



KONICA MINOLTA

KONICA MINOLTA, INC.

Integrated Report 2018



Giving Shape to Ideas

On the Release of Integrated Report 2018

Since fiscal 2015, Konica Minolta has released annual reports that provide a comprehensive look at the Company's activities and philosophies. The fourth report is now available. These reports have been referred to as "integrated reports" since last year. We consider this integrated report to be an important tool that represents a systematic organization of both financial and non-financial information, and is intended to be a communication tool to better familiarize stakeholders, including shareholders and investors, with Konica Minolta. The 2017 integrated report was externally well-received, winning recognition and awards that included the Grand Prix Runner Up in the Nikkei Annual Report Awards conducted by Nikkei Inc.

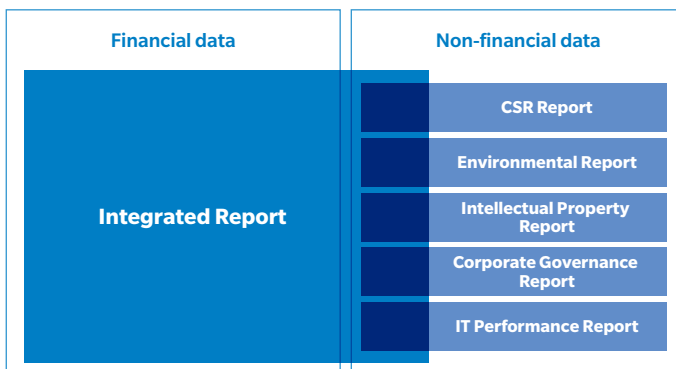
Integrated Report 2018 lays out the Konica Minolta Group's strengths and process to creating value with a focus on SHINKA 2019, the new Medium Term Business Plan formulated in 2017, while explaining the Group's medium- to long-term business strategy and pathway to value creation.

The report was a cross-organizational collaboration accomplished by taking cues from sources such as the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry.

I can attest to the soundness and accuracy of the report creation process and its content. Konica Minolta will continue using the integrated report as a tool for engaging with all of its stakeholders, including its shareholders and investors, as it works to sustainably improve the corporate value it provides.

Shoei Yamana
President and CEO

Role of Integrated Report 2018



Notes on outlook for future results

The plans, strategies and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions.

CONTENTS

	On the Release of Integrated Report 2018	1
	CONTENTS	2
	Konica Minolta Philosophy	3
Konica Minolta's Journey So Far	Konica Minolta's Journey So Far	5
	Evolution of a business model	7
	Technological progress	9
Konica Minolta's Journey Ahead	Konica Minolta's Journey Ahead	11
	Message from the CEO	13
	Message from the CFO	21
	Value Creation Process	23
Business Strategy	Business Strategy	25
	1: Boosting Business Technologies	27
	Business Profitability	
	2: Growth Strategies for the Measuring	31
	Instruments Business	
	3: Growth Strategies for the	35
	Bio-Healthcare Business	
Business Results	Financial and Non-Financial Highlights	39
	At a Glance	43
	Office Business	45
	Professional Print Business	46
	Healthcare Business	47
	Industrial Business	48
	(Optical Systems for Industrial Use)	
	Industrial Business (Materials and Components)	49
	Market Data by Segment	50
Platform Supporting Sustainability	Discussion on Corporate Governance	53
	The Chairman of the Board and an Outside Director	
	Corporate Governance	58
	CSR Management	69
	Creating Value through Our Value Chain	77
	Independent Valuation of Konica Minolta's	83
	Management, with Its Focus on Achieving Sustainable Growth	
Financial Section	10-Year Financial Summary	85
	Management's Discussion and Analysis	87
	Company Overview/Stock Information	95
	Glossary	96

Our Philosophy

The Creation of New Value

Our Vision

A global company that is vital to society

Possessing a mindset that drives us to best serve and improve the quality of society in all our activities, we are determined to become a company that is vital to global society by providing excitement that exceeds the expectations of all.

An innovative company that is robust and constantly evolving

We are committed to becoming an innovative company that stands tall in difficult times with a solid and quality business base, ensuring we remain courageous to provide new value in the face of any challenge.

Brand Proposition

Giving Shape to Ideas

It is our pledge to bring the ideas of customers and society to life through innovation and contribute to the creation of a high quality society.

Through innovation which only Konica Minolta can provide, we create value and share it with society for the betterment of people's lives today and for the generations to come.

6 Values

Our 6 Values are the essence of our innermost beliefs, our inherited DNA, and define how we go about our business and act towards all our partners. They articulate what we stand for and direct our decision making.

Open and honest

We are convinced that only by acting with integrity and communicating with all our partners in an open and honest way can we create long-lasting partnerships of mutual trust and true significance.

Customer-centric

We exist solely for our customers; always thinking on their behalf, undertaking challenges together with them, and working tirelessly to bring them success and provide excitement that exceeds expectations both now and in the future.

Innovative

Innovation is what drives us. We constantly strive to develop ground-breaking ideas that will form the basis of everything we do going forward, every step of the way.

Passionate

Being passionate, strong-willed and determined is essential to making a meaningful contribution to our customers' businesses and society as a whole.

Inclusive and collaborative

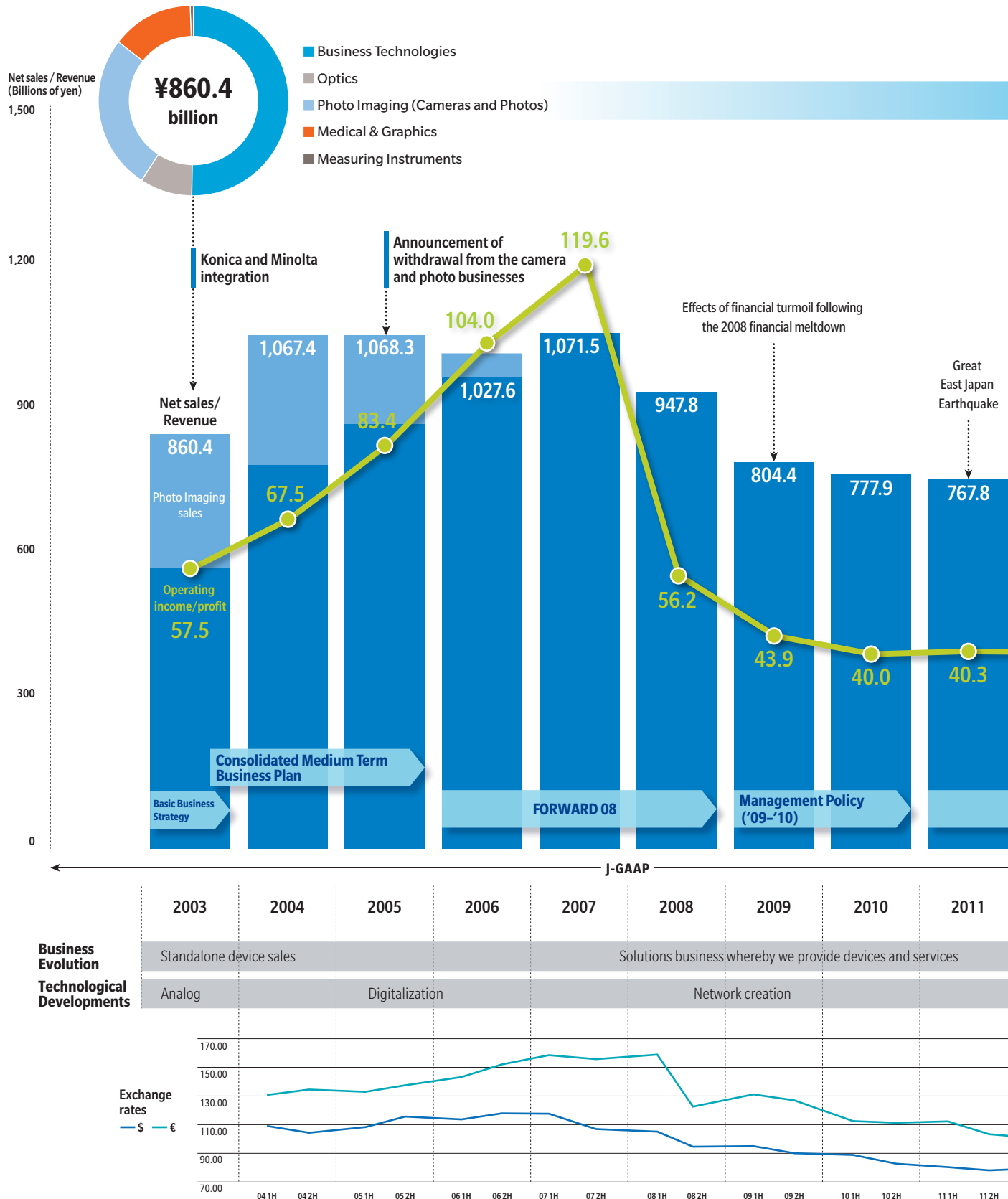
We believe that the power of inclusiveness and collaboration with customers, partners and each other is the best way to come up with game-changing ideas that provide ultimate benefits.

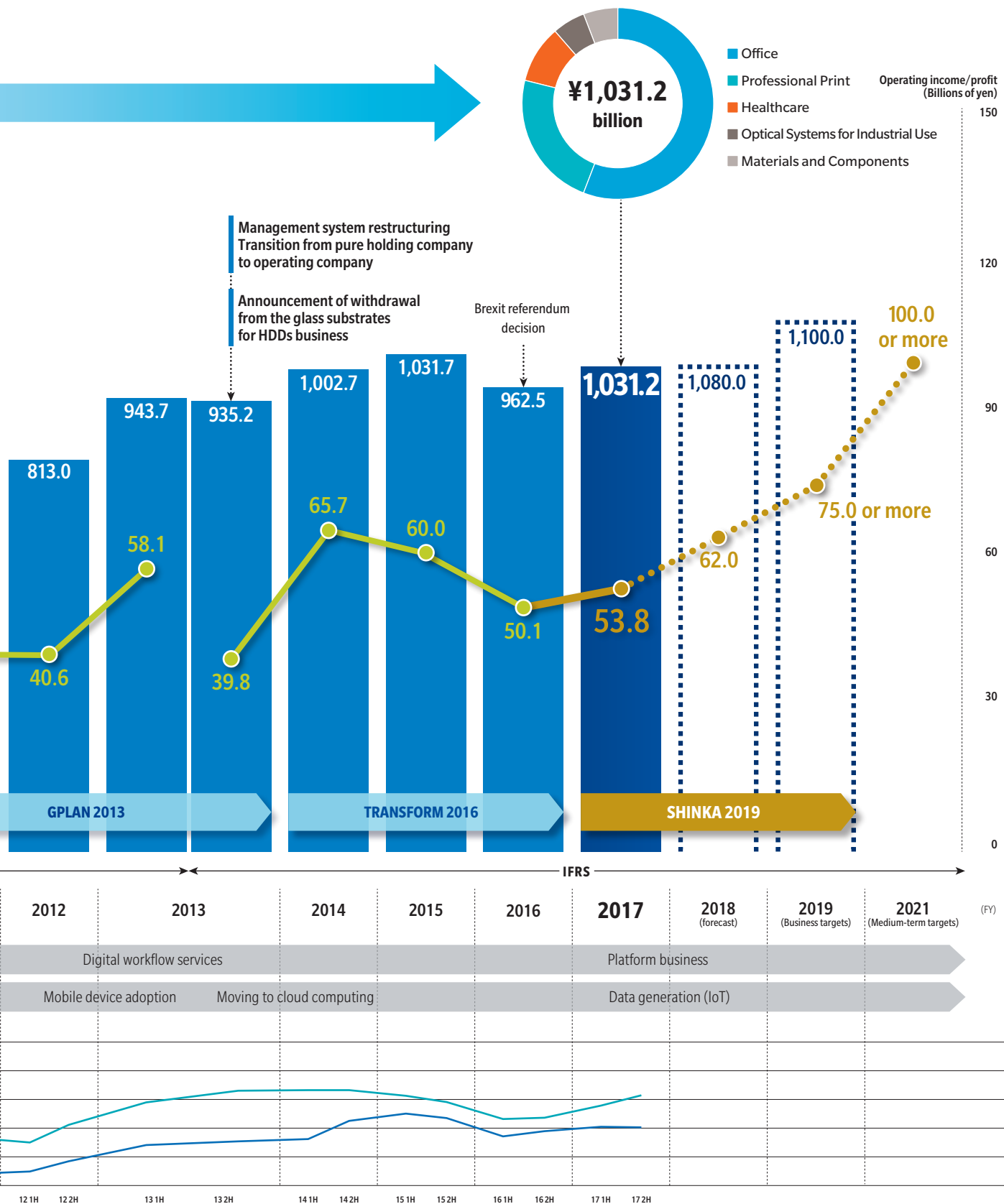
Accountable

Not only must we be individually and collectively responsible and accountable for what we do, all our actions should contribute to the creation of a sustainable society and Konica Minolta.



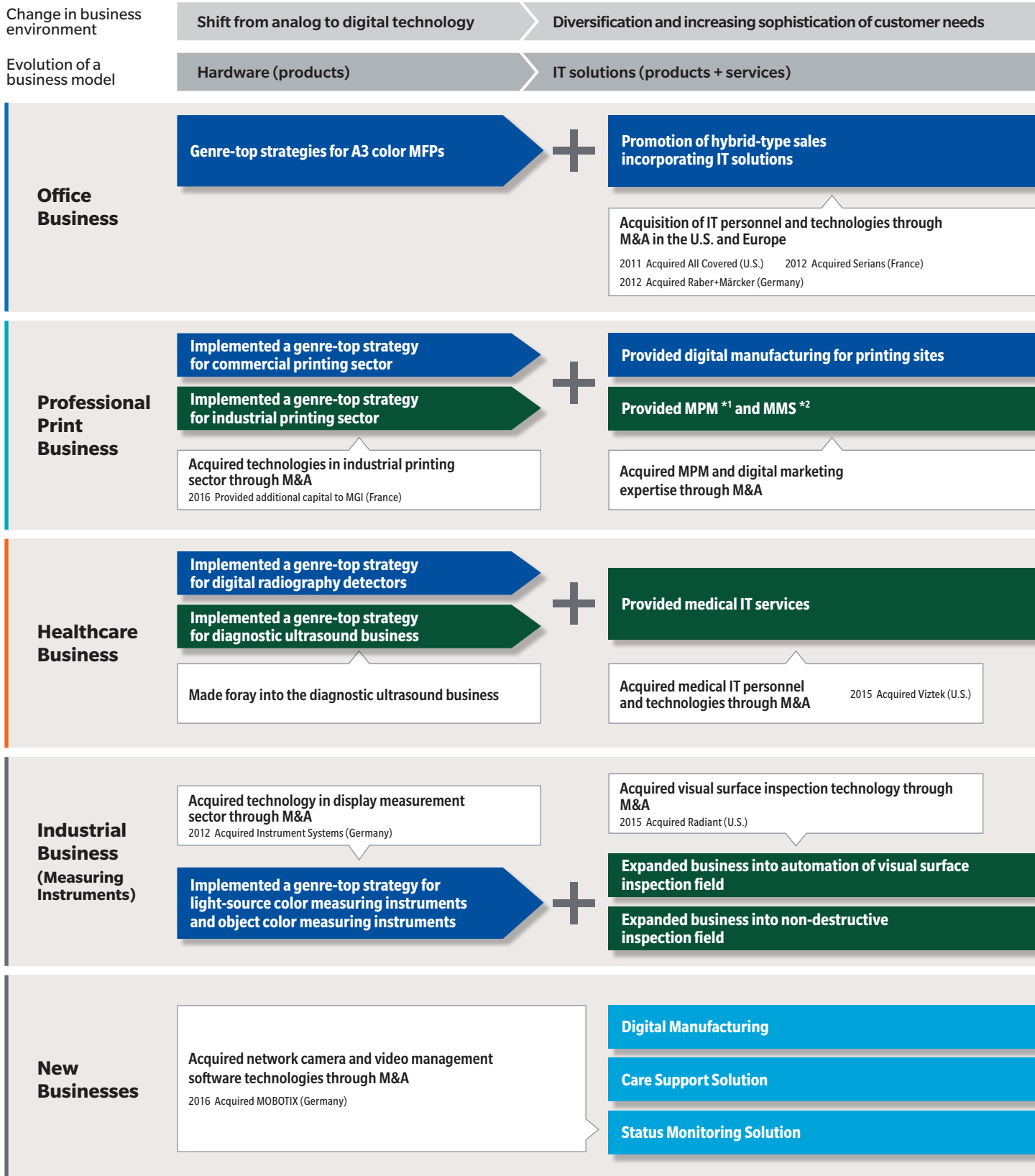
Konica Minolta's Journey So Far





Evolution of a Business Model

Alongside conducting M&A to actively strengthen the technologies, expertise, and human capital needed for our platform business, we have been transitioning to a business that provides high added-value solutions with a view to commoditizing products.



*1 MPM: Marketing Production Management

*2 MMS: Marketing Management Services

Core
businesses

Growth
businesses

New
businesses

*See page 11 for details on core, growth,
and new businesses

Acceleration of digital innovation

Platform business

Customer value

Promotion of edge IoT platform
business through Workplace Hub

2016 Acquired ProcessFlows Holdings (UK)

Workflow optimization,
business productivity
improvement, and information
security reinforcement

Provided digital marketing services

2012 Acquired Charterhouse (UK) 2014 Acquired Ergo (Australia)
2015 Acquired Indicia (UK) 2016 Partnered with the Netyear Group (Japan)

Improved printing site
workflows and improved
marketing ROI

Made full-scale foray into precision medicine

Acquired sales channels
and technology through
M&A

2017 Acquired Ambry Genetics
2017 Acquired Invicro LLC (U.S.)

Promoted
platform business
utilizing data

Improved primary care
efficiency and diagnosis
quality, reduced healthcare
costs and improved
patients' QoL

Improved industrial
product quality and
improved manufacturing
site productivity

Improved plant productivity

Reduced burden on carers

Improved security

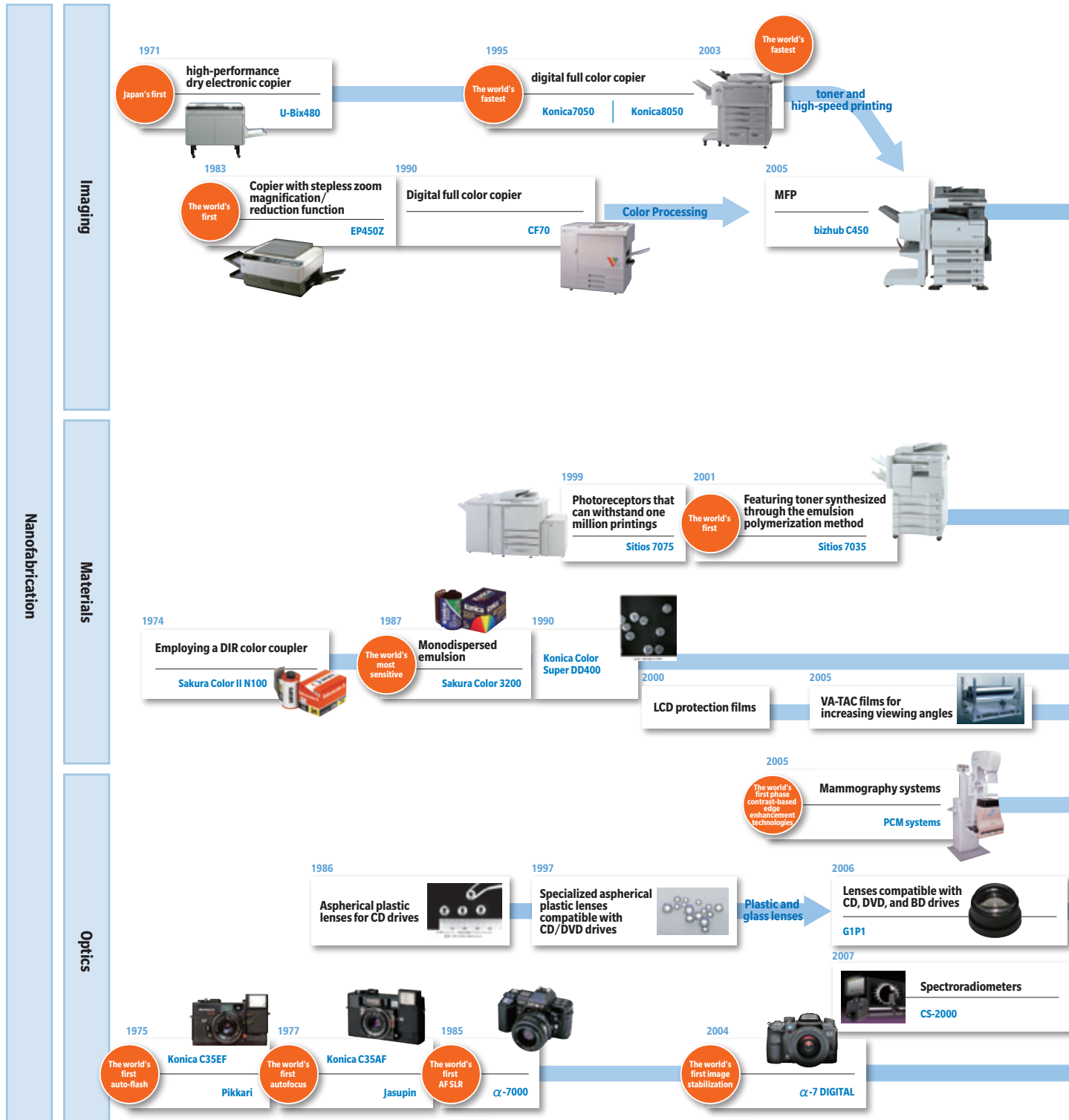
Technological Progress

Konica Minolta is working to create new value by evolving the technologies it has developed based on its photographic film and camera technologies.

