also contributing to their daily work.

Although results have been limited in recent years, we introduced a new coaching structure from last year to improve competitiveness. We are already seeing positive results, including a victory in a half marathon competition.

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