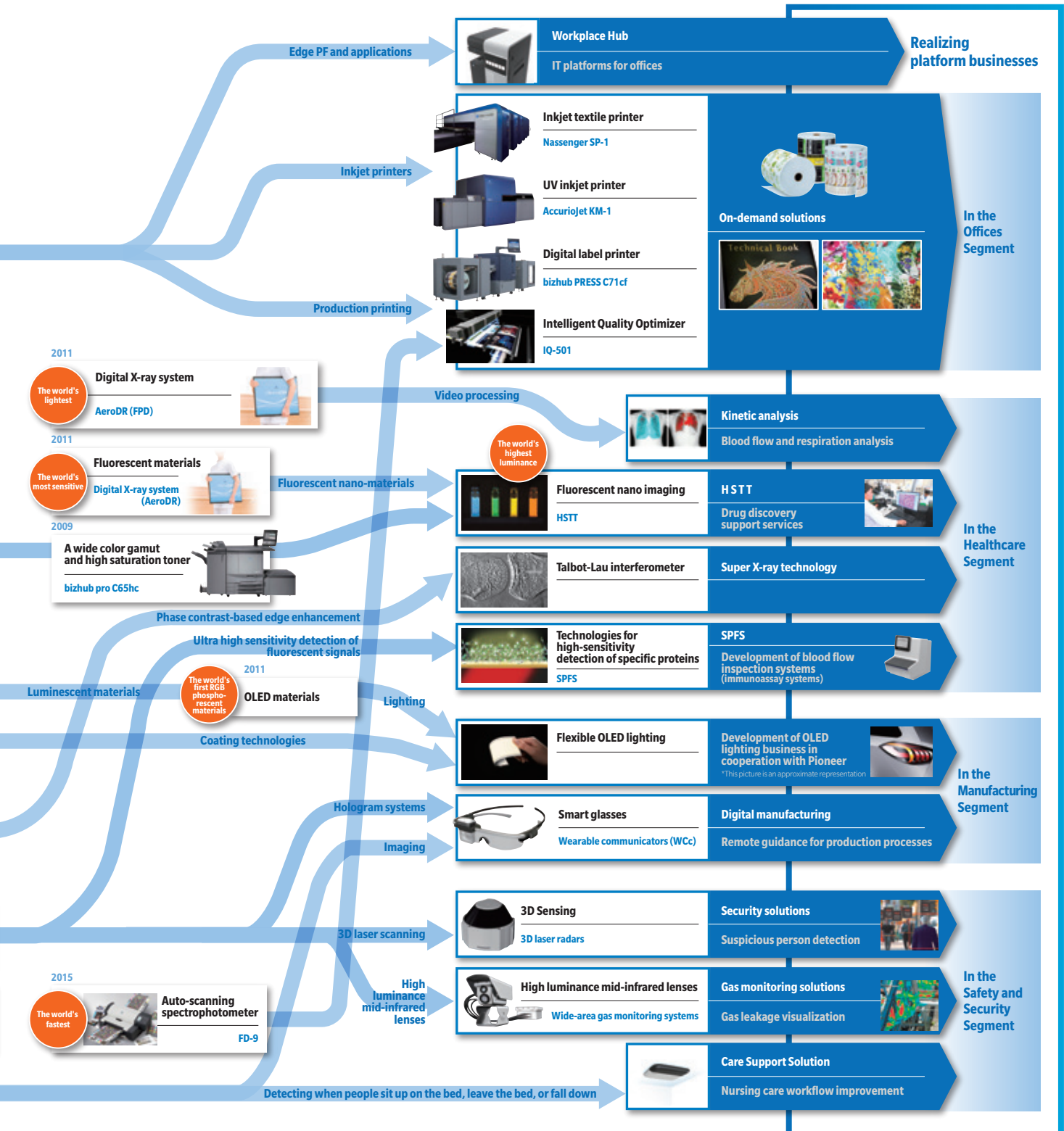
1873–2002

2003–2013

Core technologies

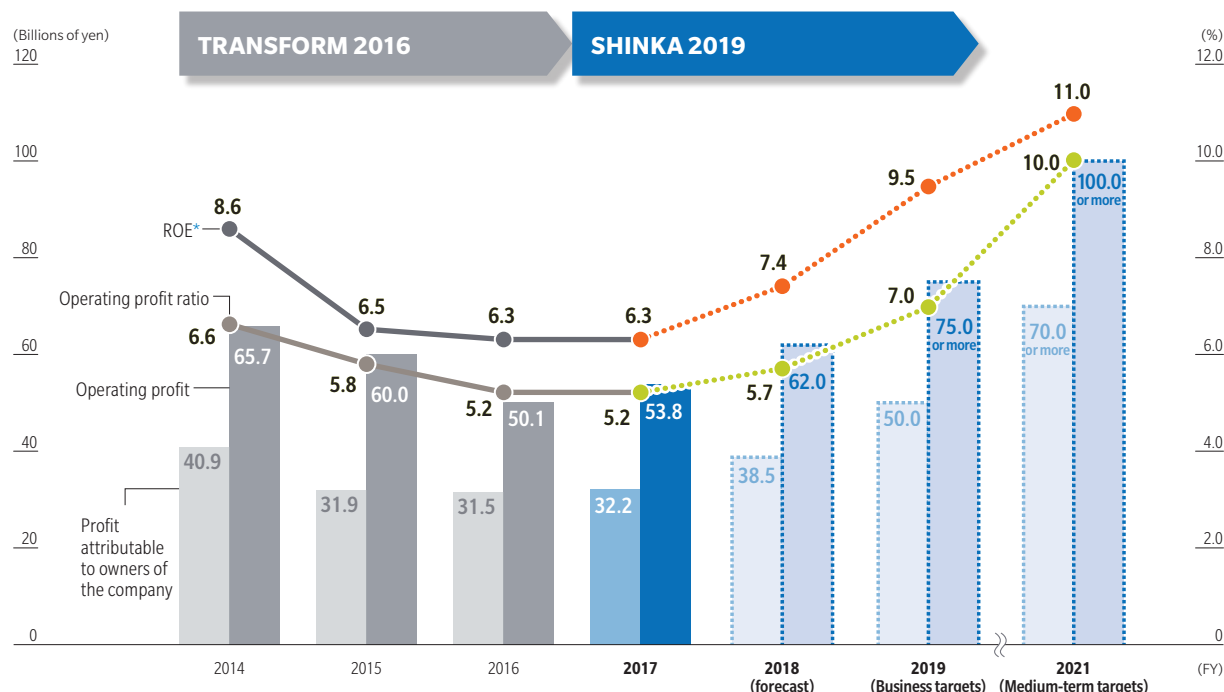


2014-

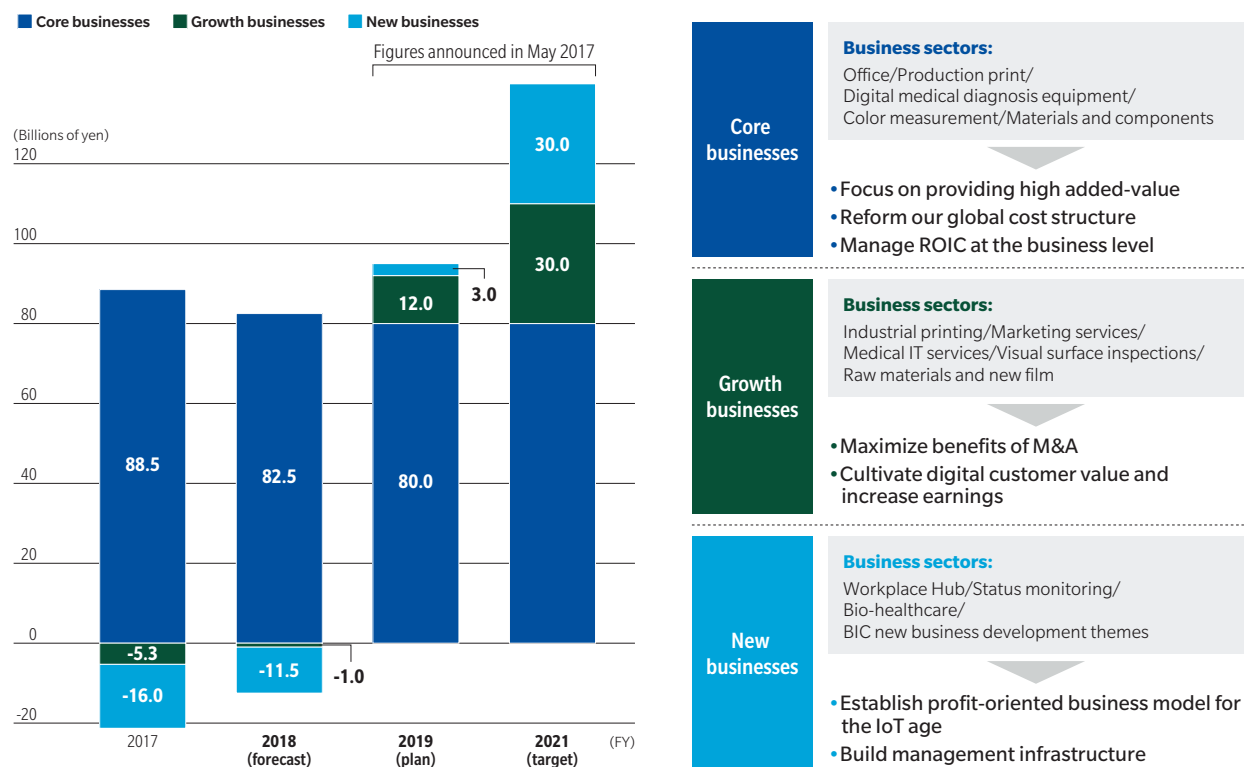


Konica Minolta's Journey Ahead

Medium Term Business Plan



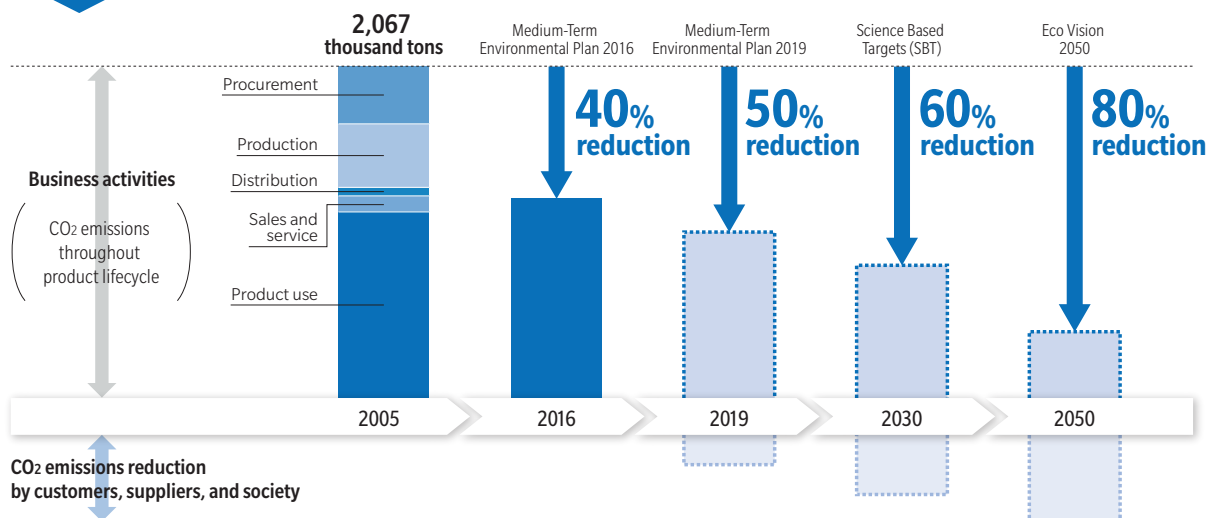
Operating profit across core, growth, and new businesses



Materiality for Achieving Improved Corporate Value



Eco Vision 2050 Becoming Carbon Minus by 2050



In Eco Vision 2050, its long-term environmental vision, Konica Minolta included Carbon Minus as a more ambitious goal. In partnership with stakeholders, particularly customers and

suppliers, Konica Minolta will achieve reductions in CO₂ emissions that exceed the Company's CO₂ emissions, thereby contributing to a reduction in society's overall CO₂ emissions.

Konica Minolta is working toward medium- to long-term growth, having established a high value-added business model that contributes to the evolution of our society.



Shoei Yamana

President and CEO

Review of business results in fiscal 2017

Higher profit on higher revenue across all business segments

Fiscal 2017 marked the first year under our Medium Term Business Plan called SHINKA 2019. The Konica Minolta Group's business results for this important year featured higher profit on higher revenue, including consolidated revenue of ¥131.2 billion, up 7.1% year on year, and operating profit of ¥53.8 billion, up 7.4%.

Higher profit on higher revenue held true not only for the entire company but also for each business segment as well. This marks a very positive start as the initial fiscal year of our Medium Term Business Plan. I believe this is proof that the market has a positive take on our hybrid sales, which combines MFPs and IT Services, and high-valued added proposals that address the management issues of customer companies, carried out under the previous Medium Term Business Plan TRANSFORM 2016.

In our mainstay Office Business, both the installed base of digital MFPs and print volume have increased in a number of regions including North America, Europe, China and India. Looking at the market overall, sales of monochrome MFPs are declining, but we have actually increased sales of our own monochrome MFPs. In other words, customers are not simply looking to replace a monochrome unit with a color one. This is because we are providing document services along with IT solutions for improving customers' business workflow. This means that Konica Minolta is able to propose high-value added services that result in business reform based on a deep understanding of our customers in various industries and sectors. To make this a reality, we have been an active player in M&A and hiring globally for over five years now in order to acquire talent and expertise. The results of these "preparations" are now materializing in the larger installed base and print volume.

In the Professional Print Business, both the installed base and print volume of color digital printing systems are increasing. At the start of the shift from analog (offset) to digital

printing, Konica Minolta was among the first to transition to digital printing and also develop a new market on its own called "light production printing." We automated print position adjusting and color adjusting, which once required the skills of craftsmen, using our knowledge in the print industry honed over the years through plate-making film for analog printing. I believe the strong performance of this business represents the outcome of our persistent efforts to solve our customers' key issues.

In our Healthcare Business, we saw growth in digital radiography (DR), which has seen strong results over the past few years, and we increased market share in the diagnostic ultrasound systems field, too. Our diagnostic ultrasound systems enjoy a dominant market share mainly in orthopedics in Japan, and we are now working to expand this to anesthesiology and obstetrics. Additionally, one of our preparations for expanding overseas business was the acquisition of Viztek (United States) in 2015. Viztek is a one-stop provider of proprietary hardware and software for medical imaging diagnostics along with medical IT solution services. It has deep connections with hospitals and clinics across the United States through its powerful sales network. The synergies produced between Viztek and Konica Minolta will enable us to deliver high value-added medical IT solutions that combine DR, diagnostic ultrasound, and picture archiving and communication systems (PACS). These synergistic effects have begun to materialize since the second half of fiscal 2017 and we anticipate even greater results in fiscal 2018.

Of particular note was the strong growth seen in our Industrial Business during fiscal 2017 underpinned by the trend toward larger LCD televisions and the growing smartphone market. In the performance materials unit, our mainstay product is TAC films used to protect LCD polarizers. During the year under review, sales of high value-added products such as VA-TAC film and ZeroTAC film for IPS enjoyed

strong growth. We can expect the use of these films to expand to applications beyond televisions, including smartphones and tablet devices. In the measurement instruments unit, we greatly increased sales of measurement systems used in the inspection of Organic Light Emitting Diode (OLED) and other applications. OLED is expected to be widely adopted in applications and products outside of smartphones in the future. For this reason, we expect to see even greater growth in fiscal 2018 and beyond.

Fiscal 2018 marks the half-way point of the SHINKA 2019 Medium Term Business Plan. We will continue with our efforts

to boost the profitability of our core business and increase profits in growth business. At the same time, we will carry out efficient investments aimed at developing new business over the medium to long term.

The business performance forecast for fiscal 2018 indicates another year of higher profits on higher revenues, with revenue expected to total ¥180 billion, operating profit ¥62 billion, and profit attributable to owners of the company ¥38.5 billion. Our forex assumptions are ¥105 against the US dollar and ¥125 against the euro.

Outcomes of M&A strategy

M&A for enhancing customer value

Since the merger of Konica and Minolta in 2003, we have discussed extensively the fundamental meaning behind the “shift from analog to digital.” Through this, we discovered that digitalization is not always a positive for the manufacturing



industry. We were among the first to recognize that failure to transform amidst the huge wave of digitalization would threaten our very existence in the manufacturing industry.

The key is to carefully probe the new value that digitalization can create for customers. From the perspective of the manufacturing industry, this means we have to answer the question “What type of new value can we propose to customers with digitalization?”

The impossible in an analog world becomes possible in a digital world. One such new customer value is on-demand printing in the Professional Print Business. Digitalization drastically transforms the conventional business model of mass production for mass consumption. This is because digitalization results in ultimate customization whereby the right item is made in the right quantity at the right place. In addition, digitalization contributes to environmental conservation and sustainability because product transport, a cause of CO₂ emissions, and waste resulting from excess printed material are no longer part of the equation. Even in the Office Business, we can understand the flow of information and

content in a customer's company as a business process and then automate and optimize this process, making it possible to solve many business issues faced by customers, including improving productivity and strengthening security.

However, to create such new customer value using digitalization, we had to acquire new technologies, expertise and talent from outside the company over a short period of time. As a result, we have added close to 40 IT service companies to the Konica Minolta Group from North America, Europe and Asia using an aggressive approach to M&A.

To achieve hybrid sales offered to customers as new solutions combining our technologies and expertise from document printing together with the IT capabilities of the companies we acquired, we have prudently considered various factors during M&A, including cohesion with local markets and affinity with our businesses. Based on this, we have carefully selected companies to join the group that can generate synergies. After each acquisition, we combined employees from our business divisions with those of the acquired company at an early stage and reorganized them according to teams based on customer industries by sector. This enabled us to foster a sense of solidarity between both sides during the process of promoting hybrid sales.

This M&A strategy in the Office Business helped us to strengthen our proposal capabilities for our main middle-market and small- and medium-sized enterprise customers. Not only that, we have also been able to boost our capabilities to respond to the needs of major global companies. As a result, we have seen steady growth over the past four or five years, for example, in the business of providing integrated printing system services to various global companies.

In fiscal 2017, we executed major M&A deals in the Healthcare Business, too, enabling us to make a full-fledged entry into the domain of precision medicine. In the Healthcare Business, we have held comprehensive discussions on the future of the business for several years now. The focal point of these discussions involved the potential of High Sensitive Tissue Testing (HSTT) developed using our technological know-how from photographic films. HSST quantifies cancer cells and other specific proteins with high precision. For this reason, it has received strong praise from various parties including overseas academic societies.

With HSTT as the core, we have established the precision medicine business capable of accurately and efficiently diagnosing cancer at an early stage and for effectively developing therapeutic drugs and contributing to drug



administration. One aspect behind the commercialization of HSTT required genetic analysis technologies. No other company in the world is capable of analyzing both proteins and genes, two elements indispensable to precision medicine, and so we decided to move in this direction. Another area where we needed to bolster was our connection with pharmaceutical companies. As a result, we searched for companies already involved in new drug discovery support systems and companies using cutting edge AI in new drug discovery and development.

The two major M&A deals we struck in the precision medicine business in fiscal 2017 were intended to acquire these two elements. One of these companies is Ambry Genetics Corporation (AG), a genetic diagnostic services company. Combining AG's genetic diagnostic technologies with our HSTT technology enables even more precise patient classification, improving the success rate of new drug discovery and development and contributing to more effective drug administration. The other company is Invicro, which provides new drug discovery support services. Invicro has been contracted by a number of pharmaceutical companies for its very important services for discovering biomarkers using imaging in the pre-clinical trial stage, the most upstream part of new drug discovery. Combining Invicro's functions with our HSTT and AG's genetic diagnostics will make it possible to support new drug discovery and development for such diseases as cancer and Alzheimer's. This precision medicine business represents an initiative aimed at resolving a social issue, and I believe it will be an extremely important part of our efforts to enhance corporate value over the medium to long term.

Medium- to long-term growth strategy

Aiming to become a high-profit enterprise using a new business model powered by data

Our world is undergoing significant changes brought about by the remarkable progress of information and digital technologies. We find ourselves in the middle of a paradigm shift that will fundamentally transform the conventional wisdom of various domains.

As I have repeated many times before, I believe these turbulent times represent a major opportunity for Konica Minolta. In each of our various business domains, we will be able to present our own take on new value and approaches to the world around us. This means we will stand at the forefront of change instead of simply adapting to it. This is precisely why I feel turbulent times represent an opportunity.

The SHINKA 2019 Medium Term Business Plan cites becoming a digital company with insight into implicit challenges as Konica Minolta's future goal. To achieve this goal, we need to build a new business framework that is both customer-centric and people-centric, while continually refining our strengths developed as a manufacturer, including capabilities in manufacturing, engineering and development.

As a manufacturer, Konica Minolta possesses capabilities in high quality manufacturing and hardware development. In addition, through the previous Medium Term Business Plan, we meticulously prepared ourselves to deliver IT solutions. Through business development combining these areas, we will be able to accumulate valuable data on various domains, and then analyze and visualize this using such cutting edge technologies as AI and deep learning. This should position us to establish a novel business model and create completely new forms of customer value. Our plan is to carefully set up a

high-valued added platform business suited to this era of IoT over the next several years.

This new platform is Workplace Hub (WPH), which we plan on releasing in fiscal 2018. As I mentioned earlier, Konica Minolta has boosted the added value it offers by providing hybrid forms of document and IT service solutions that delve into the business operations of customers from a multitude of different industries and businesses. Going forward, we will develop the solutions business with the platform of WPH as the focal point. By installing this WPH in the same space as one of our digital MFPs, not only will customers be able to use IT services in a one-stop fashion, but WPH will be able to accumulate data useful to improving the business operations of various industries and sectors.

For example, in the case of the manufacturing industry, data can be used to visualize the utilization rate of production facilities to increase efficiency, improve quality and reduce loss. Or, data for work-style reform will make it possible for efficient remote work in a secure environment in terms of information security. Even in the field of nursing care, data from WPH can be warehoused and analyzed to create completely new forms of customer value, such as approaches to facility spaces for better care support or the optimization of nurse movements and room layouts.

This is not the same as a major IT services company analyzing vast amounts of big data on the cloud. Konica Minolta's strength is our direct connections with some two million customers around the world through our digital MFP business. We are aiming to realize new value together with

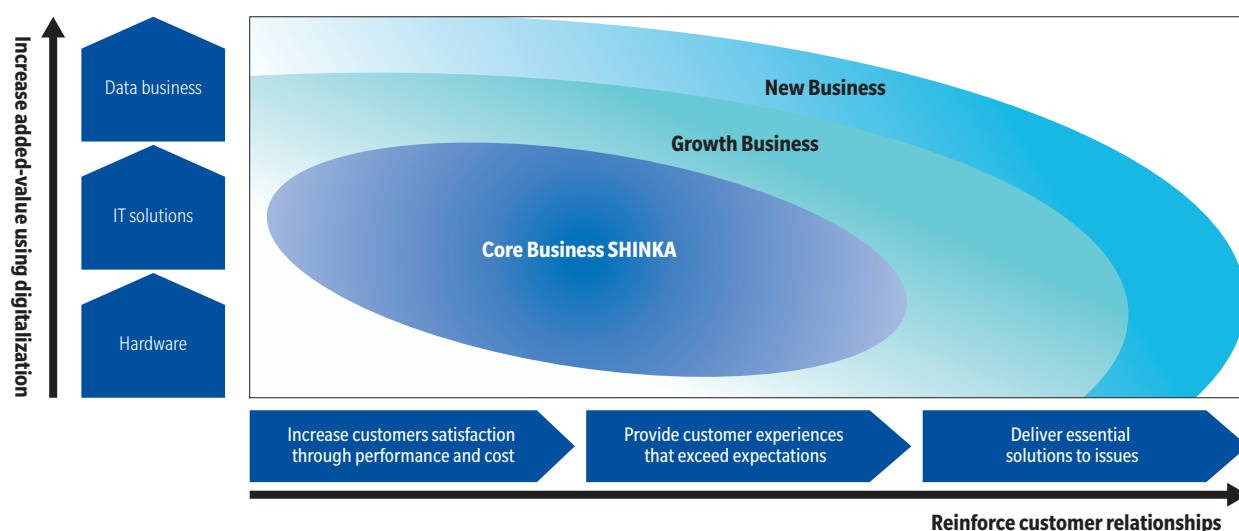
customers on the edge of business for a multitude of different sectors. Moreover, every single piece of data collected from WPH does not need to be brought to the cloud. Data and images gathered from the frontlines of business can simply and instantaneously be analyzed and processed on the spot to come up with ways of improving each business process. Nobody could keep pace even if every single piece of data was brought to the cloud and created a huge data center was created. In the sense of achieving a sustainable society, I believe we are taking the right direction with finding solutions to issues on the edge.

The accumulation and analysis of digital data also holds the key to precision medicine, our other medium- to long-term strategic area. In January 2018, we established a global headquarters in the United States for the precision medicine business and set up a business operation system. As Konica Minolta, AG and Invicro work as one entity, I am convinced that we can establish diagnostic services that will usher in dramatic progress in the fields of cancer treatment and new drug

discovery support. Combining the talent from the specialty fields of these three companies along with the scale merits of synergistic effects will help us to turn our attention toward business expansion not only in the United States and Japan but also Europe. Our goal for fiscal 2021, four years from now, is for this business to generate revenue of ¥100 billion and operating profit ratio of 20% or greater. By establishing a presence at the top of the global precision medicine field, we hope to become a leader that can influence the operational systems of medical institutions around the world.

Through these initiatives, Konica Minolta is aiming to achieve the business targets of more than ¥75 billion in operating profit, ¥50 billion in profit attributable to owners of the company, and ROE of 9.5% by fiscal 2019, the final year of the Medium Term Business Plan. Beyond this, we are looking to achieve a medium-term target of more than ¥100 billion in operating profit and more than ¥70 billion in profit attributable to owners of the company by fiscal 2021.

Increase added-value using digitalization and reinforce customer relationships



Enhancing long-term corporate value

Aiming to be a leader in ESG

Under Our Philosophy, “The Creation of New Value,” Konica Minolta has prospered together with society while pursuing new value essential to each specific time period of its history. In recent years, as social issues such as environmental problems, aging society, and personnel shortages emerge, expectations are rapidly rising when it comes to companies’ initiatives for sustainability. This is especially true following the adoption of the Sustainable Development Goals (SDGs) by the UN and growing interest in Environment, Social, Governance (ESG) investments in financial markets. I believe the growth of a company should be connected to solutions to social issues. Without a solid balance of enhancing economic value and social value, I believe a company will not be able to achieve sustainable growth or enhance corporate value over the medium to long term. In this sense, I consider the embodiment of business strategy as the reinforcement of ESG. Looking out 10 and 20 years into the future, our business strategy to contribute to solutions to various social issues represents an ESG initiative.

The strategies being implemented by each of our business divisions contribute to an evolution, or SHINKA, in society. These strategies include dramatically increasing office productivity, achieving work styles that empower creation, and improving the quality of life for patients around the world. This is the reason why the word SHINKA was used in the title of the Medium Term Business Plan.

Not only technology, but the power of our people will be vital in finding solutions to social issues. Our approximately 43,000 employees will become a powerful driving force by doing the right thing for society and for customers. Therefore, we must transform our organizations into places where talent with varying experiences and backgrounds can interact as well as respect and motivate each another to create new ideas. My role as CEO is to foster this type of culture and draw out the capabilities of our workforce.

With regards to corporate governance, while passive governance such as internal control is necessary, I hope to evolve this into active governance because it supports a company in its efforts to tackle social issues while taking risks.

Furthermore, to carry out management with a more medium- to long-term perspective, we revised our officer compensation system in fiscal 2017 and introduced stock bonus linking with medium-term performance. In conjunction with this, we incorporated ESG and other non-financial indicators into the performance evaluations of executive officers, and we introduced a system of monitoring by the Board of Directors.

Looking ahead, instead of taking a passive approach to avoiding risks in terms of ESG, we will take active measures with the goal of becoming a world leader in ESG, aspiring to become a global company that is vital to society.

Shareholder returns

Committed to continually increasing our dividend

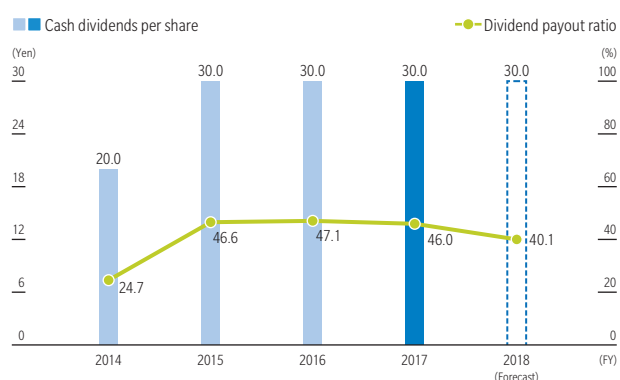
Konica Minolta is committed to aggressive growth investments for sustainable growth and to actively returning profits to shareholders using the profits and cash we generate. Our basic stance on dividends places a greater emphasis on absolute value.

We want investors that support our growth from a medium- to long-term perspective to own our stock. Consequently, our goal is to meet shareholder expectations by continually increasing our dividend, instead of adjusting it upward or downward based on short-term changes in business performance. Furthermore, in addition to dividends, we are carrying out share buybacks as well.

Under this policy, we offered an annual cash dividend of ¥30 per share (same as previous year) for the fiscal year ended March 31, 2018. In addition, we plan to provide an annual dividend of ¥30 per share in the year fiscal ending March 31, 2019 as well.

Konica Minolta will continue to seek out sustainable growth while living up to the trust of its many stakeholders including shareholders. I kindly ask for your continued support and understanding as we move forward.

Cash dividends/dividend payout ratio



Shoei Yamana
President and CEO
Konica Minolta, Inc.

We are implementing innovative financial strategies to support the transformation of our business model.

Seiji Hatano
Senior Executive Officer

Medium Term Business Plan
SHINKA 2019
Evolution

**Pursuing an innovative financial strategy
that supports the transformation of our business model
into a high-profit enterprise**

Strategic Initiative (1)

Developing system
for supporting investments
in growth

Strategic Initiative (2)

Upgrading of global cash
management and improvement
of capital efficiency

Q1

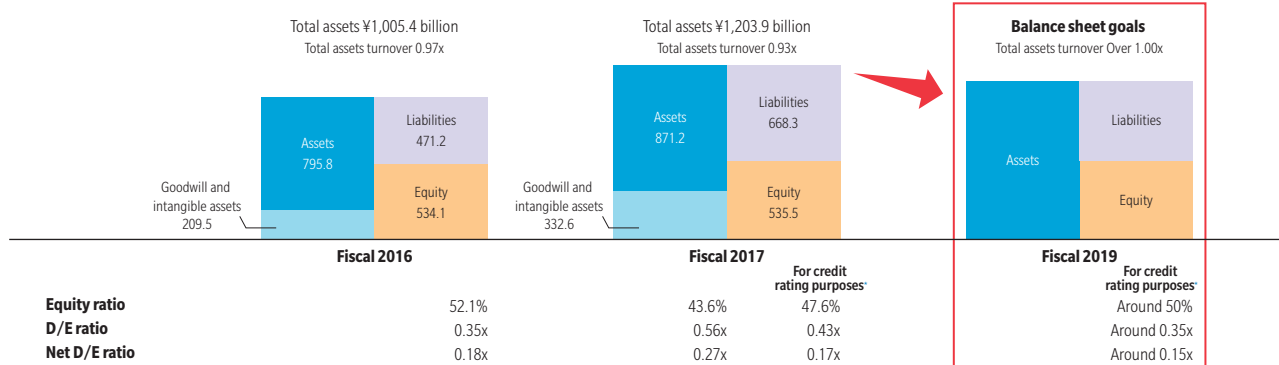
**What are the fundamental elements
of Konica Minolta's capital policy?**

Konica Minolta is working to transform its business model into a digital company with insight into implicit challenges. Toward this end, over the past several years we have actively pursued M&A deals. In fiscal 2017, we executed major M&A deals in the Healthcare Business valued in excess of ¥100 billion that included Ambry Genetics and Invicro, both of the United States. We funded these acquisitions with a hybrid loan (subordinated loan) intended to secure our financial soundness

as well as maintain and improve capital efficiency.

The fundamental elements of Konica Minolta's capital policy include enhancing corporate value over the medium- to long-term through a focus on returns to shareholders and capital costs, working to further increase capital efficiency (ROE target: 9.5% in fiscal 2019 and 11% in fiscal 2021), and strengthening portfolio management while aiming to balance proactive investments in growth with our sound financial foundation. We are also stepping up our ability to generate cash flows. Our goal is to achieve an equity ratio of around 50% and net debt/equity ratio of 0.15x (for credit rating purposes) in fiscal 2019.

Balance sheet goals for fiscal 2019



Investments in growth will continue to form an essential element of our business model transformation. Supporting the execution of our growth strategy financially speaking is my mission as CFO. I regularly tell Finance department employees that "Finance needs to have innovative thinking just like our business segments." As CFO, I am firmly committed to financial soundness and practicing innovative initiatives that improve capital efficiency (ROE and ROIC).

Basic Stance on Capital Policy

Konica Minolta is working to transform its business model into a digital company with insight into implicit challenges. We are implementing a capital policy optimized for supporting sustainable growth aimed at the medium- to long-term enhancement of corporate value. In particular, we are focusing on increasing our ability to generate cash flows and improving capital efficiency (ROE and ROIC). Toward this end, we will maintain a capital policy with an optimal balance between investments in growth, enhancing shareholder returns, and reinforcement of financial foundation. Our goal is to achieve an optimal capital and debt structure with an eye on capital efficiency and capital costs.

1. Improve capital efficiency

We emphasize capital cost and aim to increase ROE and ROIC in excess of capital cost in a stable and consistent manner. For this reason, we consider returns from invested capital^{*} a major management indicator, and we seek to maximize corporate value through improved business portfolio management.

2. Increase shareholder returns

We emphasize actively returning profits to shareholders while comprehensively taking into account consolidated earnings and the promotion of strategic investments in growth fields. We strive to enhance shareholder returns by consistently increasing the dividend and carefully timed share buybacks.

3. Ensure financial soundness

We reinforce our financial foundation underpinning proactive investments in growth by strengthening financial governance, minimizing financial risk, improving capital efficiency, and increasing shareholders' equity.

^{*} Returns from invested capital: returns after deducting the cost of invested capital from business profits. This indicator shows the extent to which created value exceeds the cost of invested capital. Maximizing returns from invested capital increases ROE and ROIC.

Q2

Konica Minolta has been an active player in M&A as a way to invest in growth. What is your policy and stance on M&A and what areas do you emphasize in terms of PMI?

Konica Minolta acquired several dozens of companies during the course of the previous Medium Term Business Plan TRANSFORM 2016 until today. We view M&A as one way of promoting our growth strategy. In reviewing M&A deals, first

we target domains where we can fully harness our own strengths, technologies and assets to generate synergies. Next, we carefully scrutinize market growth potential and compatibility with us based on detailed investigations and examinations carried out in advance. Additionally, we believe it is important that the executive management of the target company share our values, such as our corporate philosophy and vision. On top of this, we carry out due diligence from multiple perspectives, including on compatibility with business strategy, viability of business plan, and fairness of acquisition price, among others.

During the acquisition process, we conduct thorough due diligence concerning the target company's business model, technologies, management structure, accounting, synergistic effects and risks. Furthermore, as part of the post-merger integration (PMI) process, we implement a 100-day plan. This involves concentrating company-wide resources during the first 100 days after the merger to share our management vision with not only applicable business divisions, but also corporate divisions, to conduct thorough analysis of the target company's competence, and to visualize the management situation, in order to facilitate and solidify PMI. We also have rules in place for continued monitoring post acquisition as part of investment reviews. Particularly large acquisitions involve understanding the management situation and providing support promptly in case improvements are needed based on monthly discussions by the Management Executive Meeting and others. Under this framework, we leverage past M&A experiences to share what we learned as well as the know-how and experiences of the target company to build upon our company strengths and connect this to future growth.

Q3

Alongside investing in growth, what other measures are you implementing in terms of upgrading cash management and improving capital efficiency?

Konica Minolta has introduced a global cash management system with the objective of visualizing the cash positions of Group companies and improving cash management. Looking ahead, we will focus on establishing global netting as a way to counteract foreign exchange volatility, and we will carry out effective foreign exchange risk hedging based on an accurate understanding of our foreign exchange exposure gained from more efficient cash management.

Following the addition of Group companies from M&A, there has been a growing number of cases where the head office finances the working capital needs of subsidiaries. As a result, in fiscal 2017 we carried out system upgrades to carefully check and monitor the cash movements of subsidiaries.

Going forward, we will emphasize capital costs and utilize returns from invested capital as a key management indicator, as we seek to improve capital efficiency and maximize corporate value.

Value Creation Process

Solving Social Issues

Trend towards shorter business life cycles

Growing number of elderly, declining birthrate, and declining labor pool

Increasing healthcare cost

Shortage of doctors

Shortage of nursing care staff

Aging social infrastructure

Future Social Issues

Threat of terrorism and disasters

Mounting information security risk

Climate change

Resource depletion
⋮

Konica Minolta's Business Activities

Office Business (p. 45)

Revenue: ¥583.8 billion, operating profit: ¥44.9 billion

Professional Print Business (p. 46)

Revenue: ¥214.2 billion, operating profit: ¥9.2 billion

Healthcare Business (p. 47)

Revenue: ¥96.5 billion, operating profit: ¥5.5 billion

Industrial Business (p. 48)

Revenue: ¥118.2 billion, operating profit: ¥23.4 billion

Differentiation Strategy Edge IoT Platform

Digital space

Edge

Recognition

Input

Real space

- Unstructured data (email, human movement, video images)
- Structured data (Backbone system data, etc.)

Intangible Assets Underpinning Our Strategy

Technical expertise

Number of patents*: **21,276**

Research & development expenses: **¥77.0 billion**

Ratio of research & development expenses to revenue: **7.5%**

Customer base

Number of customers: **approximately 2 million companies**

Human capital

Employees: **approximately 43,000**

Customer engineers: **approximately 10,000**

* The number of patents is the total number of patents held in Japan, the U.S., and China.

Value Chain

Corporate Governance

Financial

KPI

Fiscal 2019
Management
targets

Operating profit

At least **¥75.0 billion**

Operating profit ratio

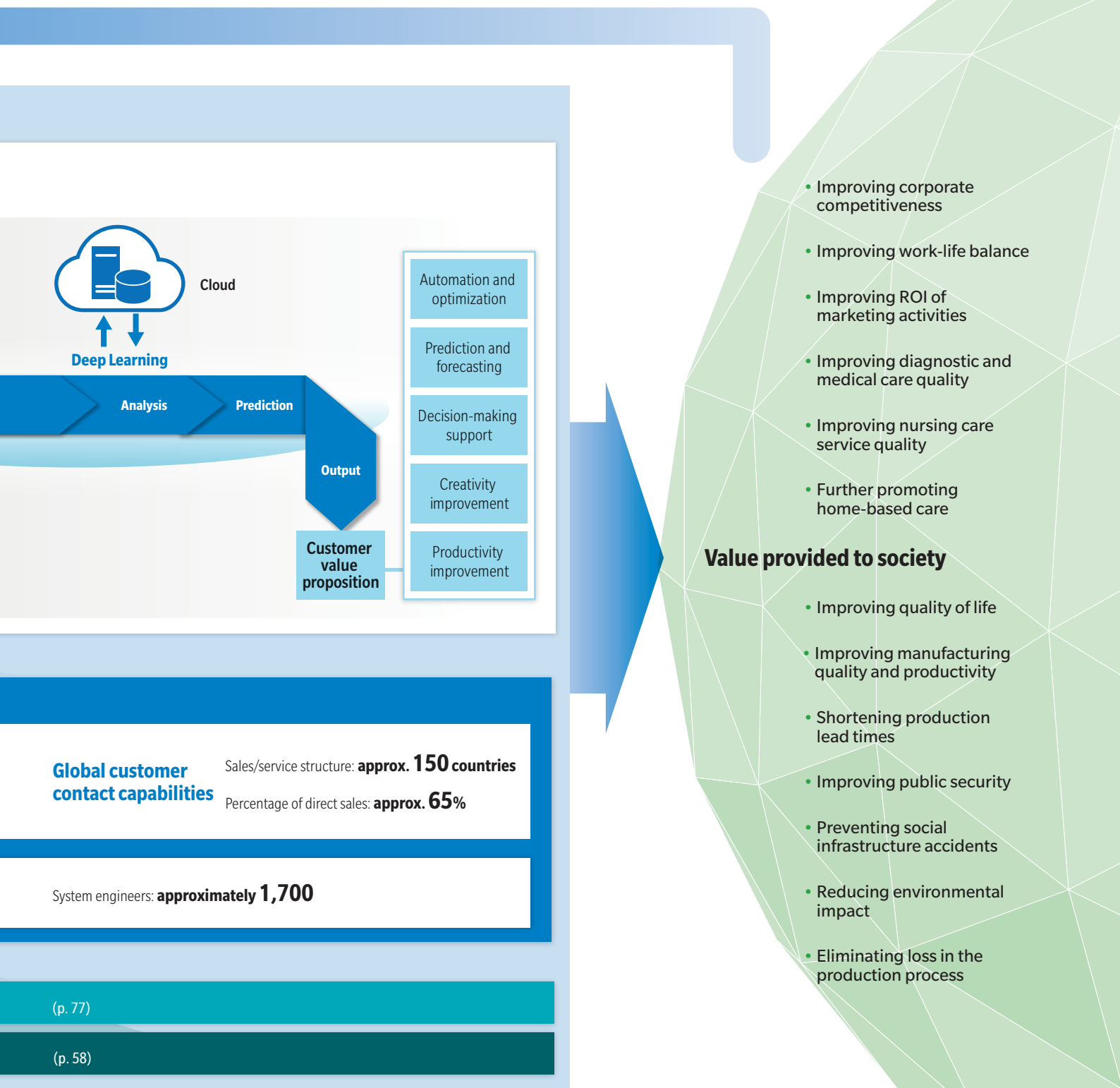
7%

Profit attributable to owners of the company

¥50.0 billion

ROE

9.5%



Non-financial

KPI

Fiscal 2019
Environmental
targets

Life cycle CO₂ emissions

50% (compared to fiscal 2005)
reduction

Revenue of sustainable green products

¥770.0 billion

Business Strategy

Boosting the earning potential of core businesses while further expanding growth businesses and new businesses

Business Strategy 1

Boosting Business Technologies Business Profitability

● Core ● Growth

Hitoshi Kamezawa

Executive Officer
General Manager,
Sensing Business unit,
Industrial Optical System
Business Headquarters

Utilizing technologies for measuring light and color, Konica Minolta pursues genre-top strategies for the ICT and automotive industries.



Douglas Kreysar

Chief Solutions Officer,
Radiant Vision Systems

Leveraging the assets of the Konica Minolta Group, we will continue to provide high quality, innovative solutions.



Business Strategy 3

Growth Strategies for the Bio-Healthcare Business

● New

Toshimitsu Taiko

Senior Executive Officer
Lead officer responsible for
Business Technologies Business

We will boost the earning potential
of core businesses, with a focus on
developing stronger long-term
relationships with customers.



Roman Tihelka

Managing Director,
Cluster East,
Konica Minolta
Business Solutions Europe GmbH

Ramping up our IT services
for a greater presence
in Eastern Europe.

Business Strategy 2

Growth Strategies for the Measuring Instruments Business

● Core ● Growth

Kiyotaka Fujii

Senior Managing Executive Officer
General Manager,
Healthcare Business Headquarters

We will build a global business
management system and
accelerate business strategies
for the precision medicine field.



Jack Hoppin

CEO, Invicro LLC

As a member of the
Konica Minolta Group,
we aim to become a
globally peerless
pharmaceutical
services company.

Boosting Business Technologies Business Profitability

Konica Minolta is pursuing a strategy focused on growth in both the Office and Professional Print Businesses. The entire Group will focus on expanding earnings by providing added value in sales efforts and reforming the global cost structure.

Interview with the Executive Officer responsible for this business

We will boost the earning potential of this business as a core businesses, with a focus on developing stronger, long-term relationships with customers.

Toshimitsu Taiko

Senior Executive Officer

Lead officer responsible for Business Technologies Business



Steadily generate profits by providing added value in sales efforts and reforming the cost structure

Konica Minolta operates the Office Business which provides solutions through a combination of MFPs and IT services, as well as the Professional Print Business, which focuses on providing digital printing equipment. The Business Technologies Business encompasses these two business segments and accounts for more than 70% of the company's consolidated revenue. Its customer base of roughly two million companies and global sales and service system that it has built up through years of business are major assets that enable Konica Minolta's growth strategies. Amid difficult market conditions owing to intensifying competition and stagnant demand for color printers in developed countries, Konica Minolta is looking to strengthen its sales capabilities and cut costs while boosting profits for the entire Group.

To improve our sales capabilities, we are aiming to strengthen the solutions we offer to help solve our customers' business issues, while at the same time improving sales efficiency. In the U.S. and other countries, we are beginning to undertake efforts to improve the efficiency of our sales activities. We are doing this by analyzing past business negotiations, identifying commonalities in negotiations involving high contract rate and profit ratios, and comparing our figures with potential customer data. Through highly effective approaches to proposing high added-value products and services to customers and through efforts to build greater trust with these customers, we are looking to secure profits for the long-term.

Production costs and service costs are the areas we are particularly focused on in reducing costs. Examples of measures to cut production costs include automating the machining, assembly, and inspection processes and reducing downtime by using data to perform predictive maintenance. We are also cutting service costs through measures that

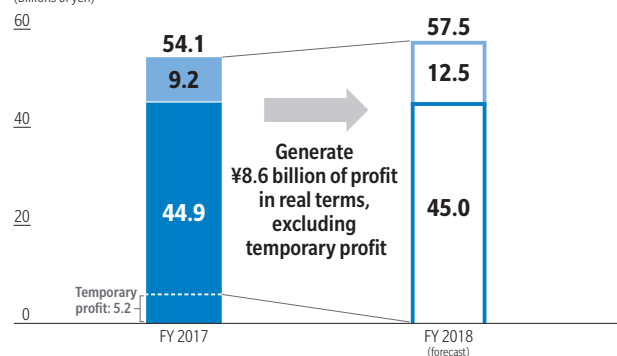
include optimizing the frequency with which our service engineers visit customers by offering longer-life replacement parts for MFPs, and building in sensors that collect data on how these parts are functioning.

Through efforts such as this, the Business Technologies Business is aiming to achieve continued revenue and profit growth in fiscal 2018 through a dual focus on raising the added-value sales and cutting costs.

Business Technologies Business operating profit

■ Office ■ Professional Print

(Billions of yen)



Profit generating measures

Production cost reduction	¥2.5 billion
Service cost reduction	¥2.6 billion
Impact of structural reform	¥3.1 billion



Office Business: Expanding market share in growth markets and conducting hybrid sales

Since the 2003 business merger between Konica and Minolta, we have consistently pursued genre-top strategies in the color MFP segment. This has seen us expand market share in potentially growth markets for color MFPs in primarily emerging nations. In terms of units shipped, we are number one in China and the Central/Eastern Europe region and number two in India (Konica Minolta estimate). This makes us primary driver of market growth in these countries.

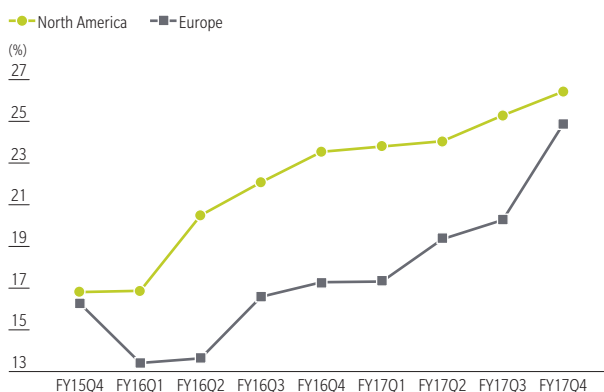
As a strategy for providing high added value in the Office Business, we are conducting hybrid sales that involve proposing solutions that incorporate both MFPs and IT services. We not only provide single products in the form of MFPs, we also provide solutions that help solve our customers' business issues. Whether by improving business processes, comprehensively managing IT environments and content, or strengthening security, we aim to build long-term relationships with customers.

The customers we mainly target for hybrid sales are small and medium-sized enterprises around the world. Since our 2011 acquisition of U.S.-based managed IT service company All Covered, we have conducted M&A for multiple IT service companies primarily in the U.S. and Europe, have worked to expand our system for conducting hybrid sales and providing

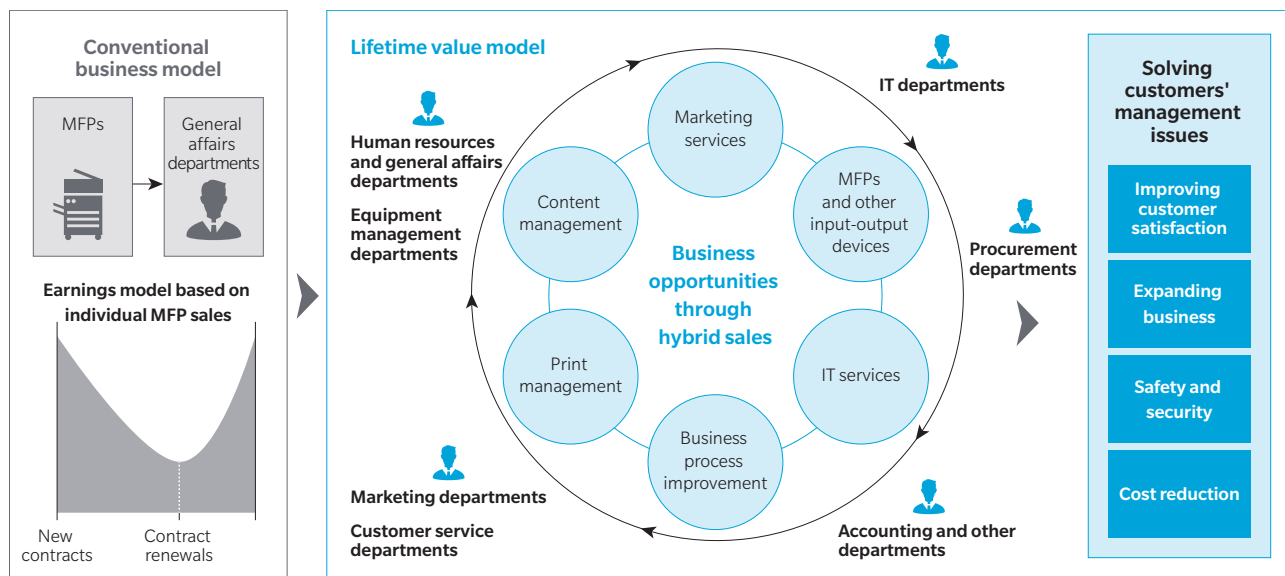
services, and have provided fine-grained support for the issues faced by each of our customers.

As a result of these efforts, hybrid sales are growing as a percentage of total sales around the world while contract renewal rates are rising alongside revenue and profits per customer.

Hybrid sales ratios in the U.S. and Europe markets



Developing stronger relationships with customers through hybrid sales



Business Strategy 1 | Boosting Business Technologies Business Profitability

Achieving further business growth by enhancing value-added solutions in the Professional Print Business

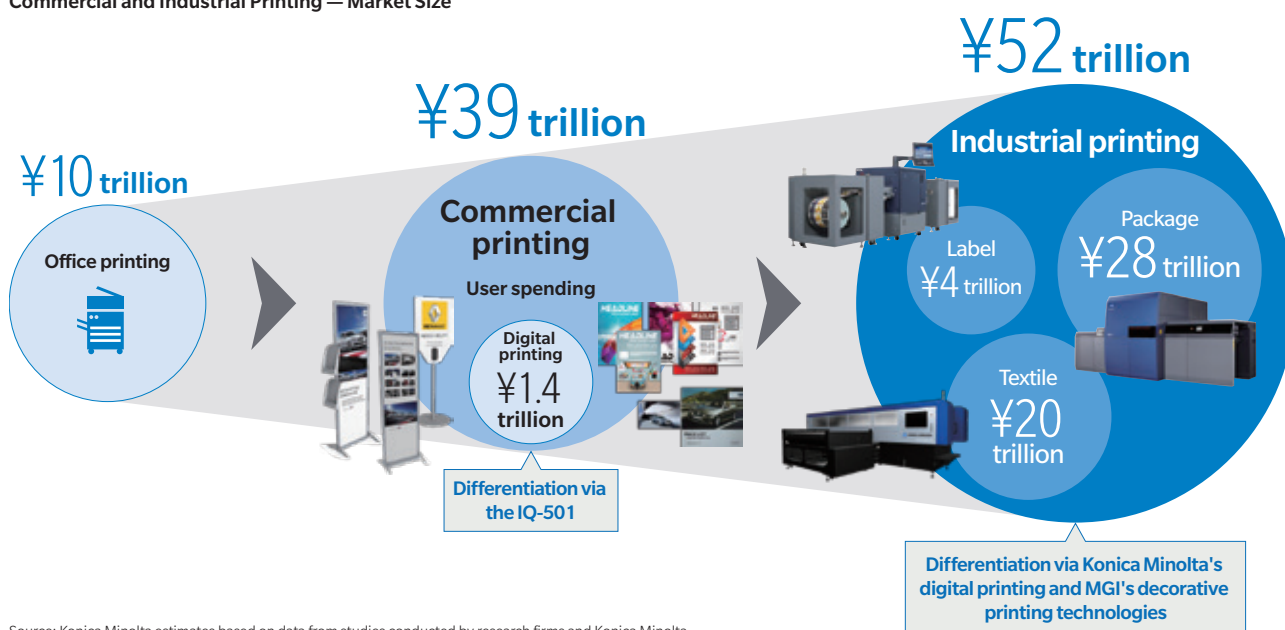
The commercial and industrial printing markets are much bigger than the office printing market, and the demand for digital printing that can accommodate small lot, high-mix jobs with quick turnaround still has plenty of room to grow. To further boost growth in these markets, we are differentiating ourselves from competitors by enhancing our value-added solutions with a focus on solving customer issues.

In the commercial printing area, for example, many companies use in-house operators to handle the calibration of things such as density, color tone, and front-to-back registration. This leads to major quality control and business efficiency issues. This prompted us to begin offering the automated Intelligent Quality Optimizer (IQ-501) unit in June 2017 for digital printers. A solution for automating work done by operators, the IQ-501 keeps quality high while shortening job times (see page 33). And by helping to improve customer uptime, it can be counted on to increase the print volume of Konica Minolta products. This added value of the IQ-501 has been well received by our customers and has begun to make an

undeniable contribution to earnings as well.

In the industrial printing area, we are focusing on a sales approach tailored to marketing needs. Marketing departments around the world are being compelled to come up with more fine-tuned approaches. These approaches include developing products that are only available in certain regions or during certain times of the year or that are customized to individual consumers, creating small numbers of labels and packaging, and fostering feelings of exclusivity by printing names and dates via gold foil stamping on the labels of wines given as gifts. To accommodate the sophisticated printing needs of these industrial printing area, Konica Minolta is making a number of efforts to improve its product lineup. These include launching the AccurioJet KM-1 inkjet digital printer, which excels in a wide range of printing applications spanning general commercial printing to small-sized packages, and the AccurioLabel 190 digital label printer, as well as acquiring a stake in France-based MGI for its varnishing, foil stamping, and other high value-added decorative printing technologies.

Commercial and Industrial Printing — Market Size



Strengthening value added solutions through new platform business

To further enhance our ability to provide the IT services we have developed in the course of conducting our conventional businesses, we began rolling out the Workplace Hub (WPH)* in the summer of 2018 as a new business. WPH is a platform that helps customers utilize and analyze their corporate data and thereby improve productivity at their places of business while supporting workflow reform. To the roughly two million customers that own Konica Minolta MFPs, we will continue to offer value-added solutions by leveraging the WPH to provide a full range of IT services, including those related to IT system management and security.



* More information about WPH is provided in Konica Minolta's Integrated Report 2017.
https://www.konicaminolta.com/about/investors/ir_library/ar/ar2017/special01/index.html

Interview with Cluster East Managing Director

Ramping Up Our IT Services for a Greater Presence in Eastern Europe.

Roman Tihelka

Managing Director, Cluster East, Konica Minolta Business Solutions Europe GmbH



The market leader for A3 color and monochrome MFPs in Eastern Europe

We are focused on expanding hybrid sales in Eastern Europe as well. 70% of our business goes through direct sales channels, and we build customer-oriented sales systems to provide solution services according to changing needs.

Having direct connections with so many customers is a major advantage for us. We get feedback from many of our customers and then develop and improve on our products and services within a short timeframe. The more companies that use our products and services, the faster this cycle becomes.

In terms of units shipped, we are currently the market leader in Eastern Europe for A3 color and monochrome MFPs (color MFPs: about 36%, monochrome MFPs: about 23%). Currently 40-50% of MFPs marketed in Eastern Europe are color models, and this is expected to grow to 80-90%, the current level in Western Europe. Given our strength in color MFPs, we will steadily capture demand and further expand our share in Eastern Europe to further enhance our presence in the market.

A focus on providing customers with more value propositions and developing talent

Our strategy in Eastern Europe is based on two pillars. The first pillar involves making value propositions to the customer through our products, solutions, and services. Key to this strategy is developing and providing IT services, and things are going very well in the MCS (Managed Content Services), which involves managing our customers' massive quantity of documents as digital data information and integrating it into a variety of business processes. We are also providing IT infrastructure services involving things such as storage, networks, and monitoring, while at the same time offering business process consulting services that include deploying ERP (core systems).

The second pillar involves finding talent and helping them grow. Along with actively hiring highly-

capable talent and putting together training programs tailored to individual employees' careers, we are building work environments that will allow these employees to compete with each other. We have a talent exchange program in which 10 or more people have taken part every year.

Carrying out team selling activities

Recent years have seen a growing need for services to help digitize entire business processes. To capitalize on our opportunity to answer this need, develop business prospects through communication with customers, and thereby bring in signatures, we are conducting team selling activities. Our sales personnel identify sales opportunities and strengthen relations with customers, while internal consultants develop solutions that leverage specialized expertise in things such as content and video management. Through these efforts, we strive to provide customers with high-value services.

At a time when many enterprises are seeking to achieve sustainable growth by restructuring their business using digital technologies, we believe expectations are growing for our company. Rather than simply meeting our customers' needs, we strive to better understand each customer's business activities, identify potential issues that not even the customer was aware of, and propose solutions. While these are not easy things to do, we commit ourselves to identifying market changes, improving all necessary abilities and skills, and boosting our speed in order to continue to satisfy our customers' expectations and beyond.

Growth Strategies for the Measuring Instruments Business

Konica Minolta offers consumers a diversity of high added-value products and solutions that enable precision measurement of light and color in the continually growing ICT and automotive industries. We are seeking growth for the Measuring Instruments Business as a market leader in this domain.

Interview with the Executive Officer responsible for this business

Utilizing technologies for measuring light and color, Konica Minolta pursues genre-top strategies for the ICT and automotive industries.

Hitoshi Kamezawa

Executive Officer

General Manager, Sensing Business unit, Industrial Optical System Business Headquarters



Establishing an Overwhelming Market Position through M&A

Utilizing optical technologies developed through our camera business, Konica Minolta provides a diversity of products and solutions in the light source color measuring and object color measuring fields, helping to ensure quality and improve productivity at our customers' production sites. Konica Minolta has many products that have become de facto standards in the color measuring fields. This is especially true for the display quality testing solutions market, where we have established ourselves as a market leader with a market share higher than 50% (Konica Minolta estimate). We have also made bold business investments with an eye to making these businesses more competitive. In 2012 we acquired Germany-based Instrument Systems ("InS"), a company with high-end light measurement device development capability and a genre-top

track record in high performance measurement for displays and LED lighting. In 2015 we acquired U.S.-based Radiant Vision Systems ("Radiant"), which excels in high-resolution two-dimensional measuring devices and image processing software for displays, as well as in automated visual inspection systems.

These efforts have seen the business grow into a high-profit segment: fiscal 2017 revenue represented a threefold increase over fiscal 2011. Demand for precision measuring instruments is growing rapidly in the ICT and automotive industries, which are industries of focus for Konica Minolta. Through genre-top strategies that leverage the characteristics of each Group company, we hope to expand the Measuring Instruments Business into a ¥50 billion business.

Revenue by segment

Light source color measuring: About 70%

Object color measuring: About 30%

Mobile devices, consumer electronics, lighting

- Color adjustment for display products
- Color unevenness testing for display products
- Performance assessment and quality control for LED lighting



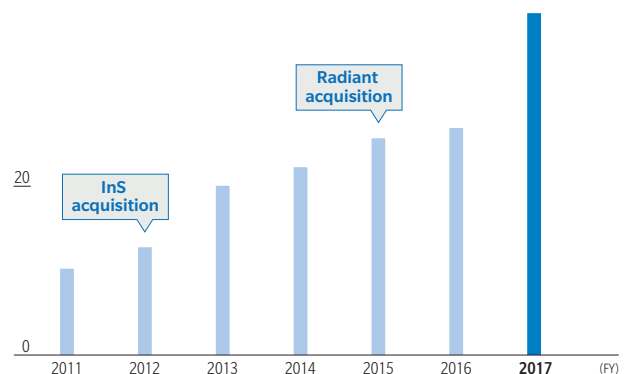
Automobiles, food, printing, construction, textiles

- Color quality control for automotive exterior trim and interior parts
- Grade classification based on food colors
- Color matching for printed materials



Measuring Instruments Business performance

■ Revenue
(Billions of yen)



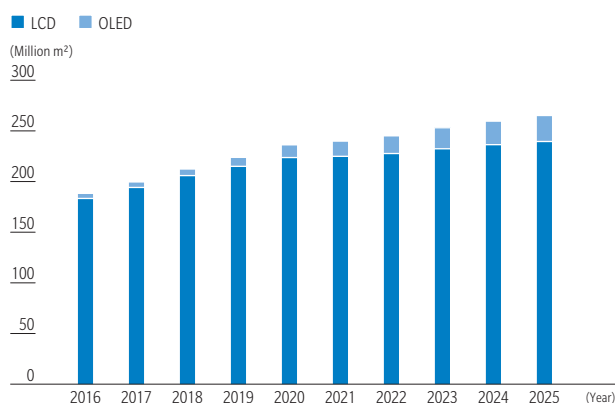


Thoroughly capture ICT industry demand and expand the business base

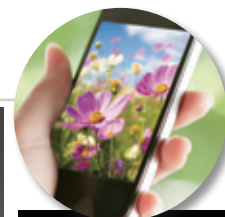
The ICT industry, which consists of products such as LCD displays and OLED displays, is a priority segment for achieving Measuring Instruments Business growth. Based on the trend towards LCD screens of higher resolutions such as 4K and 8K, the increasing prevalence of smartphones and tablets with OLED screens, and the growing number of applications for smart watches and similar devices, the global display market is expected to see strong continued growth.

In these circumstances our customers — display panel manufacturers, module manufacturers, and final product manufacturers — are stepping up efforts to upgrade and expand on existing equipment while deploying new

Global display market forecasts (area basis)



Source: IHS Markit



equipment. By covering the entire supply chain for this display market and providing wide-ranging products and solutions for the high-level measurement of display color and brightness, we are working to achieve further business expansion. In fiscal 2017, along with signing major business deal with a large mobile device manufacturer, we significantly increased contracts with display manufacturers in China and South Korea.

For the past few years we have been developing a facial recognition system as a more secure means of personal authentication than fingerprints. While continuing to focus on the LCD and OLED display market, we are also developing solutions for optical devices used in new security systems as a means to effectively capture ICT segment demand.

Promoting the development of technologies to meet automation needs in the automotive segment

We will be focusing even more on the automotive segment, where we already have a strong customer base through our color measurement solutions for automotive exterior and interior trim. The automotive industry encompasses many development and production sites around the world and is an industry that covers a wide range of fields, including with respect to suppliers. Konica Minolta helps to maintain and improve automotive safety, usability, and design by providing products and solutions used for the inspection of various automotive interior and exterior equipment, including

headlights, instrument panels, and car navigation displays.

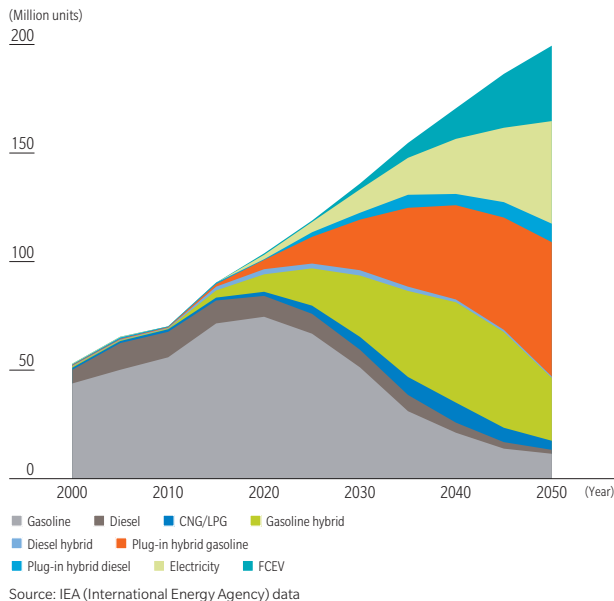
The automotive industry is also working to automate the final inspection process for finished vehicles with the goal of further enhancing productivity and efficiency while improving working environments. To this end, we are making more compelling business proposals to automakers by leveraging Radiant's automated visual inspection technologies, and are currently working with multiple companies to develop an automated inspection process.

In the future, we anticipate further technological

Business Strategy2 | Growth Strategies for the Measuring Instruments Business

development with regard to displays, indicators, and optical sensors for safety applications as society shifts to electric cars and more companies develop autonomous driving technologies. By further improving communication with our customers' product development and production sites, we will continue to support innovation in these new fields and thereby grow the Measuring Instruments Business.

Future forecast for global unit sales of automobiles by model (excluding commercial vehicles)



Use Cases of Measuring Instruments for Automobiles

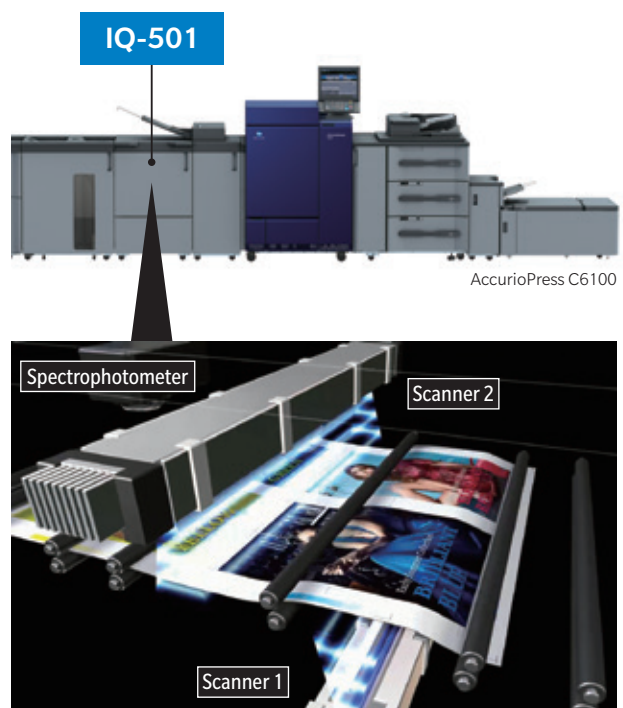


Bringing together measurement and printing technologies to achieve new services under One Konica Minolta

By leveraging its technologies for measuring light and color, the Measuring Instruments Business is developing new added-value products through collaboration with other business units. One such representative product is the Intelligent Quality Optimizer (IQ-501) unit launched in June 2017 for automatically optimizing the printing quality of digital printers.

A component of the AccurioPress digital printing system, the IQ-501 automates darkness level management, color tone management, and double-sided print position calibration — jobs that printing site operators have traditionally spent considerable time doing. In addition to dramatically shortening job times, this prevents job variance and uneven printed material quality that can arise from differences in operator skill levels.

Many customers have given the IQ-501 high marks since its launch, saying that it has decreased downtime and that it revolutionizes business processes in the printing industry. As One Konica Minolta, we will continue to develop high added-value products that help solve our customers' problems.





Interview with the CSO of Radiant

Leveraging the assets of the Konica Minolta Group, we will continue to provide high quality, innovative solutions.

Douglas Kreysar

Chief Solutions Officer, Radiant Vision Systems



In August 2015, Konica Minolta acquired Radiant Vision Systems to become part of its Sensing Business Unit (Sensing). With the addition of Radiant, Konica Minolta cemented its position as the global leader in the field of light and display test and measurement and secured a new growth platform in the field of advanced automated visual inspection.

Radiant's strength in the automated visual inspection field is founded on three core elements:

1. High performance measurement hardware. Radiant's imaging measurement systems provide high-resolution, industry leading signal-to-noise image (2D) measurements.
2. Powerful analysis software that can detect and analyze multiple kinds of hard-to-find defects for displays and surfaces. Radiant's proprietary software analysis features enable manufacturers to perform new in-line quality tests that improve quality and yield, and reduce costs and variability by replacing human inspectors from the production line.
3. An experienced engineering team that creates custom solutions to meet unique customer requirements. Radiant's global support team ensures that customers get a solution that's optimized for their specific needs, maximizing their return on investment.

With increasing worldwide labor costs, and the inherent variability of human inspection, demand for automated visual inspection solutions continues to rise. Radiant's display measurement systems not only find defects during the manufacturing and QA process—to ensure that only high-quality products reach the end consumer—Radiant systems also actively correct and calibrate displays—to transform a lower quality display into a high quality, defect-free, brilliant display that differentiates our customers' cellphone, tablet, or laptop products from their competitors. For OLED displays, where manufacturing yield concerns run paramount, the cost savings customers experience due to Radiant's measurement and calibration solutions are extremely significant.

Radiant is also creating breakthrough "Advanced Vision" technology in the field of visual surface inspection. Radiant's products identify subtle appearance defects in surfaces, such as scratches, dents, and blemishes that would degrade the end consumer's experience with a manufacturer's product. Our customers have been able to replace costly, unreliable human inspectors with repeatable, reliable

Radiant vision inspection systems that increase quality and provide real-time, quantitative data that can be used to improve manufacturing processes and further drive down production costs. Manufacturers see an improved end customer experience and rapid return on investment due to lower expenses and increased yield.

Radiant augments Konica Minolta's Sensing Business Unit by providing additional expertise in high-performance imaging system design and manufacture, and by expanding its competencies in developing software for measurement analysis and production integration. Radiant possesses an extensive tool set of software analysis libraries it has developed, and an experienced staff of application engineers to deploy solutions at customer locations in the field. Radiant brings to Sensing its experience as a full solution provider for some of the world's leading consumer electronics, automotive, and display brands. Radiant can effortlessly incorporate Sensing's products into system configurations, providing a full solution to the customer for any type of light and color measurement need.

The combination of Konica Minolta and Radiant creates multiple synergies to the advantage of both organizations:

- Radiant is now capable of providing more complete solutions by incorporating Sensing products into its solutions for customers.
- Konica Minolta's long history of expertise in appearance measurement complements Radiant's knowledgebase and experience, allowing new business expansion into the surface inspection market.
- The global reach of Konica Minolta's established distribution network maximizes the potential customer base for Radiant's light and color measurement solutions. We've seen dramatic improvements in sales as Radiant has integrated into Sensing's experienced and established go-to-market channels.
- As Radiant adds to its Advanced Vision technology, partnering with Konica Minolta provides access to a vast untapped market for vision inspection solutions.

Radiant's executive team, managers, engineers, and employees appreciate the benefits of being a member of the KM family of companies, being part of a dynamic global enterprise yet maintaining the freedom to continue creating and selling the best and most innovative visual inspection solutions in the market, while having a strong and stable parent company in the lead.

Growth Strategies for the Bio-Healthcare Business

Konica Minolta is accelerating business strategies for the precision medicine field, which supports drug discovery efficiency and ensures patients get the right dosage and treatment. We are strengthening the Healthcare Business with sights set on building synergy among Group companies.

Interview with the Executive Officer responsible for this business

We will build a global business management system and accelerate business strategies for the precision medicine field.

Kiyotaka Fujii

Senior Managing Executive Officer
General Manager, Healthcare Business Headquarters



Shifting business resources to the higher value-added field of precision medicine

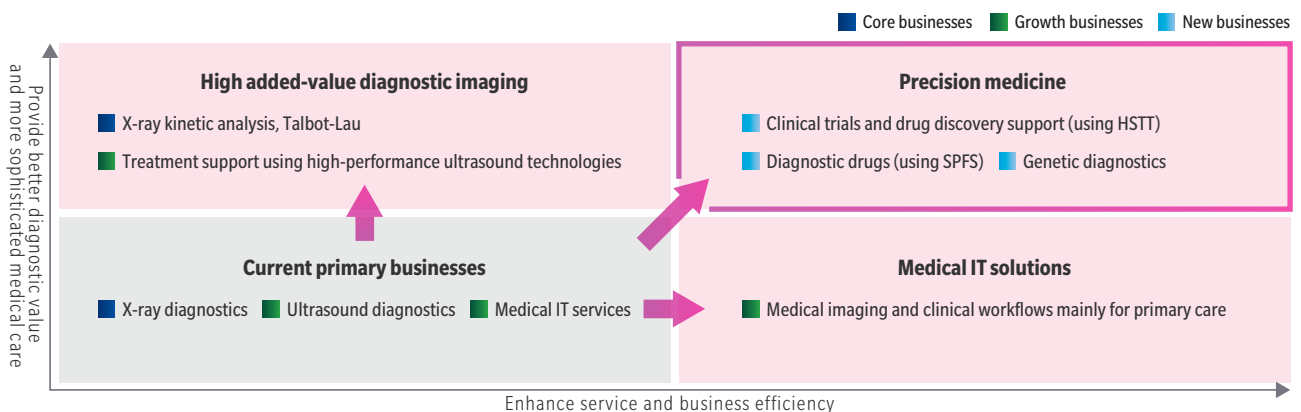
The Healthcare Business is one of the core pillars of the Company, and we are now focused on getting into the precision medicine field in order to further grow the business.

Precision medicine seeks to provide a more advanced initial diagnosis and appropriate doses and treatments by distinguishing each individuals' physical constitution at the molecular level, their genes and proteins, and using these to group patients precisely. Konica Minolta is currently shifting business resources from its traditional businesses, which have involved developing and providing X-ray diagnostic equipment, ultrasound diagnostic systems, and medical IT solutions, to the field of precision medicine, where we can provide greater added value.

One such initiative has been the acquisition of Ambry Genetics (AG)*, a leader in genetic diagnostics business in the U.S in October 2017. And in November of the same year we added U.S.-based Invicro, which has extensive experience in support services for pharmaceutical development in the U.S. We also established a global headquarters in the U.S. in January 2018 to carry out precision medicine business initiatives. Through such efforts to ramp up business that contributes to medical development and maintaining and improving health, we are planning to achieve revenue of at least ¥100 billion by fiscal 2021.

* More information about AG is provided in Konica Minolta's Integrated Report 2017.
https://www.konicaminolta.com/about/investors/ir_library/ar/ar2017/special02/index.html

Trajectory for the Healthcare Business





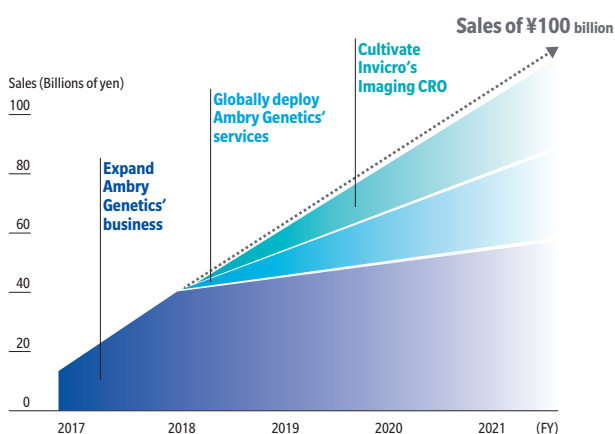
Offering full-scale support services for pharmaceutical development with the acquisition of Invicro

Invicro is a pharmaceutical development support services organization. The company excels in searching for and establishing central nervous system biomarkers* for cancer and Alzheimer's, in particular, and provides services to roughly 140 enterprises, mainly pharmaceutical companies.

The global pharmaceutical industry makes considerable R&D investments every year, to the tune of about ¥15 trillion annually. A corner of the industry where investment is expanding greatly is biopharmaceuticals, which involve the use of techniques such as gene recombination and cell culture. Because they work directly on diseases, biopharmaceuticals offer a host of benefits that include having fewer side effects and being potentially very effective for combating conditions such as cancer and Alzheimer's. However, due to the large amounts of time and costs involved in developing biopharmaceutical products, pharmaceutical companies often outsource R&D operations to outside specialist companies.

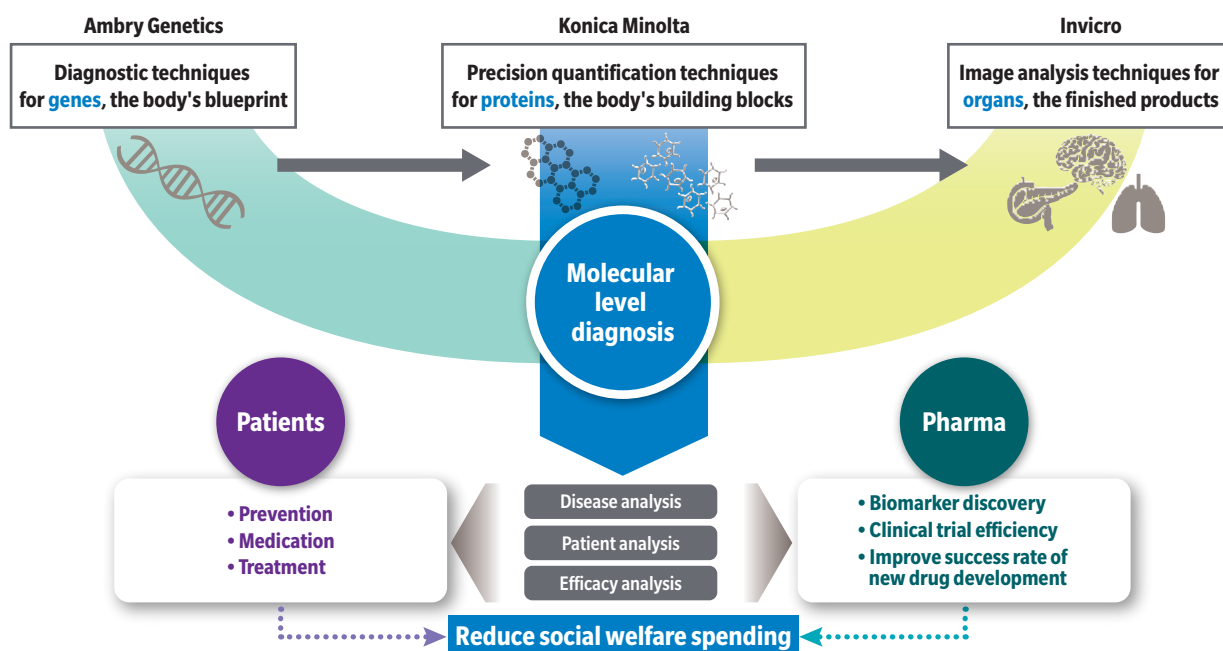
Konica Minolta is carrying out strategies to expand its bio-healthcare business with an eye to thoroughly satisfying the needs of this pharmaceutical industry. By combining our precision protein quantification technologies (HSTT), developed by utilizing material technologies developed in our silver halide film business, with Invicro's proprietary techniques

Bio-healthcare business sales forecast



and AG's proprietary genetic diagnostics techniques, we will provide high value-added support services for pharmaceutical development that will bring greater precision to searching and establishing biomarkers.

* Markers that express biological conditions related to things such as genes and proteins found in blood, urine, etc.





Interview with the CEO of Invicro

As a member of the Konica Minolta Group, we aim to become a globally peerless pharmaceutical services company.

Jack Hoppin

CEO, Invicro LLC



Please tell us why Invicro decided to join the Konica Minolta Group.

The Konica Minolta Group and Invicro shared a similar business philosophy and strategic vision, which I believe is the core reason we joined forces. Though we weren't seeking a buyer, we had received a few offers; however, none of them seemed to align with our mission until Konica Minolta approached us. I knew Konica Minolta would be the strategic partner that would reinforce Invicro's core objectives, customer values and corporate culture, all while supporting our positive growth trajectory.

"Quality" was another instrumental reason we agreed to join the Konica Minolta family. Konica Minolta puts quality first, and for a company such as Invicro that puts science and engineering knowledge and expertise at the center of its business, quality is an essential ingredient to remain competitive, but most importantly to ensure 100% customer satisfaction.

I first met President Yamana in May 2017, and since then we have seamlessly aligned and integrated with Konica Minolta, resulting in an immediate impact to the enhancements of our service offerings and market positioning. Konica Minolta has been the ideal business partner in advancing our precision medicine capabilities, and developing new technologies across all therapeutic areas in the most efficient and cost-effective way, which has validated our decision on this unity. The combination of Konica Minolta's robust precision medicine platform with Invicro's strong track record with the world's top twenty pharmaceutical and biotech companies, as well as leading research universities, will accelerate our mission by a couple of years to go beyond just the medical imaging and software sectors. Together we will offer customers a comprehensive solution that will include our best-in-class quantitative imaging biomarkers, advanced genomics services and digital pathology solutions.

What are Invicro's strengths?

Companies who achieve international growth are those

that excel at utilizing and analyzing data, and Invicro exemplifies this. The way we process medical imaging data for our pharmaceutical sponsors, provides a consultative, streamlined approach allowing us to expand beyond the typical role of a preclinical discovery imaging company.

Invicro's infrastructure was built from a software and data analytics platform, VivoQuant™ and iPACS®, and has evolved into an industry leading service provider of quantitative imaging biomarker assays. This comprehensive mix of solutions offers translational capabilities across all drug discovery and development phases, from pre-clinical research to administering first in-human studies to late-phase global multi-site clinical trials.

However, I believe Invicro's core strength lies within its employees. We started from an apartment in 2009 evolving into a company that now employs more than 330 people, including over 200 research scientists assisting with R&D for drug discovery and development, of which more than 60 have a M.D. or Ph.D. The team's overarching specialties run the gamut, which includes biology, chemistry, chemical engineering, biomedical engineering, and electrical engineering. Our innovation comes from interdisciplinary collaboration, and no other Contracted Research Organization (CRO) providing pharmaceutical research and development support can offer this unique breadth of specialization, that is uniquely combined with our high-caliber research capabilities.

What synergies do you anticipate with Konica Minolta?

Becoming part of the Konica Minolta's precision medicine vision seemed ideal, as it complements perfectly with our ever-evolving imaging and data analytics platform. Invicro has made great strides in the medical imaging and software services sector, and now with access to Konica Minolta's precision protein quantification technologies (High Sensitive Tissue Testing (HSTT)), and the advanced genetic diagnostics technologies from Ambry Genetics, who was also recently acquired by Konica Minolta, the synergies among the three companies are endless. Collectively, we

can provide our customers a holistic offering by adding state-of-the-art genomics and digital pathology services to our already full suite of imaging and software capabilities.

Combining Invicro's revolutionary 3D digital pathological diagnosis systems that digitize and separates tissue images with Konica Minolta's advanced HSTT technologies that quantifies biomarkers, will no doubt evolve into new value-added innovations to support our research sponsors and customers. Tie in Ambry's best in class genomics sequencing and bioinformatics capabilities into the mix, and I am fully confident that we can provide pharmaceutical and biotech companies, as well as CROs with an untouchable quality and capabilities in the clinical trial and biomarker services space.

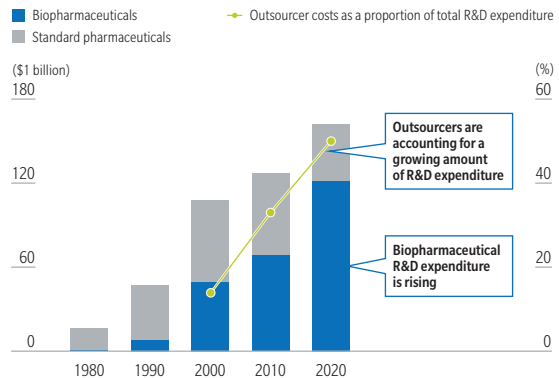
Collectively our three organizations present a force of over 500 researchers that is an unstoppable competitive advantage, which underscores the overall value of this unique merger. It's exciting to see the immediate impacts from these synergies, in fact Konica Minolta's R&D team has spent eight weeks in Boston on joint research initiatives with the Invicro team, resulting in productive innovations, aligned processes and most importantly collaborative cultures.

Please talk about your goals and vision going forward.

We want to build an integrated precision medicine platform that will offer advanced technologies, industry leading expertise, and comprehensive research data that covers everything from genes to proteins, to cells, and organs. Such a platform that leverages the core strengths of Konica Minolta, Invicro and Ambry Genetics will be a competitive advantage no other will have in the marketplace.

As part of the Konica Minolta Group and with headquarters in Boston, Invicro's current global footprint of

Pharmaceutical R&D costs



Source: Konica Minolta estimates

offices and laboratories from coast to coast within the United States to Europe, recently expanded into Asia based out of Tokyo. Being a part of a forward thinking global organization, has already presented fresh innovative ideas, and we are excited to see them evolve into value-added solutions within the drug discovery and development market.



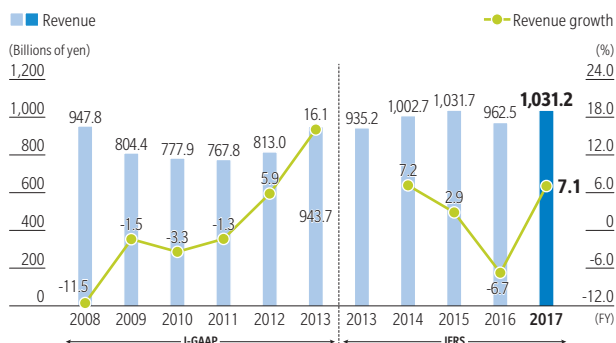
Financial and Non-Financial Highlights

Pgs. 85-86 also show major financial data for the last 10 years.

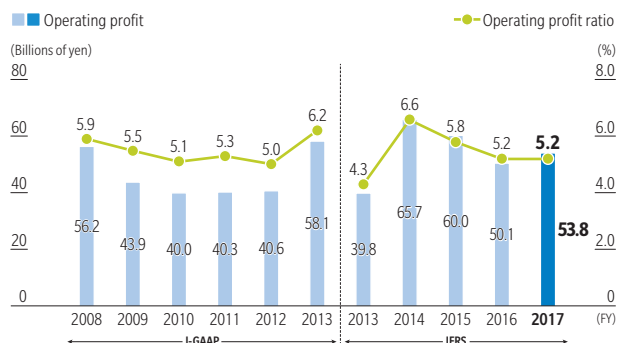
Profitability

In fiscal 2017, the American economy continued to see bullish growth on the back of strong consumer spending, while primarily increases in consumer spending and exports drove expansion in Europe's economy. China saw stable growth supported by fiscal policy and consumer spending. The economies of emerging countries such as India and ASEAN nations also expanded. Japan also continued its modest recovery, with corporate earnings growing as a result of robust growth in the global economy. In this business climate, revenue and profit increased across all segments, with revenue up 7.1% year-on-year to ¥1,031.2 billion and operating profit up 7.4% year-on-year to ¥53.8 billion. Net profit attributable to owners of the company grew 2.2% to ¥32.2 billion.

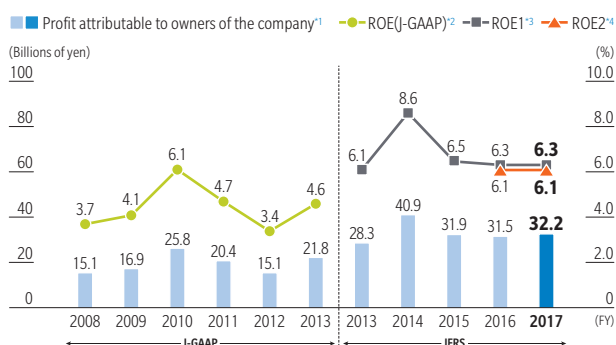
Revenue, Revenue growth



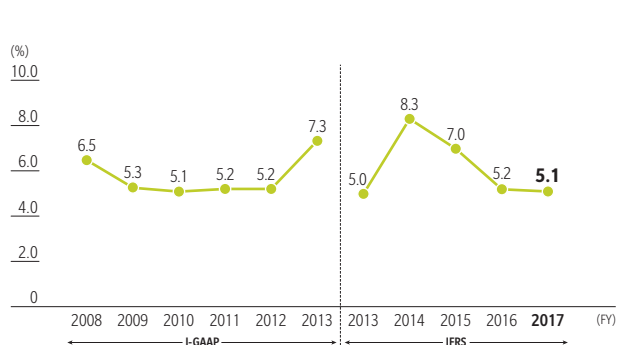
Operating profit, Operating profit ratio



Profit attributable to owners of the company^{*1}, ROE^{*2,3,4}



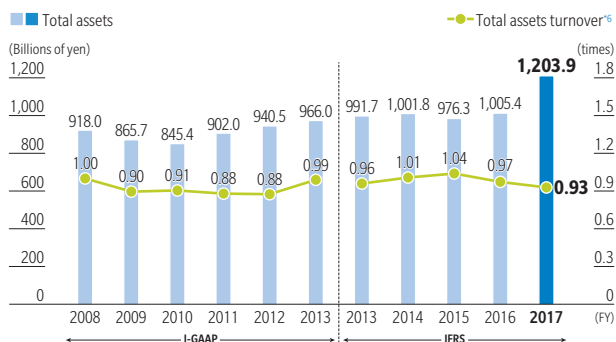
ROIC^{*5}



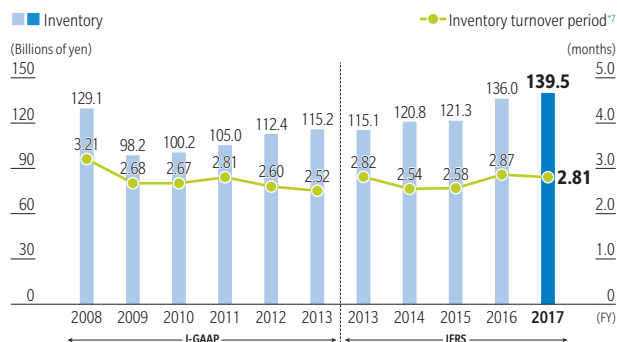
Efficiency

Total assets as of the end of fiscal 2017 came to ¥1,203.9 billion owing to an increase in total assets from goodwill and intangible assets through the acquisition of Ambray Genetics and Invicro. This represents a ¥198.4 billion year-on-year increase. Inventory assets increased due to greater sales of high-end products in the Office Business and Professional Print Business and sales growth in emerging nations, as well as to increased sales from strong Measuring Instrument Business performance. However, the inventory turnover period decreased slightly year-on-year to 2.81 months.

Total assets, Total assets turnover^{*6}



Inventory, Inventory turnover period^{*7}



^{*1} Fiscal 2008–2013 (J-GAAP) = Profit for the year

Fiscal 2013–2017 (IFRS) = Profit attributable to owners of the company

^{*2} ROE (J-GAAP) = Profit for the year (cumulative total) / Average shareholders' equity

^{*3} ROE 1 (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares) (average of beginning and ending balances)

^{*4} ROE 2 (IFRS) = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances)

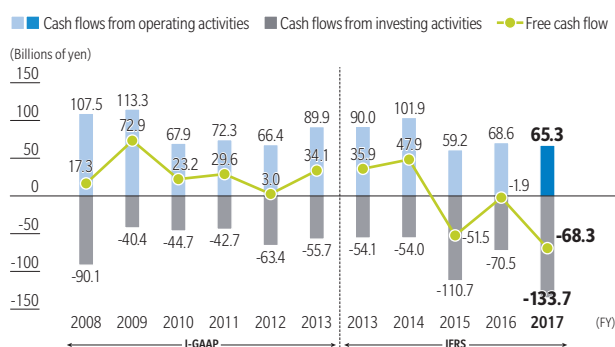
^{*5} ROIC = Operating profit after tax / (Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt - Cash and cash equivalents (yearly average))

^{*6} Total assets turnover = Revenue / Average total assets

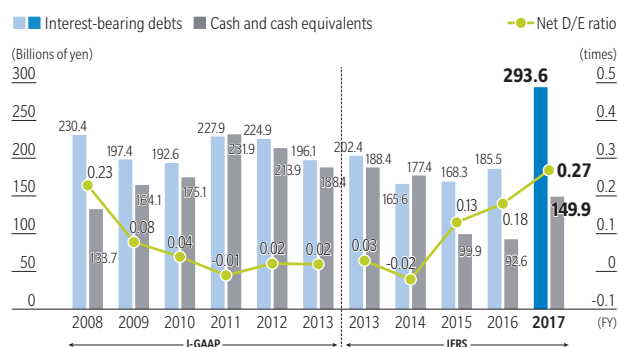
Stability

In fiscal 2017 cash flows, ¥65.3 billion was generated from cash flows from operating activities. ¥133.7 billion was used in cash flows from investing activities consisting primarily of corporate acquisitions. However, investment of ¥35.4 billion from the Innovation Network Corporation of Japan resulted in ¥32.9 billion in negative free cash flow. Interest-bearing debt was ¥293.6 billion including hybrid loan debt. Cash reserves were ¥149.9 billion and the net debt-to-equity ratio was 0.27. The Company retained a credit rating of A with R&I and A+ with JCR. Sound financial conditions will continue to be maintained going forward.

Cash flows



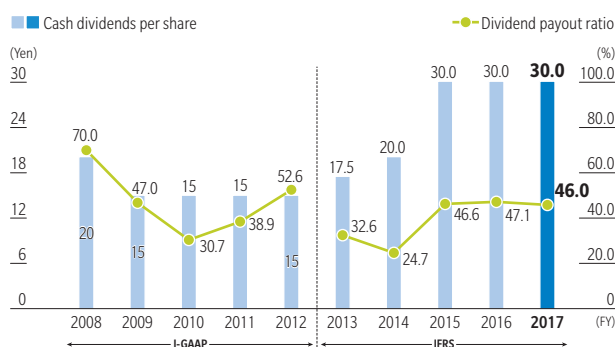
Interest-bearing debts, Cash and cash equivalents, Net D/E ratio



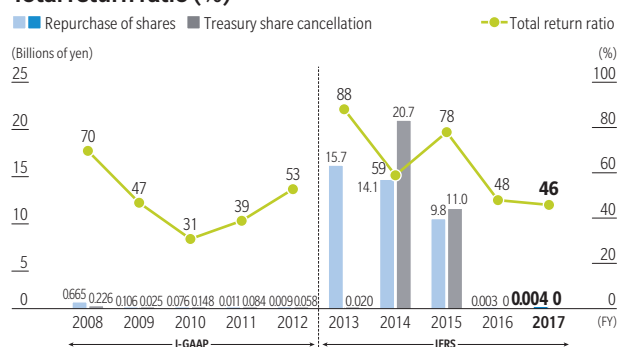
Shareholder Return/Investment Indicators

The Company's basic policy is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. In fiscal 2017, the company paid an annual dividend per share of ¥30. No treasury stock was acquired or disposed of.

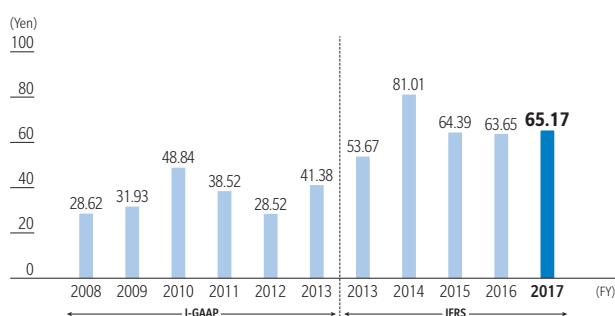
Cash dividends, Dividend payout ratio (%)



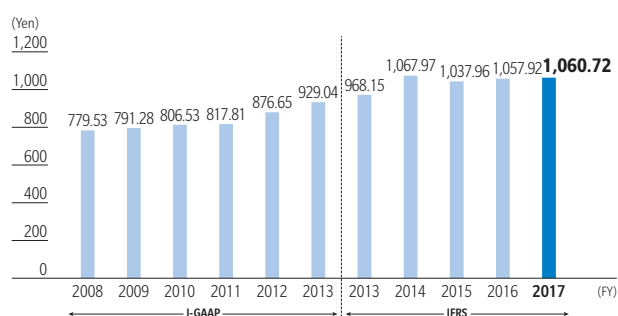
Repurchase of shares and Treasury share cancellation, Total return ratio (%)



EPS^{*8}



BPS^{*9}

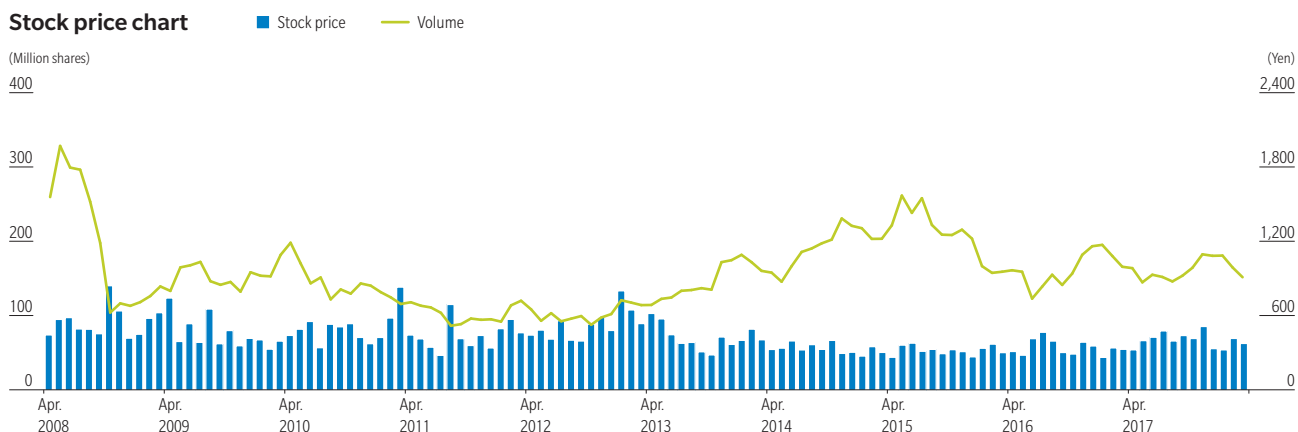


^{*7} Inventory turnover period = Inventory balance at fiscal year end / Average cost of sales for most recent three months

^{*8} EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period

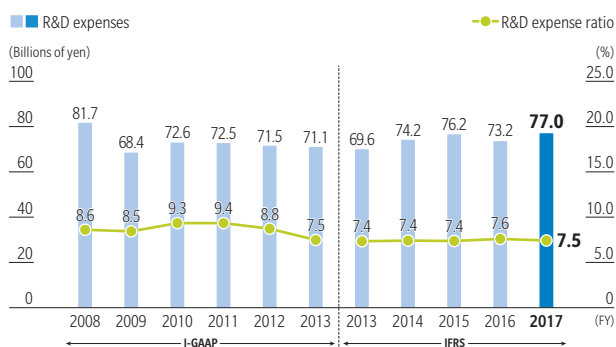
^{*9} BPS = Profit attributable to owners of the company / shares at fiscal year end

Stock price chart

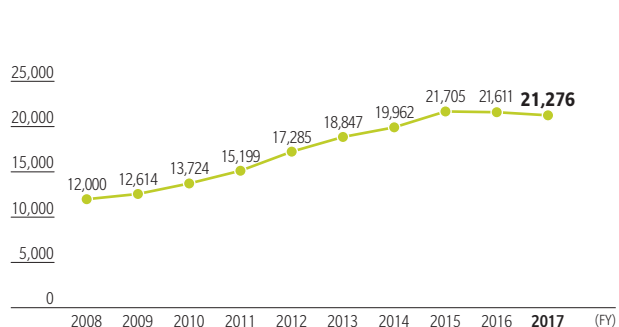


Non-Financial Data

R&D expenses, R&D expense ratio

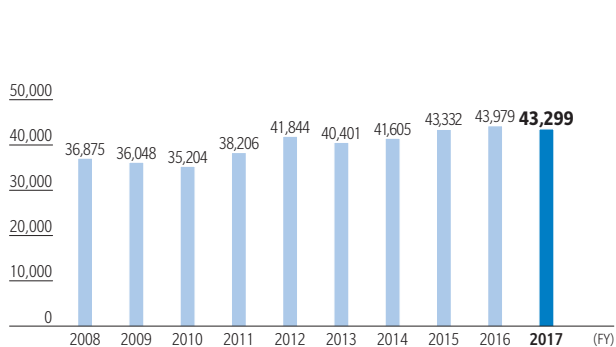


Number of patent rights held*



* The number of patents is the total number of patents held in Japan, the U.S., and China.

Group employees (consolidated)

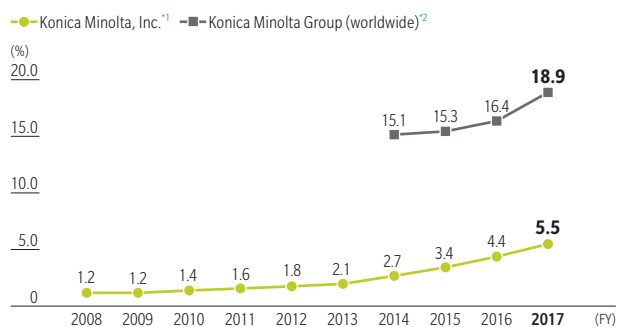


*1 Includes employees seconded to Group companies. Figures are as of April 1, the day after the end of each fiscal year.

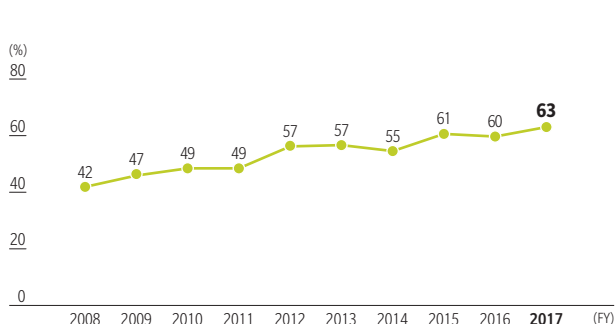
*2 Konica Minolta, Inc. and consolidated subsidiaries representing at least 89% of the total workforce of the Group through fiscal 2015, and at least 93% in fiscal 2016 and 2017. Figures are as of March 31 of each fiscal year.

Percentage of management positions held by women

(As of April of the following fiscal year)



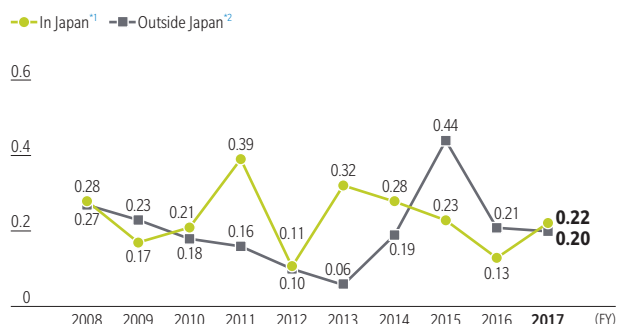
Local/foreign president ratio at foreign subsidiaries

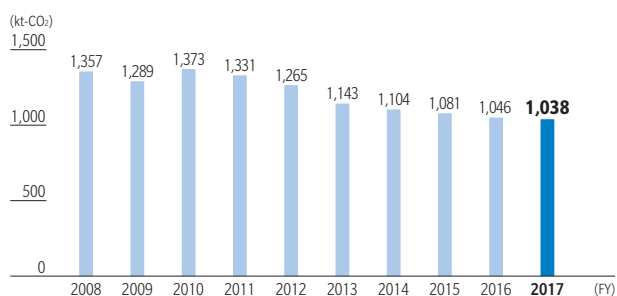


*1 Figures are employees of Konica Minolta Group Japan, including those dispatched from an agency

*2 Figures are for employees of major manufacturing companies in China and Malaysia, including those dispatched from an agency, through fiscal 2014. Employees of Group companies in China and manufacturing companies in Malaysia, including those dispatched from an agency, since fiscal 2015.

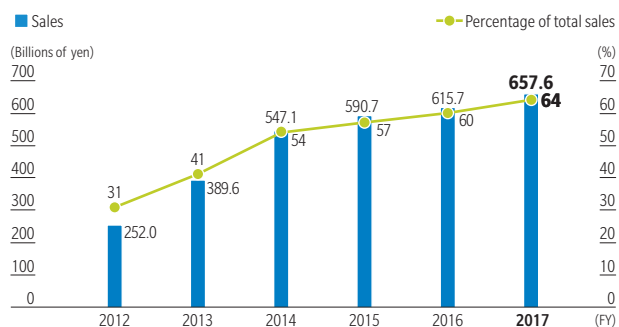
Frequency rate of accidents causing absence from work



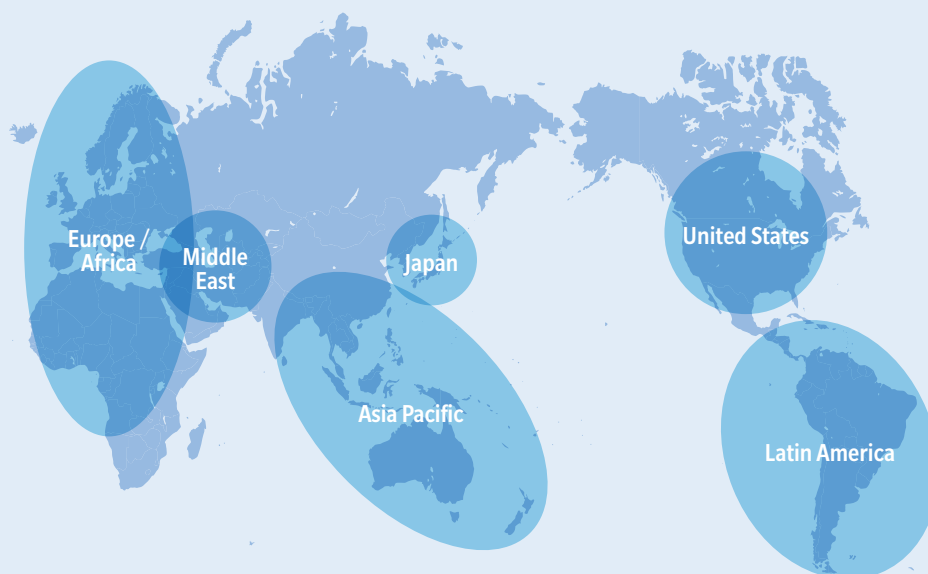
CO₂ emissions throughout product life cycle*

* CO₂ emissions throughout a product's lifecycle, from procurement to production, distribution, sales, service, and product customization.

Green product sales



Regional Overview



Consolidated Subsidiaries*

163

Global Sites* (countries)

49

In Sales and Service (countries)

approximately 150

Employees*

43,299

* Data is compiled on a consolidated basis (as of March 31, 2018)

		Revenue* (Billions of yen)	Employees	Consolidated subsidiaries	CO ₂ emissions (kt-CO ₂)	Total energy inputs (TJ)	Water consumption (km ³)
Europe	2015	319.7	9,824	62	33	606	104
	2016	299.9	10,568	70	29	577	112
	2017	324.7	10,706	72	29	562	115
United States	2015	267.5	8,848	17	35	572	93
	2016	249.6	8,519	17	35	570	90
	2017	271.5	9,266	26	39	636	98
Japan	2015	200.2	11,964	19	259	5,572	3,122
	2016	192.2	11,872	17	245	5,273	3,054
	2017	196.3	11,291	17	229	4,871	2,905
Others	2015	244.3	12,696	53	71	937	520
	2016	220.6	13,020	49	80	1,085	583
	2017	238.4	12,036	48	80	1,107	555

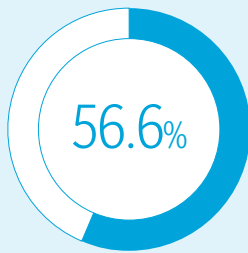
* Europe revenue include Russia and Turkey.

At a Glance

Revenue and profit increased across all segments.

Genre-top strategy

Office Business

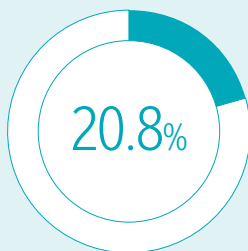


Color MFPs had a large market share, particularly in the U.S. and Europe

Unit basis, Konica Minolta estimate using external CY2017 data

P.45

Professional Print Business

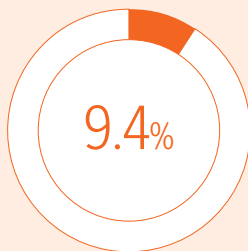


Digital color printers had a large market share

Unit basis, Konica Minolta estimate using external CY2017 data

P.46

Healthcare Business



Cassette-type DRs had a large market share among medical clinics in Japan

Konica Minolta estimate using CY2017 data

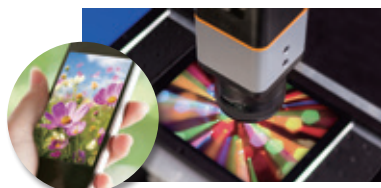
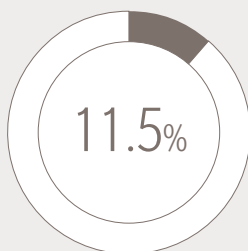


Diagnostic ultrasound systems had a large market share in orthopedics in Japan

Konica Minolta estimate using CY2017 data

P.47

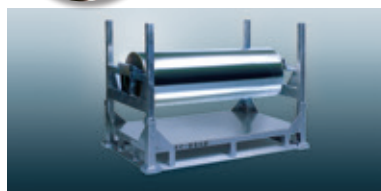
Industrial Business



Optical Systems for Industrial Use

Display color analyzers had a large market share

Konica Minolta estimate using CY2017 data



Materials and Components

Products for VA LCDs and thin-film TAC products had a large share of the global market

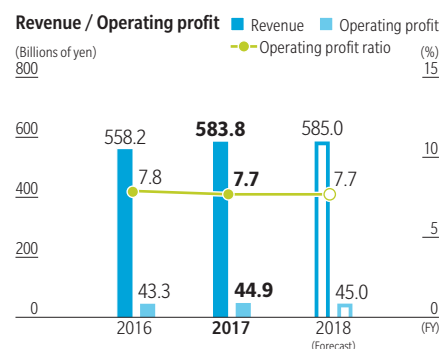
Konica Minolta estimate using CY2017 data

P.48

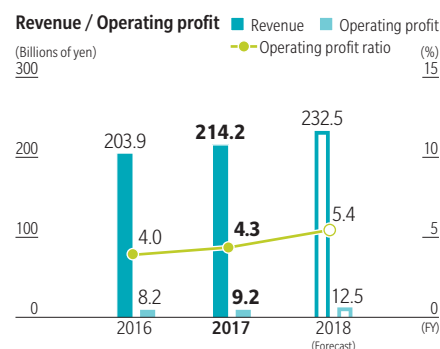
P.49

Business Overview

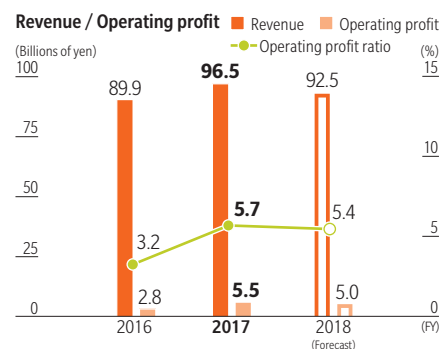
Revenue in this business grew 4.6% year-on-year to ¥583.8 billion and operating profit increased 1.3% to ¥44.9 billion. In the office products business unit, sales of both color and monochrome A3 MFPs grew over the previous year and outpaced market growth. Among color units, the new bizhub C759 series of high-speed A3 digital color MFPs achieved particularly strong growth. In Europe, although unit sales declined over the previous year, sales increased in the second half of the period, for high-speed color models in particular. Unit sales were strong in North America and very strong in China. Overall IT service solution business unit revenue grew over the previous period in part due to better sales in the U.S. and Europe.



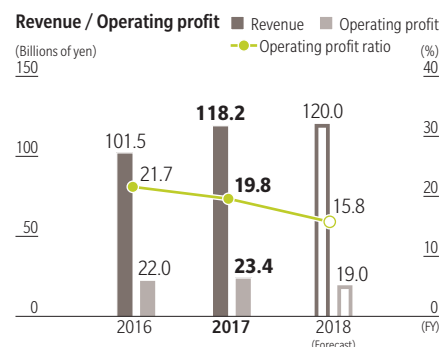
Revenue in this business increased 5.0% year-on-year to ¥214.2 billion while operating profit rose 12.4% to ¥9.2 billion. In the production print business unit, amid stagnant market growth in developed countries in particular, figures were on par with last year in North America. Sales grew in Europe, centered on newly-launched, top-of-the-line digital color printers. China also saw robust sales. In the industrial printing business unit, inkjet digital printer, digital decorative printer, and label printer sales increased primarily in the U.S. and Europe. In the marketing services business unit, while Kinko's on-demand printing sales grew, the effects of cost-cutting by major accounts saw a decline in sales for marketing print. As a result, revenue was down over the previous fiscal period.



Revenue in this business was up 7.3% year-on-year to ¥96.5 billion and operating profit grew 94.6% to ¥5.5 billion. In the healthcare unit, DR (digital radiography) systems sales increased primarily in the U.S. due to stronger collaboration with X-ray device manufacturers and the acquisition of large contracts. Diagnostic ultrasound systems sales remained strong in Japan with the introduction of SNI BLE yb, a new and highly-portable product. Sales also grew throughout China, the U.S., and Europe, and there was also a considerable contribution from new products launched in the second half of the period, leading to powerful growth in sales. In the medical IT business unit, revenue was boosted by strong performance in the U.S. market while maintenance services also continued to grow.



Revenue in this business rose 16.4% year-on-year to ¥118.2 billion while operating profit grew 6.4% to ¥23.4 billion. Revenue grew significantly in the field of optical systems for industrial use due to the measuring instruments business unit success in providing solutions to assist innovations in display products, which captured a growing wave of demand among multiple customers. In the field of materials and components, the performance materials business unit achieved increased revenue despite price pressure. This owed to success with strategies to shift to high added-value products such as new waterproof VA-TAC film and ZeroTAC film for IPS panels, amid a consumer trend towards televisions of increasing screen sizes. The optical components business unit saw continued strong sales, leading to an increase in revenue.



Office Business



Strengths

Strengths

- A customer base of two million companies that consists primarily of small and medium-sized enterprises and that came together through a global system of direct sales and services
- The human capital and expertise that, acquired through M&A and new employee recruitment, is needed to provide our IT services
- Hybrid-type sales that successfully merge sales of MFPs with the merchandise, organizational and sales approaches of IT services

Weaknesses

Weaknesses

- Impact from exchange rate volatility due to a high percentage of revenue in Europe (we have a natural hedge in the U.S. dollar)
- Volume-derived cost competitiveness compared to large competitors
- Distributed and redundant operations at each business facility internationally

Opportunities

Opportunities

- Increasing color MFP shipment volume due to further penetration and expansion of color printing output in emerging nations
- Rising need for IT services to solve management problems at small and medium-sized enterprises, which tend to suffer from shortages of IT experts
- Rising need for better workflow efficiency through solutions that integrate mobile technologies, the Cloud, and printing

Threats

Threats

- Increasing competition due to copier market maturation in developed markets in the U.S. and Europe
- Customers demanding greater customer value as products become commoditized
- Declining print volume per copier unit as more workplaces do away with printing

Main Achievements in Fiscal 2017

Revenue for this business in fiscal 2017 increased 4.6% year-on-year to ¥583.8 billion

Office Unit

Core business

- Unit sales for A3 MFPs, a core product category, increased year-on-year and surpassed the market growth rate for both color and monochrome units. Among color units, growth was particularly strong for the new high-speed bizhub C759 series of A3 digital color MFPs.
- In Europe, although unit sales declined over the previous year, sales recovered in the second half of the period and for high-speed color models in particular. Unit sales were strong in North America and increased significantly in China.

IT Service Solutions Unit

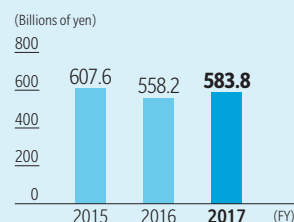
Core business

- Overall IT Service Unit revenue increased year-on-year on the back of expanded sales in the U.S. and Europe for high-margin security solutions, managed content services, and other solutions.
- Expanded hybrid-type sales resulted in stronger relationships with customers and better per-customer revenue and rate of return.

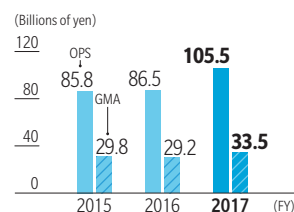
Fiscal 2018 Earnings Forecast

- High value-added sales to high-margin, medium-sized customers will increase in developed nations while unit sales for color MFPs will grow in emerging nations. Production costs and service costs will decrease in both product development and production, and structural reforms will be made with respect to things such as business process consolidation and outsourcing. These factors will contribute to greater earning power.
- The fiscal 2018 revenue forecast for this segment is ¥585.0 billion, roughly on par with the previous year. The goal is to increase profits in real terms by enhancing earning power.

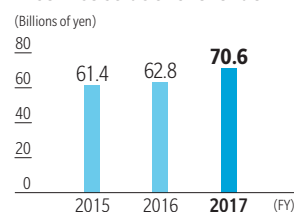
Revenue for this business



OPS and GMA revenue



IT service solutions revenue



Professional Print Business



Strengths

Strengths

- A product lineup to accommodate the digitalization of the commercial and industrial printing segments
- Along with great device specifications, the ability to develop and provide value-added solutions for fundamental problems in the printing industry
- Color mid-production printers (MPP) occupy the top position in the segment. Efforts are also focused on the emerging nations, namely China and India

Weaknesses

Weaknesses

- Product lineup for color high-production printers (HPP)
- There is still room for improvement concerning enhancing specialized sales resources and service skills in the industrial printing segment

Opportunities

Opportunities

- Further digitalization and market growth are expected to occur in the commercial and industrial printing segments, which have low rates of digitalization
- As companies' marketing methods become more individualized, fragmented, and marked by shorter cycles, demand for digital printing is likely to increase
- Packaging and labeling demand will increase as the global population rises, more low-capacity packaging is used, and private and local branding increases

Threats

Threats

- The slow pace of print digitalization due to improvements to offset printers
- Geopolitical risks causing fluctuations in willingness to invest at printing companies, our main customers

Main Achievements in Fiscal 2017

Fiscal 2017 revenue in this business rose 5% year-on-year to ¥214.2 billion

Production Printing Unit

Core business

- Amid stagnant market growth in primarily developed nations, consumers in these markets have acknowledged the value of the IQ-501 Intelligent Quality Optimizer unit, a Konica Minolta proprietary function that automates printing output configuration. This contributed to unit sales roughly on par with the previous year in North America. Unit sales of the new AccurioPress C6100 top-of-the-line digital color printer increased mainly in Europe. Unit sales increased very significantly in China.

Industrial Printing Unit

Growth business

- Sales increased substantially primarily in the U.S. and Europe for the AccurioJet KM-1 inkjet digital printer, digital decorative printers, and label printers.

Marketing Services Unit

Growth business

- Although MPM service revenues dropped year-on-year due to the lingering impact of cost-cutting by major accounts, growth remained strong for Kinko's on-demand printing.

Fiscal 2018 Earnings Forecast

- Year-round sales will increase for the AccurioPress C6100 series and IQ-501 launched in the second half of the previous fiscal year. The AccurioPress C3080 series will also launch and become a market-leading product line. Earnings will grow on the back of increased print volume. Industrial printing will continue to see substantial increases in installed unit volume.
- MPM will shift to high value-added services (digital marketing), while the on-demand printing segment will aim for business growth through expansion of sign and display services.
- The fiscal 2018 forecast for this segment puts revenue at ¥232.5 billion, up 9% year-on-year.

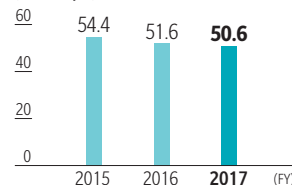
Revenue for this business*

(Billions of yen)



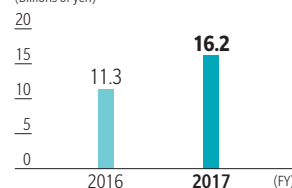
MPM service revenue

(Billions of yen)



Industrial printing revenue

(Billions of yen)



* Figures are given for two years as segments were reorganized

Healthcare Business



Strengths

Strengths

- Advanced technological expertise and knowledge in the medical imaging domain, which develops products that provide top-level image quality
- High customer satisfaction due to high quality products and services
- Customer base in Japan centered on medical clinics

Weaknesses

Weaknesses

- Some ultrasound business competitors exist in Japan, the U.S., and Europe, where the Company is prioritizing its efforts
- Need to better accommodate the diverse customer needs of different regions and hospital departments
- Need to enhance business sites and system functions globally

Opportunities

Opportunities

- IT and digital technologies are being increasingly applied in medical diagnostics
- Customer needs are increasing for solutions to improve efficiency in diagnostic support and operations
- The trend towards regional healthcare coordination and home-based care is accelerating
- Healthcare needs are growing in emerging nations

Threats

Threats

- The rise of startups and large global IT enterprises that utilize new technologies
- Declining investment by customers due to economic downturns being caused by systemic reforms and other factors
- Regulations surrounding medical equipment in some countries

Main Achievements in Fiscal 2017

Revenue for this business in fiscal 2017 increased 7% year-on-year to ¥96.5 billion

X-ray business

Core business

- Full-size (17 x 17) and quarter-size (10 x 12) models have been added to the AeroDR cassette-type digital X-ray system line, and strong sales performance for the line continued in Japan and abroad.

Ultrasound business

Growth business

- The SONIMAGE HS1 diagnostic ultrasound system attained genre-top position in the orthopedic surgery domain in Japan, while the new SONIMAGE MX1 series was added to ultrasound diagnostic system product line. These products are compact and provide high image quality, and as such cater to needs in the Point of Care domain, which involves conducting screenings and providing care for patients at their bedside. These factors contributed to business growth this fiscal period. Unit sales also increased year-on-year in China and Europe in a continued demonstration of strong product line performance.

Medical IT business

Growth business

- Overall revenue increased year-on-year by 26% due to increased sales in the U.S. Maintenance services also saw steady growth.

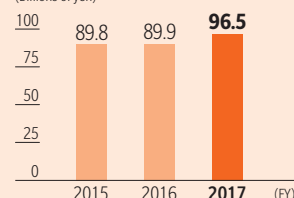
Fiscal 2018 Earnings Forecast

- Progress is being made in digitizing medical diagnostic equipment and, as a result, sharing and coordinating medical information among multiple healthcare providers, and as such demand is likely to increase.
- We will step up efforts to sell and propose the core products and services that enjoy strong market competitiveness.
- The fiscal 2018 forecast for this segment puts revenue at ¥92.5 billion^{*1}, down 4% year-on-year.

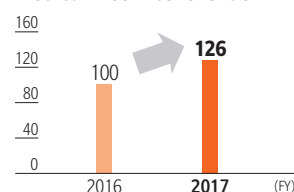
^{*1} Revenue will increase 4% year-on-year if the ¥5.0 billion impact of discontinuing trade of purchased goods is excluded.

Revenue for this business

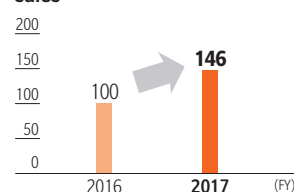
(Billions of yen)



Medical IT service revenue^{*2}



SONIMAGE HS1/MX1 unit sales^{*2}



^{*2} Base index: fiscal 2016 = 100

Industrial Business

(Optical Systems for Industrial
Use)



Strengths

Strengths

- Wide-ranging product lineup of precision measuring instruments
- Reliable technical expertise developed over many years and a track record of diverse products chosen by customers
- Global sales and service network

Weaknesses

Weaknesses

- Strong correlation between capital investment and infrastructure investment, and a business category in which economic condition fluctuations often have a significant impact
- The impact of exchange rate fluctuation due to our global business expansion

Opportunities

Opportunities

- Needs are growing for light-source color measuring devices as displays for mobile devices, TVs, and other products become higher definition and those markets grow
- Production volume is moderately increasing in the automobile industry, a major customer in the object color measuring devices segment
- More and more investment is going into production line automation, and the FA measuring market is growing

Threats

Threats

- The rise of start-ups
- Risks posed by uncertainties related to growing regulation in some regions, geopolitical developments, etc.

Main Achievements in Fiscal 2017

Fiscal 2017 revenue for this segment grew 47% year-on-year to ¥43.1 billion

Measuring Instruments Unit (Sensing)

Core business

- Revenue grew significantly due to the Measuring Instrument Unit's success in providing solutions to assist innovations in display products and capturing a growing wave of demand among multiple customers.

Measuring Instruments Unit (Visual Inspection)

Growth business

- Headway was made in developing technologies for the visual inspection business, which undertakes the detection and quantification of scratches and defects in the exteriors of products such as resins and metals in the production process. Efforts were started to test concepts through a customer-centric approach.

Image Solutions Unit

Growth business

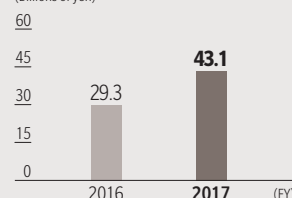
- The VirtuaLink interactive VR attraction was deployed at pop-up shops.

Fiscal 2018 Earnings Forecast

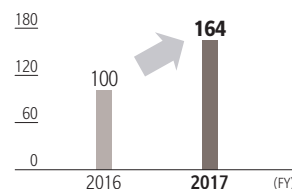
- While demand growth has momentarily slowed for light source color measuring instruments, a revenue contributor, the diversification of display products is prompting changes in supply chain structure and the market player power dynamics. New demand is anticipated for Konica Minolta products in the measuring instrument segment.
- We will focus on reinforcing our visual inspection business by leveraging our existing measuring instruments customer base.
- The fiscal 2018 forecast for this segment puts revenue at ¥40 billion, down 7% year-on-year.

Revenue in this segment^{*1}

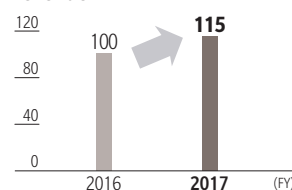
(Billions of yen)



Light-source color measuring instrument revenue^{*2}



Object color measuring device revenue^{*2}



^{*1} Figures are given for two years as segments were reorganized

^{*2} Base index: fiscal 2016 = 100

Industrial Business

(Materials and Components)



Strengths

Strengths

- We have built a relationship of trust with customers and amassed assets that consist of technologies, production equipment, and supply chains through developing, producing, and selling TAC film.
- We provide value through the trifecta of IJ ink, heads, and systems
- Groundbreaking and advanced core technologies in product design, processing, and evaluation to support optical products such as pickup lenses for optical discs

Weaknesses

Weaknesses

- Prices continue to fall as a result of product commoditization
- Improvements could be made to our ability to expand business through the reciprocal leveraging of technologies and customer needs by different business units

Opportunities

Opportunities

- The displays market will continue to see greater breadth as a result of the trend towards larger, higher definition TVs.
- Full-scale IoT advancement will see range of applications grow for device technologies that include vehicle-mounted cameras, surveillance cameras, and optical communication solutions
- As display market diversity grows, consumers will seek out more advanced functions and more business opportunities will arise for film products

Threats

Threats

- The business environment is susceptible to dramatic change caused by market environment shakeups, examples of which are the rise of alternative technologies and start-ups.
- The growing pervasiveness of IT in production and design could compromise the competitive edge we achieve through inter-departmental collaboration towards satisfying customer needs, a strength of Konica Minolta

Main Achievements in Fiscal 2017

Fiscal 2017 revenue for this segment rose 4% to ¥75.1 billion

Performance Materials Unit

Core business

- For protective film for polarizers, successful anticipation of larger TV screen sizes and customer diversification led to growth in the market share of our high value-added products, which include new VA-TAC films with greater waterproofing performance and ZeroTAC films for IPS panels. Greater unit sales led to increased revenues and contributed to greater earnings for the business, despite the impact of pricing pressure.

Optical Components Unit

Core business

- Revenues grew as a result of increased sales related to projectors and interchangeable lenses.

IJ Components Unit

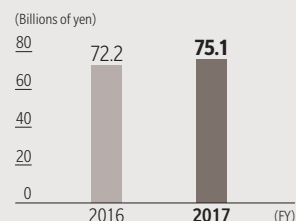
Core business

- Following on the previous fiscal year, revenue increased on account of strong sales in Europe and Asia.

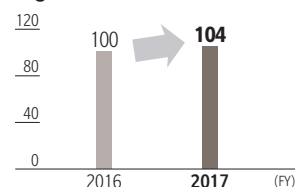
Fiscal 2018 Earnings Forecast

- In the Performance Materials unit, we seek to flexibly accommodate our customers' wide-ranging needs and grow lines of business involving traditional TAC as well as products achieved through Konica Minolta's unique inventiveness in the area of new resin materials, for which considerable effort has been expended.
- The FY2018 forecast for this segment calls for sales of ¥80 billion, up 6% year-on-year.

Revenue for this business^{*1}



Performance materials segment revenue^{*2}



^{*1} Figures are given for two years as segments were reorganized

^{*2} Base index: fiscal 2016 = 100

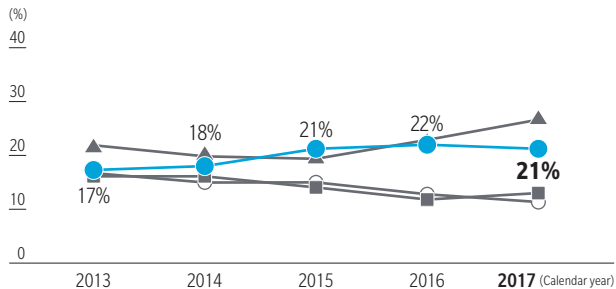
Market Data by Segment

Office Business

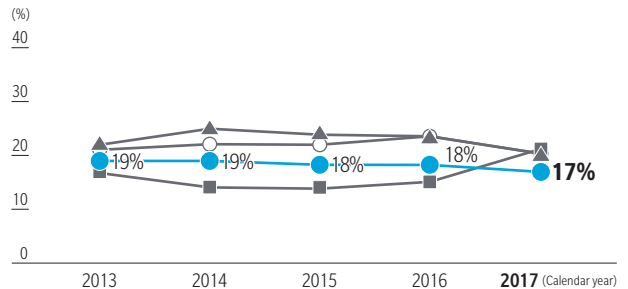
Konica Minolta share of A3 color MFPs (based on sales value)*

● KM ■ Company A ▲ Company B ○ Company C □ Company D

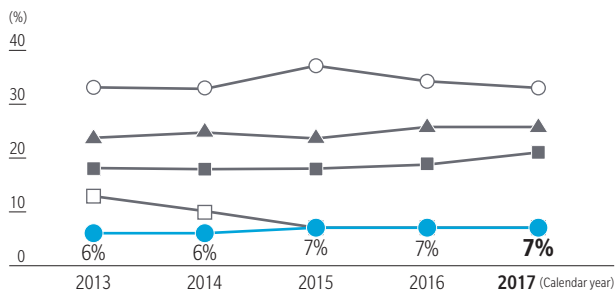
Europe



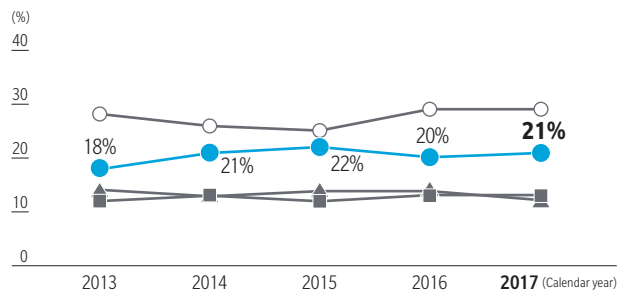
North America



Japan



China

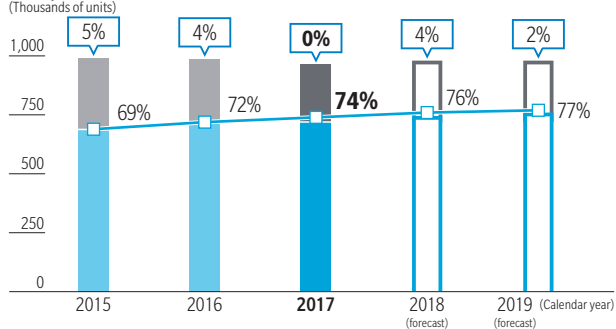


* Konica Minolta estimate

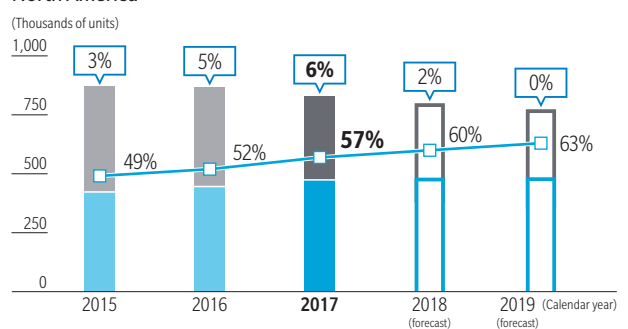
Unit shipment trends and forecasts* in the A3 color MFP market

■ Color ■ B/W □ Color ratio □ A3 color MFP growth rate

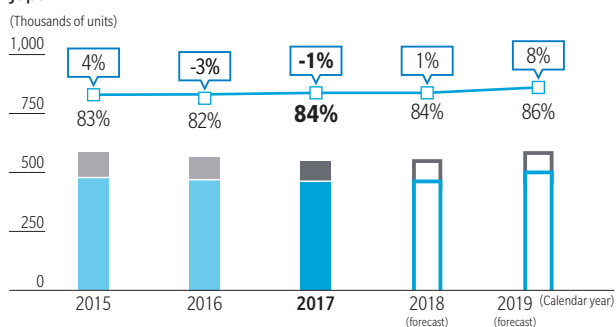
Europe



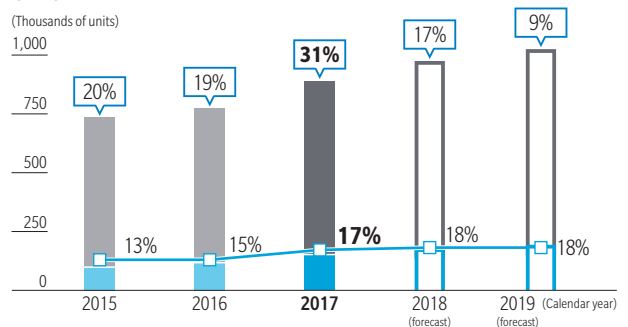
North America



Japan



China



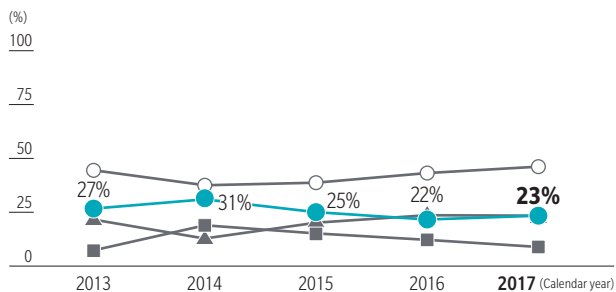
* Konica Minolta estimate

Professional Print Business

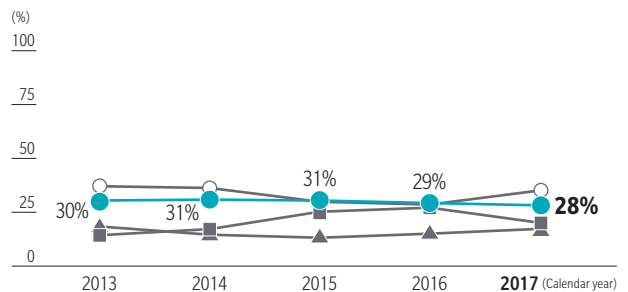
Color production printer market share (based on sales value)*

● KM ■ Company A ▲ Company B ○ Company C

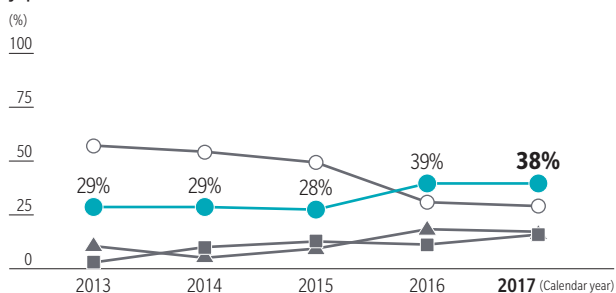
Europe



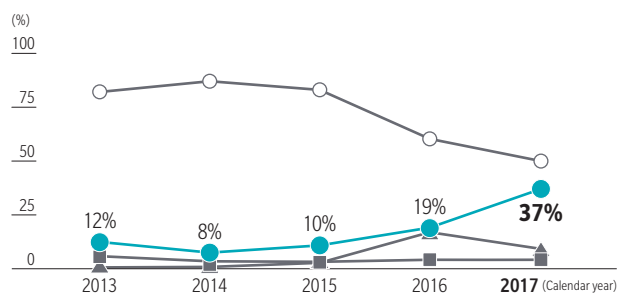
North America



Japan



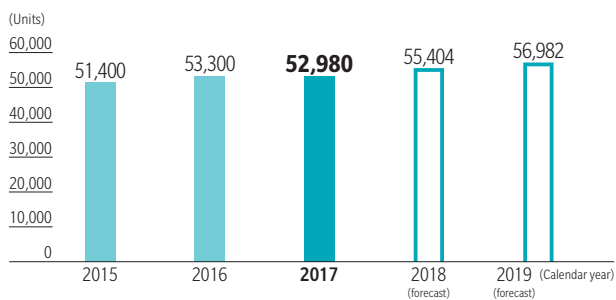
China



* Konica Minolta estimate (LPP+MPP)

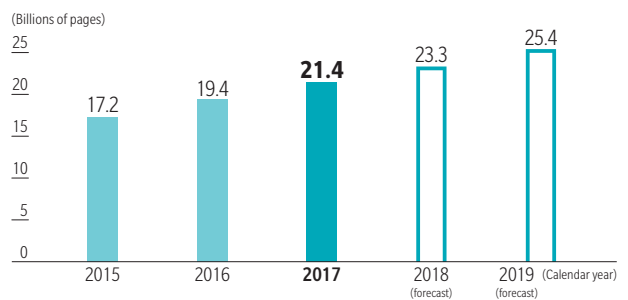
* LPP: Light Production Printer MPP: Mid Production Printer

Color production printer units shipped and forecast (worldwide)



* Konica Minolta estimate

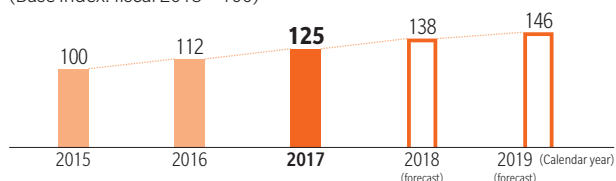
Color PV (print volume) and forecast (worldwide)*



Healthcare Business

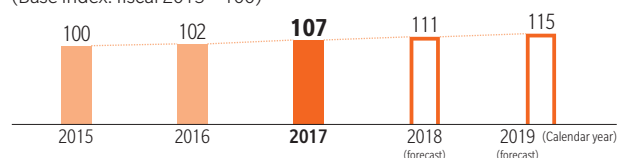
DR units shipped and forecast (worldwide)^{*1}

(Base index: fiscal 2015 = 100)



Diagnostic ultrasound systems units shipped and forecast (worldwide)^{*2}

(Base index: fiscal 2015 = 100)



*1 Based on data from "X-ray-Intelligence-Service-Summary-General-Radiography-and-Fluoroscopy-X-ray-Equipment" from IHS TECHNOLOGY, with some estimates from Konica Minolta

*2 Based on data from "Ultrasound-Intelligence-Database-Equipment-December-2017" from IHS TECHNOLOGY, with some estimates from Konica Minolta

Platform Supporting Sustainability

Discussion on Corporate Governance 53

The Chairman of the Board and an Outside Director

We are enhancing the effectiveness of governance by having the Nominating Committee take the lead in selecting candidates based on a balance of career and skill and in supervising and supporting the CEO succession plan.

Corporate Governance 58

Basic Concept for Corporate Governance 58

Governance Structure and Director Selection and Election 59

Board of Directors Effectiveness Assessments 62

Compensation for Directors and Executive Officers 63

Group Auditing System 65

Dialogue with Shareholders and Investors 66

Group Compliance Promotion System 66

Risk Management System 66

Directors 67

Executive Officers 68

CSR Management 69

Basic Approach 69

CSR Management System 70

Process for Identifying Material Issues 71

Stakeholder Engagement 72

Medium-Term Environmental Plan 2019, fiscal 2017 targets and results and fiscal 2018 targets 73

Targets and Results Regarding Social Impact 75

Creating Value through Our Value Chain 77

Quality Management 79

Environmental Management 80

Human Resource Management 81

IT Management 82

Independent Valuation of Konica Minolta's Management, with Its Focus on Achieving Sustainable Growth 83

Discussion on Corporate Governance

We are enhancing the effectiveness of governance by having the Nominating Committee take the lead in selecting candidates based on a balance of career and skill and in supervising and supporting the CEO succession plan.



Masatoshi Matsuzaki
Chairman of the Board

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, Matsuzaki became the President and CEO of Konica Minolta, Inc. He now serves as Chairman of the Board, a position he has held since April 2014.

Hiroshi Tomono
Outside Director

After serving as President at Sumitomo Metal Industries, Ltd. and subsequently as Representative Director, President and COO, and Representative Director and Vice Chairman at Nippon Steel & Sumitomo Metal Corporation, among other positions, Tomono became an Outside Director at Konica Minolta, Inc. in June 2015. He was appointed Chairman of the Nominating Committee in June 2016.

Board composition and selection process for Director candidates

— Can you describe Konica Minolta's selection process for Director candidates and criteria?

Matsuzaki: Every year, the selection process for next year's Director candidates gets underway as soon as Directors are elected at the Ordinary Shareholders' Meeting. We begin by reviewing the current state of the Board of Directors, and then examine proposals for the number of total board members, Outside Directors, non-executive Inside Directors, as well as executive officers serving concurrently as Inside Directors. At the same time, we check the outgoing Outside Directors and Inside Directors as of the next Ordinary Shareholders' Meeting and consider new candidates to fill these positions.

On top of this, we examine and determine the type of people we should appoint as next year's candidates for Director under the direction of the Chairman of the Nominating Committee.

Tomono: Generally speaking, when it comes to Japanese companies, the President wields a great deal of influence in the selection of Director candidates. Actually, I have heard many cases where the President's preferences for new Directors are simply approved by the company's nominating committee. In contrast, Konica Minolta entrusts the selection process up to the Nominating Committee, which examines and determines the board composition for the subsequent year and the type of candidates needed.

When selecting Outside Director candidates, we prepare a long list by having the Nominating Committee together with other Outside Directors and the President recommend candidates based on the finalized board composition and candidate requirements. This long list is discussed by the Nominating Committee, which determines a priority order. Following this order, Chairman Matsuzaki and I together visit the candidates to gauge their interest in becoming an Outside Director.

Matsuzaki: Previously, I served as President for five years and during this time I recommended candidates every year, but there was just one case where the candidate I recommended was approved. In other words, Konica Minolta's selection process for Outside Director candidates focuses on the most qualified candidate, regardless of who makes the recommendation.

— Two new Outside Directors were elected this fiscal year. What elements did you emphasize in their selection?

Tomono: This time the selection of Outside Director candidates emphasized compatibility with our management strategy. Under the TRANSFORM 2016 Medium Term Business Plan, Konica Minolta made efforts to shift to a business model where we provide customers with solution-based services.

Under the new SHINKA 2019 Medium Term Business Plan, we are working to create business opportunities in new domains such as bio-healthcare, IoT, and digital solutions, while strengthening the profitability of our core business. For this reason, the element we emphasized the most this time around was the selection of candidates who can provide appropriate insight and advice within discussions on these strategies.

Matsuzaki: In the selection of Outside Directors, we are mindful of a balance between each candidate's background and field of expertise, and give priority to candidates with a wealth of experience and knowledge in fields where we lack depth or in domains that we need in the future. For example, as was the case with Mr. Tomono, selected for his global manufacturing experience and ability to share his views after visiting the front lines, Mr. Noumi, selected for his ability to provide views from an investor perspective, and Mr. Hatchoji, selected for his experience in corporate governance at a global corporation, we ask people with their own unique field of expertise to serve as Outside Director. With this composition as the premise, as Mr. Tomono noted earlier, we added Mr. Fujiwara for his familiarity with the bio-healthcare field and Mr. Hodo for his ability to delve into the fundamental essence of IoT and digital domains.

Tomono: This year the two candidates newly elected as Outside Director also have a wealth of experience in M&A to complement their individual fields of expertise. I believe this year we have a very powerful combination of board members when it comes to both balance of background, field of expertise and compatibility with strategy. In addition, three years have passed since I was elected as Outside Director; yet, I feel that the term of an Outside Director is but a short period of time when it comes to the long timeline of a company. This is why I feel Konica Minolta's selection of Outside Director candidates, which involves myself and Mr. Matsuzaki, who has been with the company even longer than I, is a very good system.

— Two new Inside Directors were also elected this year. What elements did you emphasize in their selection?

Tomono: This fiscal year the Nominating Committee emphasized the keywords "continuity" and "generational change." In terms of non-executive Inside Director, Mr. Matsuzaki and Mr. Shiomi were re-elected and Mr. Itoh was newly added. As for Executive Officer serving concurrently as Inside Director, Mr. Taiko was newly elected to go with Mr. Yamana, Mr. Hatano, and Mr. Koshizuka. In this manner, the main characteristic of this year's board is a generational change infusing new members while ensuring continuity with the re-election of current members.

Matsuzaki: For Inside Directors, the President and I hold discussions and prepare a draft based on the elements emphasized by the Nominating Committee, as pointed out by Mr. Tomono. Following this, I propose candidates to the Nominating Committee. Non-executive Inside Directors serve as full-time Audit Committee members, and for this reason, I proposed candidates well versed in the group's internal control and business administration. Inside Directors who serve

concurrently as Executive Officer need to fulfill additional accountability for the business they are responsible for at board meetings and other venues. For this reason, I proposed the officer for the mainstay Business Technologies Business.

— **This fiscal year Konica Minolta appointed its first female Executive Officer. What are your thoughts about female representation?**

Tomono: The fundamental principle in Konica Minolta's selection of Directors and Executive Officers is to choose candidates who can contribute to the company's sustained growth and enhance corporate value and candidates who can live up to stakeholder expectations. Such attributes as gender or nationality have no bearing under this fundamental principle.

Matsuzaki: Recently there is widely growing awareness about the importance of diversity. For Konica Minolta, diversity has always been an integral part of our business operations. This selection of a female Executive Officer does not mean that we are simply following the latest trend.

Tomono: For quite some time, women's names have appeared on the long list of Outside Director candidates and we have approached a number of women about the opportunity to serve as a Director. However, due to other obligations none of these individuals chose to become an official candidate for Director.

Matsuzaki: Several years ago, the President asked me to select

executive management, including women, and coach them as future candidates for Executive Officer. One of these candidates was the woman who was elected as Executive Officer this year. I believe that other talented and highly capable women will emerge from this type of development program.

CEO Succession Plan

— **What led to the Nominating Committee supervising the CEO succession plan?**

Matsuzaki: The impetus behind this decision was Japan's Corporate Governance Code introduced in 2015. I facilitated a roundtable discussion with the Board of Directors on the implementation of this code, where I listened to views with regard to the company's current status of compliance and the extent to which we should comply with the code in the future. As a result, we reached a consensus that included complying with the supplementary principle calling for the Board of Directors to supervise the CEO succession plan. As a company with three committees, Konica Minolta's Board of Directors fulfills its inherent roles and is placed in a position to supervise the execution of business, which is entrusted to the execution side whenever possible. One of these inherent roles is the selection of Executive Officers, and of particular importance the selection of the CEO. Given this, the CEO succession plan was fundamentally viewed as an action that should be supervised by the Board of Directors. Actually, we considered it realistic to make this a responsibility of the Nominating Committee, and currently we are implementing the supervision cycle through the Nominating Committee.

Tomono: In the succession plan, the Board of Directors has the final say on the successor, and the Nominating Committee will check the development plan and provide advice from a supervisory position. Specifically, such requirements as the personal qualities, experience and career path deemed necessary of Konica Minolta's CEO not only reflect the current CEO's view, but also a consensus built while taking into account the views of Nominating Committee members.

Matsuzaki: When considering the personal qualities deemed necessary of the CEO, for example, there are requirements common to any company, such as the ability to plan ahead, zeal for company growth, communications skills, and personal magnetism, as well as requirements unique to our company, such as specific experiences or familiarity with certain businesses. Our discussions have found that both are essential.

Tomono: Based on these personal qualities and requirements, we prepare a long list of CEO candidates. The list includes a development plan that will pave the way for each candidate to become CEO in the future, including career path along with the experiences, knowledge and skills that need to be acquired.



Furthermore, in the process of selecting and developing candidates, we assess candidate competency not only internally, but also using outside organizations. The results are shared with the Nominating Committee as well.

Matsuzaki: In this manner, we monitor the development of successor candidates from various angles and narrow down the list of candidates.

Tomono: As part of monitoring, we carefully check performance, such as their responses to questions by the Board of Directors. There are also many opportunities for me to visit the frontlines and attend research presentations. I find it very useful to evaluate a person based on their remarks and responses to questions during such occasions.

Matsuzaki: As Mr. Tomono says, the best training is responses to questions and findings from Directors during board meetings. For that reason alone, there are times when such comments are deliberately severe.

— **What other efforts are the Board of Directors and Nominating Committee making with regard to developing the skills of Executive Officers outside of candidates for CEO successor?**

Matsuzaki: Over the past year the CEO's succession plan has gotten off the ground under the supervision of the Nominating Committee. We are now beginning to develop successors to other chief officers in charge of business execution such as the CFO and CTO. We are discussing candidate requirements and the development of candidates based on the President's draft plan while also listening to the views of the Nominating Committee.

Tomono: As we implement the CEO's succession plan, the scope of work has expanded automatically. There is the possibility the new CEO could come from current executive management or be selected from somewhere below. When considering this, we need to take a systematic approach to developing successors not only for the CEO but also other executive management positions.

Matsuzaki: As I mentioned earlier, I continue to coach future Executive Officer candidates at the request of President Yamana. For example, I host rehearsals for future Executive Officers, which include explaining about business operations and answering questions at a mock board meeting, and then I provide feedback and advice on areas in need of improvement. At first, I provided coaching to only a small number of people, but now I am working with over 10 people because of the solid results seen by the President over the past year.

Tomono: Another one of our unique approaches is that we prepare a chart for successor development including the CEO. The horizontal axis is the timeline while the vertical axis is the positions for development and process. For example, this helps to visualize quantitative targets and ensures action is taken by showing the planned retirement date of certain chief officers and establishing goals to list several successor candidates by a certain date.



Evaluations of Konica Minolta by Outside Directors and Challenges

— **Three years have passed since you (Mr. Tomono) were elected Outside Director. How do you appraise Konica Minolta's corporate governance?**

Tomono: I feel like Konica Minolta is carrying out very progressive measures stoically while regulating itself rather strictly. In 2003, it transitioned to a company with committees (currently, a company with three committees) and in 2004 it began evaluating the board's effectiveness. Therefore, Konica Minolta made efforts to establish a strong governance system more than a decade before Japan's Corporate Governance Code took effect (June 2015). In recent years, too, under the leadership of Chairman Matsuzaki, the company has worked diligently to further enhance board effectiveness. The fact Konica Minolta has created its own better approach to governance from scratch instead of mimicking others enables various improvements and updates. Some feel that the corporate governance of Japanese companies is mere formalization lacking substance, embodied by the phrase "has the form but not the spirit." However, in the case of Konica Minolta, it created the form from an early stage, and later embedded the spirit after repeated actions (high effectiveness) to create its own form of governance today.

— **Did you notice any concerns or areas in need of improvement during your visits to the frontlines of various businesses?**

Tomono: A company is formed by many different “frontlines of work.” In addition to the production floor, the frontlines include everywhere else such as accounting or human resources departments. The frontline that requires the greatest transformation in the future is likely the production floor. After visiting the production floor myself and talking with the engineers I found that the group has a real serious commitment to manufacturing. Built-up technical prowess and know-how developed through manufacturing are important assets. However, Konica Minolta is in the process of transforming and evolving its business portfolio. As such, I feel we need to reset our approaches to organizations and work. For example, I think we need to review from scratch collaboration between development and the production floor to transform development and production processes.

Progress of the SHINKA 2019 Medium Term Business Plan

— **The first year of the SHINKA 2019 Medium Term Business Plan is over. How do you assess the progress?**

Tomono: Overall, I think we are moving in a good direction. Under SHINKA 2019, we are working to boost profitability in our core business and accelerate new business creation that will support future growth, while utilizing the results of TRANSFORM 2016, the previous Medium Term Business Plan where we prepared core technologies and strengthened our

customer base. I feel like we are moving in the right direction. I would like everyone to feel comfortable in living up to their greatest potential and tackling new challenges with all their might. This requires careful monitoring of the progress of each measure and understanding the situation not through words, but rather numbers. Consequently, there is no need to have a negative outlook even if the numbers don't materialize as planned. Within Konica Minolta there is a wealth of knowledge and experience in business. This means we have many tools at our disposal to solve just about anything once we know the problem. The important thing is to implement a cycle where problems are quickly discovered and resolved without overlooking or ignoring them.

— **How will the Board of Directors aid in the achievement of SHINKA 2019?**

Matsuzaki: As with Mr. Tomono's assessment, I find the direction of the strategy appropriate. The major challenge now will be how to go about implementing this plan. When drawing up the plan for fiscal 2018 under the Medium Term Business Plan, I asked the business execution side to come up with the measures and numerical targets for this fiscal year along with the reason and basis for each. The Board of Directors will make this into a check sheet to monitor the progress of measures. To achieve the business plan, we, of course, need to continue to take on various risks. This is why I believe the Board of Directors must provide greater support to risk management. For example, recently we have made large-scale initial investments in bio-healthcare, and I have asked the officer of the Bio-Healthcare Business to think very carefully about any problems that may have been missed in carrying out this business. Going forward, the Board of Directors will aid the achievement of the Medium Term Business Plan from various angles, in an effort to achieve sustainable growth as a company and enhance corporate value over the medium to long term.

Corporate Governance

Basic Concept for Corporate Governance

The Company believes that corporate governance should contribute to sustainable corporate growth and increased corporate value over the medium to long term by encouraging appropriate risk-taking as part of management execution. On

the other hand, the Company has established a corporate governance system from the standpoint of the supervisory side in the belief that setting up and managing a highly effective supervisory function is also necessary.

As part of its institutional design in accordance with the Companies Act, in 2003 the Company selected the "company with committees" system (now, a "company with three

Basic Policy on Corporate Governance

Basic Approach

- Reinforcement of business supervisory functions by separating the supervisory and execution functions in order to increase the corporate value;
- Election of an Independent Outside Director who can provide supervision from a shareholder perspective; and
- Improvement of the transparency, integrity and efficiency of management through the above-mentioned points.

Specifically, the Board of Directors and the three committees are composed as follows.

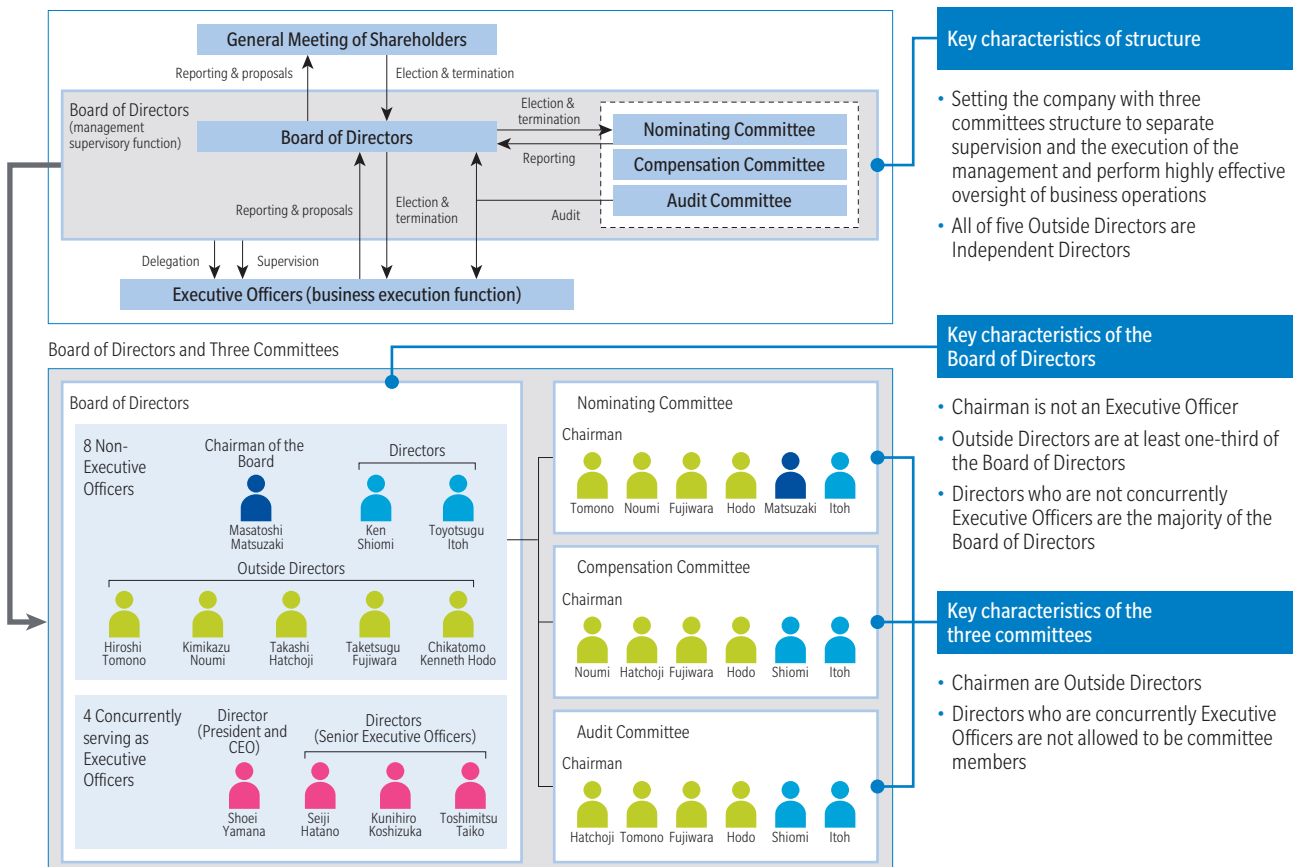
1) Board of Directors

- One-third or more of Directors are Independent Outside Directors, and Directors who do not concurrently serve as Executive Officers constitute the majority of the total number of Directors.
- The Chairman of the Board is selected from among Directors not concurrently serving as Executive Officers.

2) Nominating, Audit, and Compensation committees

- Each of the three committees is composed of three Outside Directors and two Inside Directors.
(Following the June 2018 shareholders meeting, each committee is operated by four Outside Directors and two Inside Directors.)
- The Chairmen of the three committees are selected from among the Outside Directors.
- The President and CEO is not selected as a member of the Nominating, Audit or Compensation committee.

Structure of Corporate Governance Systems (As of June 19, 2018)



committees" system) and established a system that eliminated dependency on personal characteristics, thereby pursuing governance in a style specific to Konica Minolta.

The Basic Policy on Corporate Governance that was formulated in September 2015 defines the basic views regarding corporate governance.

We have published the Basic Policy on Corporate Governance on our website.

<https://www.konicaminolta.com/us-en/investors/management/governance/>

Compliance with the Corporate Governance Code

Konica Minolta complies with every principle of Japan's Corporate Governance Code set forth by the Tokyo Stock Exchange (compliance with the revised code which came into effect on June 1, 2018 is currently being examined).

We have indicated in the corporate governance report that the Company is in compliance with all principles. Additionally, we have disclosed details for all 11 general principles, principles, and supplementary principles for which the Tokyo Stock Exchange requires disclosure.

The corporate governance report is available on our website.

https://www.konicaminolta.com/us-en/investors/ir_library/governance/

Governance Structure and Director Selection and Election

Board of Directors and Directors of the Board

(1) Director Candidate Selection Policy and Procedures

The Nominating Committee starts each year by performing reviews of the composition of the Board of Directors and committees and of the standards for the election of directors and committee members. By performing examinations from the standpoints of balance of career and skill, diversity and other factors, this committee aims to upgrade its selections of Director candidates. The following process is used to make selections.

Board of Directors

- 1) The Nominating Committee examines the objectives of the composition of the board and then confirms a proposal for the total number of Directors, the number of Outside Directors, and the number of Inside Directors who do and do not concurrently serve as Executive Officers.
- 2) Confirmation of Directors who will resign due to standards for the number of years as a Director or age and expected number of new Outside Director and new Inside Director candidates.

Chronology of measures to establish a corporate governance framework and improve its effectiveness

	FY2000-	FY2010-
Institutional Design	2003 • Formation of Konica Minolta Holdings, Inc. due to a management integration. Became a company with committees (now a company with three committees)	
Directors	2000 • Reduced the number of directors (started an executive officer system) 2002 • Elected two independent outside directors • Shortened the term of directors to one year 2003 • Number of independent outside directors increased from two to four 2006 • First overseas field trip by outside directors (two) for a visit to a manufacturing subsidiary in China 2018 • Increased the number of Independent Outside Directors from four to five	
Rules and Policies	2003 • Establishment of the Corporate Organization Basic Regulations 2010 • Revised part of the Board of Directors rules 2015 • Established the Basic Policy on Corporate Governance 2018 • Revised some of the Board of Directors Rules	
Effectiveness Assessments	2004 • Started self-assessments (using questionnaires) of the effectiveness of the Board of Directors 2014 • Started establishing a Fiscal Year Policy for the Board of Directors based on results of self-assessments 2016 • Started using an external organization for questionnaires and interviews to assess the effectiveness of the Board of Directors	
Nominating	2006 • Chairman of the Board of Directors started participating in the Nominating Committee • Established standards for the independence of outside directors 2015 • The Nominating Committee started overseeing the succession plan (development and selection) of the President and CEO	
Audit	2006 • Changed accounting auditors	
Compensation	2003 • Establishment of policy for determining compensation 2005 • Ended lump-sum retirement payments and started compensation-type stock options 2009 • Revised part of the terms for performance-linked compensation in the compensation determination policy 2017 • The compensation determination policy was revised, replaced compensation-type stock options and introduced stock bonus linking with medium-term performance	
Other	2006 • Ended the senior adviser position	

Outside Directors

- 3) To select Outside Director candidates, after the Nominating Committee confirms the selection process, the members of this committee determine the careers and skills that will be required of new Outside Directors in order to enable them to be a good match with Outside Directors to be reelected. The purpose is to receive beneficial oversight and advice concerning management issues at the Company.
- 4) The Nominating Committee chairman asks for a broad range of recommendations for candidates, irrespective of gender, based on information from Nominating Committee members, other Outside Directors and the President and CEO. To provide reference information, the Board of Directors Office distributes to Nominating Committee members etc. a candidate database, centered on "chairpersons" of excellent companies, that includes information about independence, age, concurrent positions and other characteristics of candidates.
- 5) The Nominating Committee takes into consideration the items listed below in order to narrow down the number of candidates, irrespective of gender, from the recommended individuals obtained through the preceding process in order to determine an order of priority.
 - Election standards for Directors
 - Standard for independence of Outside Directors
 - Balance and diversity of career and skill required for Outside Directors
- 6) Using the order of priority for candidates, the Nominating Committee chairman and Chairman of the Board of Directors visit and approach the candidates to serve as an Outside Director.

Inside Directors

- 7) Draft proposals for Inside Director candidates are determined by discussions between the Chairman of the Board of Directors and the President and CEO, while placing emphasis on the following points.
 - Election standards for Directors
 - Roles of Directors who do and do not concurrently serve as Executive Officers
 - Required skills, experience and other characteristics of Directors who do and do not concurrently serve as Executive Officers
- 8) The Nominating Committee uses the draft proposals to examine the candidates.

(2) Roles Outside Directors are expected to play and the reasons for their election

(1) Expected roles

- To participate in important decisions made by the Board of Directors and supervise the decision-making process
- To submit advice about the establishment of management policies and plans and about reports concerning business operations by using their experience and knowledge
- To oversee conflicts of interest among the Company, its shareholders, senior executives and others
- To supervise management to protect ordinary shareholders and to reflect the interests of shareholders from the standpoint of ordinary shareholders, which is independent from senior executives and special stakeholders

- To supervise management as members of the Nominating, Audit and Compensation Committees

* The Company, under the rules of the Nominating Committee, in principle, limits the period in office of outside directors to four years (reappointment limit). This rule is based on the concern that the objectivity of these directors may decline as the length of time in office increases.

(2) Reasons for election

Name	Reasons of Election
Hiroshi Tomono*	Mr. Hiroshi Tomono has many years of experience at Sumitomo Metal Industries, Ltd. and Nippon Steel & Sumitomo Metal Corporation in the management of the materials manufacturing sector, including having overseen activities at steelmakers ranging from technology and manufacturing to planning, administration and new business. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Tomono can contribute to the maintenance and upgrading of corporate governance.
Kimikazu Noumi*	Mr. Noumi was a financial services business manager at The Norin Chukin Bank and Aozora Bank Ltd., he has helped new businesses to grow through investments made by the Innovation Network Corporation of Japan, and he has been involved with assisting companies in enacting reforms from within. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Noumi can contribute to the maintenance and upgrading of corporate governance.
Takashi Hatchoji†	At Hitachi, Ltd., Mr. Takashi Hatchoji was involved for many years in the management of the electronics manufacturing business, including promotion of global management and business transformation. He has extensive experience and a broad range of knowledge as a corporate executive. The Company believes that Mr. Hatchoji can contribute to the maintenance and upgrading of corporate governance through the activities of the Board of Directors and the committees.
Taketsugu Fujiwara	Mr. Taketsugu Fujiwara has been in charge of management of a comprehensive chemicals maker for years at Asahi Kasei Corporation, which diversified from chemicals and textiles to electronic materials, pharmaceuticals, and housing. His duties at Asahi Kasei included fostering businesses through mergers and acquisitions. He has extensive experience and a broad range of knowledge as a corporate executive. Therefore, the Company believes that Mr. Fujiwara can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees.
Chikatomo Kenneth Hodo	Mr. Chikatomo Kenneth Hodo has been in management of a company providing business consulting and IT services for years at Accenture Japan Ltd. He has extensive experience and a broad range of knowledge on digital business as a corporate executive. Therefore, the Company believes that Mr. Hodo can contribute to the maintenance and upgrading of corporate governance through his activities at the Board of Directors and the committees.

* Every outside director has been designated an "independent director" as each of them meets the independence standards established by the Company's Nominating Committee, is not a business executive or other significant person at a major supplier or customer or a major shareholder of Konica Minolta, and will not represent conflicts of interest with ordinary shareholders concerning his role as an outside director.

(3) Operations of Board of Directors

In principle, the Board of Directors meets once a month.

Outside directors receive materials in advance that detail agenda items in order to familiarize them with the agenda and facilitate lively discussions at meetings of the Board of Directors. Executive Officers in charge may also occasionally conduct preliminary briefings on important management decisions.

In addition, the seating configuration changes at each Board meeting, except for the Chairman of the Board and the President, in an effort to encourage communication among board members and enliven the proceedings.

(1) FY2017 Board of Directors and the Three Committees

Meetings held in fiscal 2017 by the Board of Directors and the

three committees, as well as attendance rates for each, are given below. 99% of Board of Directors meetings and meetings of the three committees were attended by Kazuaki Kama, Hiroshi Tomono, Kimikazu Noumi and Takashi Hatchoji Outside Directors serving at the Company during fiscal 2017.

* Directors are asked to maintain an attendance rate of at least 80%.

	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Total
Times held	14	10	13	8	45
Participation by all directors (%)	99	100	100	98	99
Participation by outside directors (%)	98	100	100	96	99

(2) Major Agenda Items Discussed by the Board of Directors in FY2017

- Current Medium Term Business Plan (FY2017–2019) first year review and status reports for each business unit
- Corporate departments status reports (technology management, ESG, talent management and others)
- Discussions and approval concerning bio-healthcare business M&As
- Reports concerning PMI for M&As
- Revisions to some of the Board of Directors rules
- Internal control system reviews
- Outline and baseline budget for the FY2018 business plan
- Policy for administrating FY2018 ordinary general meetings of shareholders

(3) Training for Directors

Konica Minolta conducts training for and provides information to directors in accordance with the following policies.

Director Training Policies

In accordance with the Director Election Standards, the Nominating Committee selects candidates for election as Director who have the qualities needed to be a Director. The Company confirms whether new Directors require training judging from each individual's knowledge, experience and other characteristics. If training is needed, the Company provides suitable opportunities to receive this training.

- For new Independent Outside Directors, the Company provides information about the Group's structure, business activities and finances, as well as information about the Medium-Term Business Plan and its progress and other subjects. In addition, the Company provides basic information concerning each business and cross-corporate functions.
- For Independent Outside Directors, the Company arranges visits to the development, manufacturing, sales, service and other operations of every business unit. The Executive Officer of each business unit provides the Directors with the latest information about that business.

Board of Directors activities in fiscal 2017:

- Field trips in Japan (factories and sales offices, including at subsidiaries)
Two trips with the cumulative participation of two Outside Directors
- Field trips outside Japan (factories and sales offices, including at subsidiaries)
One trip with the participation of one Outside Director
- Research activity announcement event
Five events with the cumulative participation of 14 Outside Directors

(4) Supporting System for Outside Directors

The Board of Directors Office functions as a secretariat for the Board of Directors, Nominating Committee and Compensation Committee and has a similar function to that of the Audit Committee Office that is the secretariat for the Audit Committee. The members of the Board of Directors Office provide assistance for the Outside Directors to help enable the board and its three committees to function properly. Members of this office also distribute the document in advance concerning agenda items to Outside Directors, and create proposals and plans for visits to Company facilities and accompany Outside Directors as needed as part of activities to provide information to these directors. The objectives are to enable Outside Directors to thoroughly discuss subjects at the Board of Directors meetings and to enable these meetings to take place with no difficulties.

Executive Officer System and Executive Officers

1. Election of Executive Officers

- (1) The Board of Directors uses a fair, timely and appropriate method to select people who have the capabilities to serve as Executive Officers. These individuals must be able to create new value for the Group and earn the support of internal and external stakeholders. Standards for making these judgments about capabilities are defined in "Standards for the Election of Executive Officers." These standards include qualification standards. Individuals must have the ability and experience for the internal and external management of the Group's business operations. Qualification standards also take into consideration knowledge about specialized fields and technologies, an individual's age when the time for renewing the appointment comes, and other items. In addition, the Board of Directors selects individuals with a strong commitment to ethics, the ability to put customers first, the ability to drive innovation, strong motivation to achieve goals, and other characteristics.
- (2) To select new Executive Officers, candidates who have completed senior executive candidate training must do the first stage of the election process, which involves submitting documents and completing an interview. Next, an assessment is performed in order to reach a highly objective and appropriate decision. This process includes input from both an external perspective and from the perspective of people at the Group who frequently interact with these candidates as part of their jobs. An evaluation conference, which consists of the President and CEO and the Executive Officer responsible for personnel, is held to examine the results of this process. This results in the selection of candidates to become Executive Officers.
- (3) To determine the new team of Executive Officers, the President and CEO selects from the list of Executive Officer candidates the individuals who are believed to be well suited to serve as Executive Officers. Next, a proposal for the election of Executive Officers for the new fiscal year is prepared and submitted to the Board of Directors with a list of the duties for each Executive Officer.

2. Executive Officers

- (1) The executive officers perform decision-making and business execution, as entrusted by the Board of Directors.

The content of this business execution is subject to the oversight of the Board of Directors and to audits by the Audit Committee, which enhances effectiveness, validity, legality and soundness of the management.

The Board of Directors appoints the Company's executive officers and selects the Representative Executive Officer and the President, as well as other executive officers in positions of responsibility, from among these officers. The division of executive duties is also determined by the Board. The Representative Executive Officer and President and other executive officers perform decision-making on and execute the business entrusted by the Board.

Board of Directors Effectiveness Assessments

In 2003, the Company became a company with committees (now a company with three committees). To determine if the corporate governance system is functioning as intended, the Company started performing self-assessments in 2004 concerning the Board of Directors' effectiveness. Self-assessments have been performed every year since then in order to make improvements.

The Company now has a PDCA cycle that covers assessments and the analysis of results, the establishment of policies for the operation of the Board of Directors in the next fiscal year, and the creation and implementation of a plan for the board's operations. PDCA is used as a tool for continuous improvements in the effectiveness of the Board of Directors.

In the fiscal year that ended in March 2017, the Company outsourced interviews and questionnaires to an external organization to enhance the objectivity, conducting the evaluation of the effectiveness from the standpoint of the third party with additional points of evaluation.

In fiscal 2017, the Company performed an evaluation of effectiveness with emphasis on two points. One is building a governance system that is consistent with the Company's governance objectives of sustained growth and medium and long-term growth in corporate value. The other point is confirming that this system is functioning properly.

Survey schedule

The fiscal 2017 evaluation of effectiveness was performed as follows.

April 2018:	Distribution of self-evaluation questionnaires
May 2018:	Return of questionnaires and processing of results
June 2018:	Explanation of Board of Directors Operations Policy (Fiscal 2018) by the Chairman (at the Board of Directors meeting immediately after the Ordinary General Meeting of Shareholders)

Results of Effectiveness Assessment of the Board of Directors

Report of the assessment results

(a) Governance framework, Board of Directors composition and other items

The Company has established a corporate governance framework that contributes to sustained growth and the medium and long-term growth of corporate value. This

assessment resulted in the unanimous opinion that this framework is consistent with these objectives. However, there were opinions concerning several points requiring attention. Measures will be required concerning these points with regard to the operation of the governance system.

- The Company is a company with three committees and has a small Board of Directors that includes only four Directors who are concurrently Executive Officers (following the June 2018 shareholders meeting). If the Board of Directors is positioned as a means of developing the skills of these Executive Officers, measures such as giving the Executive Officers more opportunities to participate in meetings are needed.
- The Company's previous CEO is the chairman of the Board of Directors. This allows selecting proper and accurate agenda items and holding meetings with responsive and sincere stance along with thorough discussions. The Company has a suitable framework that centralizes authority and responsibility for ideas concerning basic management policies and the operation of business activities with the current CEO. Attention is required for both the framework and its operation to prevent the current CEO from being hesitant about altering the policies of the previous CEO.
- Regarding the number of Outside Directors and their characteristics (requirements for the selection of candidates), the selection of these candidates has been appropriate chiefly with regard to diversity involving careers and skills with respect to the Company's business operations. Discussions about gender diversity have started and now the Directors should start considering the inclusion of a non-Japanese member.

(b) Effectiveness and operation of the Board of Directors and the three committees

The Board of Directors and the three committees are operated properly in general, but there are several areas where further improvements are needed.

- The Board of Directors is properly performing its supervisory and advisory role concerning proposals for medium-term business plan and other strategies and the corporate and business strategies that have been proposed. Another important role of the Directors is the rigorous oversight of a PDCA cycle for fiscal year business plans to follow up on ongoing medium-term business plan.
- In addition to holding discussions about business portfolio management, the Directors need to increase activities for the effective oversight of the allocation of people, equipment, capital and other resources.
- The Directors need to increase activities for the oversight of processes used for the development and commercialization of new businesses.
- For a proper level of risk exposure involving business activities, the Board of Directors is using the diversity of its members to perform supervision and advice from many perspectives. For decisions about major projects, the Directors held long discussions at spanning two or more meetings.
- The Board of Directors is conducting post-merger integration reviews of M&A deals and investment effectiveness reviews with the proper timing. The Directors need to hold more thorough discussions in order to learn lessons from mistakes

that can be used for future deals.

- Fair and transparent processes have been established for the election and reappointment of Executive Officers, and the President and CEO is accountable for reporting in advance to the Nominating Committee and explaining draft proposals to the Board of Directors. However, it is desirable to increase opportunities for Outside Directors to come in contact with new Executive Officer candidates.
- Regarding internal control systems, internal audits, risk management, compliance and others are being appropriately implemented, and as such continued awareness building is important so that timely and relevant reports continue to be made, including subsidiaries added to the Group via M&As.
- In addition to its duty concerning the determination of Director election measures, the Nominating Committee has also come to oversee CEO succession plans by the President and CEO and is doing so reliably.
- The Audit Committee's audits of Director and Executive Officer professional duties and its audits of internal control systems are adequate.
- The Compensation Committee's revision of the fiscal 2017 compensation system was adequate.

* A review of the Board of Directors Management Policies for fiscal 2017 and related issues are provided in Konica Minolta's Corporate Governance Report.

Outline of Board of Directors Management Policies for Fiscal 2018

Based on this assessment of the Board of Directors' effectiveness, the Chairman provided the following explanations after establishing a management policy for the board's activities in fiscal 2018.

- Structured development of skills of Executive Officers and candidates through the Board of Directors
- Follow-up framework to be established by the CEO with Nominating Committee in order to give the Board of Directors information about candidates for new or reappointed Executive Officers (and individuals who may be candidates in the future.)
- Improvement of the quality of discussions by the Board of Directors
 - Always notifying departments giving explanations of the purpose of the associated agenda item
 - Always using reports in accordance with administrative and supervisory processes
- Measures of both the framework and its operation are required to ensure there is no hesitation about altering the policies of the previous CEO
- The following agenda items for fiscal 2018 have been selected and the associated Executive Officers will give explanations.
 - Confirmation of progress with process used for growing businesses and the development and commercialization of new businesses (including strategy reviews)
 - Status of business portfolio management
 - Allocation of people, equipment and capital, including efficiency and effectiveness
 - Capabilities of the organization and measures to strengthen capabilities

- Recruiting and skill development management (policies/strategies, plans, execution, results, upcoming actions)
- IR and PR activities (policies, plans, execution, results, upcoming actions)
- Corporate and organizational culture (required elements/corporate and organizational culture, status, how to make improvements, progress)
- Activities for sustainability
- Significant business risk factors
- Determination of measures for revising the Corporate Governance Code

Compensation for Directors and Executive Officers

Compensation Policy and Directors' Compensation System

The Company, which has adopted the company-with-three-committees system, has established a Compensation Committee. Outside Directors account for the majority of members of the committee and the committee is chaired by an Outside Director to ensure transparency and to determine compensation in a fair and appropriate manner.

The Company's Directors' compensation system is intended to strengthen the motivation of Directors and Executive Officers to strive for the continuous medium-to-long-term improvement of the Group performance in line with management policies to meet shareholder expectations, and to contribute to the optimization of the Group value. The Company aims for a level of compensation that enables it to attract and retain talented people to take responsibility for the Company's development.

The Company revised the existing Compensation Policy in fiscal 2017. Major revisions to the compensation policy and reasons are as follows:

- (1) The Company started stock bonus linking with medium-term performance. The intent is to increase motivation to achieve the performance targets of the medium-term plan.
- (2) Stock bonus linking with medium-term performance is Company stock rather than cash. Owning Company stock during their time at the Company is intended to make individuals view the importance of medium- to long-term growth of corporate value from the same standpoint as shareholders.
- (3) The structure of compensation was reexamined. This resulted in a reduction in the percentage of fixed compensation and the replacement of compensation-type stock options with stock bonus linking with medium-term performance. In addition, performance-linked compensation increased as a percentage of total compensation. Taking these actions made individuals even more aware of the importance of improving the Company's performance.
- (4) Compensation includes a claw-back provision. By performing the required procedure, the Company can limit compensation or demand the return of compensation. However, this is possible only when performance indicators

that are the basis for calculating performance-linked compensation differ significantly from actual performance due to a major error or fraud.

* These revisions were discussed and examined by the Compensation Committee starting in fiscal 2015. The Company believes these revisions are consistent with Supplementary Rule 4-2-1 of the Corporate Governance Code (There should be a suitable division between compensation linked to medium to long-term performance and cash compensation and company stock compensation so that compensation functions as a sound incentive for senior executives to achieve sustained growth).

Guidelines on Officer Ownership of Konica Minolta Shares

To encourage an even greater focus on boosting earnings results and the Company's share price from the perspective of shareholders, Konica Minolta has established guidelines on ownership of Konica Minolta shares for Inside Directors and Executive Officers.

Konica Minolta Executive compensation structure

Directors	Inside	Fixed compensation			Medium-term stock bonus
	Outside	Fixed compensation			
Executive Officers	President	Fixed compensation 50%		Annual performance-based cash bonus 25%	Stock bonus linking with medium-term performance 25%
	Senior Managing Executive Officer, Senior Executive Officers, Executive Officers	Fixed compensation 51 - 55%		Annual performance-based cash bonus 29 - 25%	Stock bonus linking with medium-term performance 20%

Annual performance-based cash bonus structure

Item	Annual performance-based cash bonus				
	Compensation A	Compensation B			Individual assessment
Assessment index and others	Operating profit	Operating profit 50%	Operating profit ratio 25%	ROA 25%	Degree of attainment of major policies, challenges and role; degree of effort and others
	Linked with Group consolidated performance result level	Annual performance target achievement rate			

Stock bonus structure

Item	Medium-term stock bonus	Stock bonus linking with medium-term performance	
Subject	Directors (inside non-executive)	Executive Officers (including currently serving as Directors)	
Assessment index	Non-performance-based	Operating profit (Group consolidated) 50%	ROE (Group consolidated) 50%
		Medium Term Business Plan achievement rate	

"Annual performance-based cash bonus B" and "stock bonus linking with medium-term performance" are determined within a range of 0%-150% according to the degree of target achievement.

Amount of compensation paid to directors and executive officers for the year ended March 2018

		Total (million yen)	Total base salary		Performance-based cash bonus		Stock bonus		Compensation-type stock options	
			Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)
Directors	Outside	48	5	48	-	-	-	-	-	-
	Internal	157	3	127	-	-	3	23	3	6
	Total	205	8	175	-	-	3	23	3	6
Executive Officers		897	23	529	23	181	23	160	18	24

- At the end of the period (March 31, 2018), the Company has four (4) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and twenty-four (24) Executive Officers.
- In addition to the three (3) Inside Directors shown above, the Company has another three (3) Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers.
- Regarding the performance-based cash bonus, the amounts which should be recorded as expense in the period are stated.
- Regarding the stock bonus, the amounts which were recorded as expense in the period are stated, based on a calculation of future share allocations according to estimated points to be allotted to Directors (excluding Outside Directors) and Executive Officers as part of their compensation.
- Regarding the compensation-type stock options, which were abolished with the twelfth issue of compensation-type stock options for fiscal 2016, the amounts which were recorded as expense based on an estimation of the fair value of the subscription rights are stated.

The following individual received compensation of ¥100 million or more in fiscal 2017

		Millions of yen					
Position and name	Company classification	Total	Fixed compensation	Performance-based cash bonus	Stock bonus	Compensation-type stock options	
Director, President and CEO, Representative Executive Officer Shoji Yamana	Submitting company	115	65	21	24	3	
Executive Officer, Richard K.Taylor	Consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.	173	88	85	-	-	

* Mr. Taylor received this compensation from consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.

New Compensation Policy

(1) Compensation system

- Compensation packages for Directors (excluding Directors who concurrently hold Executive Officer posts) exclude a short-term performance-based cash bonus because Directors have a supervisory role, and consist of a "base salary" component in the form of a base salary and "medium-term stock bonus" that links with improvement of the shareholder value for the medium term. Outside Directors receive base salary only.
- Compensation packages for Executive Officers consist of "base salary," "annual performance-based cash bonus," which reflects the performance of the Group and the performance of the business of which they are in charge in each year, and "stock bonus linking with medium-term performance," which reflects the degree of attainment of the Medium Term Business Plan and improvement of the shareholder value for the medium term.

(2) The total amount of individual compensation entitlement and "base salary" are set at an appropriate level with each position and its value taken into account, based upon objective data, evaluation data and other data collected at regular intervals, etc.

(3) The amount of the "annual performance-based cash bonus" is determined based on the level of performance result for the fiscal year (consolidated operating profit) and the degree of attainment of annual performance targets and according to progress of each Executive Officer's key operational measures. The amount based on the degree of attainment of annual performance targets is determined in the 0% to 150% range of the standard amount of compensation. The targets are major consolidated performance indicators (operating profit, operating profit ratio, ROA and others) associated with results of operations. Executive officers' key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).

(4) Details of the stock bonus plan are as follows.

- In the "medium-term stock bonus" plan to Directors, the Company's shares are distributed to Directors after the end of the Medium Term Business Plan, according to their roles and years they are in office. The plan is aimed to enhance their motivation toward contribution to improvement of the shareholder value and promote holdings of the Company's own shares.
- In the "medium-term stock bonus" plan to Executive Officers, the Company's shares are distributed to Executive Officers after the end of the Medium Term Business Plan in the 0% to 150% range. The plan is aimed to enhance their incentives toward attainment of the targets in the Medium Term Business Plan and promote holdings of the Company's own shares. The medium-term targets are major consolidated performance indicators (operating profit, ROE and others) associated with the medium term management policy.
- The standard number of shares is set by the position of each Director or Executive Officer in the first year of the Medium Term Business Plan.
- Certain portions of shares are distributed in cash on assumption that they are exchanged for cash.
- Shares of the Company obtained as stock bonus shall be held in principle for one (1) year after the date of retirement from the post of each Director or Executive Officer.

(5) The standard for compensation to the President and Chief Executive Officer is a 50:25:25 mix of "base salary," "annual performance-based cash bonus" and "medium term performance-based stock bonus." For the other Executive Officers, the "base salary" ratio is set higher than that for the President.

(6) Compensation for non-Japan residents may be handled in different ways from the treatment said above according to legal and other circumstances.

(7) When the Board of Directors resolved a correction to financial statements after the announcement due to a material accounting error or fraud, the Compensation Committee considers corrections to performance-based bonuses and limit payment or request return of the bonuses when necessary.

(8) The Company reviews levels, composition and others of compensation in a timely and proper manner in accordance with changes in the management environment.

Group Auditing System

Konica Minolta Inc., which has adopted the "company with three committees" framework, has established an Audit Committee, while its subsidiaries in Japan have appointed their own respective auditors. In addition, Konica Minolta Inc. has a Corporate Audit Division, which conducts an internal audit of the entire Group.

The members of the Audit Committee and the Corporate Audit Division of the Company, as well as auditors of the subsidiaries in Japan, share related information and strengthen coordination of audit activities across the Group. With the aim of ensuring effective audits, the same parties hold regular meetings with the accounting auditors, review auditing systems and policies, and examine whether or not the accounting auditors can fulfill their tasks properly.

Audit Committee System and Roles

The Audit Committee is comprised of six directors (who do not hold positions as executive officers), four of whom are outside

directors. The chairperson of the Audit Committee is selected from among the outside directors. To ensure effective operation of the committee, it has established its own office (Audit Committee Office) with staff members who are independent of any sections committed to actual business operations.

The Audit Committee members evaluate the legality and validity of the management decisions made by directors and executive officers, monitor and validate internal control systems, and assess the adequacy of the accounting auditors.

Corporate Audit Division System and Roles

The Corporate Audit Division is responsible for internal audits for the entire Konica Minolta Group. Overseen directly by the Representative Executive Officer, this division oversees the internal auditing function for the entire Group and performs internal audits of the Company and its subsidiaries. Audits use the risk approach for efficiency from the standpoint of the reliability of financial reports, the efficiency and effectiveness of business operations, and compliance with laws and regulations. There are also follow-up audits to confirm that

actions have been taken concerning items requiring improvements that were identified during audits.

Major subsidiaries also have their own internal audit departments. These departments strengthen the internal audit function of the entire Group while working with the Konica Minolta Corporate Audit Division.

Dialogue with Shareholders and Investors

Based on its Policy for Constructive Dialogue with Shareholders, Konica Minolta actively engages in IR activities with the purpose of achieving sustainable growth and improving corporate value over the medium-term through constructive dialogue with its shareholders and investors. In addition to disseminating information through various IR tools on the Konica Minolta website and other places, the Company strives to create opportunities for direct dialogue with investors and analysts through a variety of briefings and meetings, where the Company shares information about its management policies and strategies. In light of increasing interest in ESG investment in recent years, in FY2017 Konica Minolta held a briefing for investors themed on ESG.

Main Opportunities for Dialogue with Shareholders and Investors

	FY2017 Opportunities
General Meeting of Shareholders	<ul style="list-style-type: none"> •Attendants: 658 •Percentage of voting rights exercised: 81.2%
Institutional Investor Meetings	<ul style="list-style-type: none"> •Meetings held: 254 •Companies: 148
Analyst Meetings	<ul style="list-style-type: none"> •Meetings held: 72 •Analysts: 18 companies
Briefings for Investors and Analysts	<ul style="list-style-type: none"> •Briefings held: 10 •Visitors: 619
Individual Investor Briefings	<ul style="list-style-type: none"> •Briefings held: 4 •Visitors: 647

Group Compliance Promotion System

Compliance is the highest priority for Konica Minolta, Inc. in all of its corporate activities, and as such a compliance promotion structure has been established to supervise the Group overall.

At Konica Minolta, the Chief Compliance Officer, who is appointed by the Board of Directors, determines important matters for the promotion of the Group's compliance and is responsible for promoting and overseeing compliance activities such as anti-corruption measures and personal information protection. In order to execute these duties, the Chief Compliance Officer reports directly to the President and CEO of Konica Minolta, Inc., who has ultimate responsibility for Group compliance. The Chief Compliance Officer convenes the Group Compliance Committee, which is composed of officers responsible for compliance from corporate departments in charge of Group-wide functions.

Moreover, Konica Minolta implements a system in which the general managers of each department of Konica Minolta, Inc. in their positions as the official responsible for the compliance of their department, and the presidents of Group companies in Japan and overseas, in their positions as the official responsible for the compliance of their companies,

promote compliance in their respective organizations. The Chief Compliance Officer reports regularly to the Audit Committee regarding the progress of compliance activities and important compliance issues in the Group.

Risk Management System

Konica Minolta, Inc. has established a management system in which the President and CEO is responsible for risk management and crisis management.

The executive officers are responsible for managing various risks including strategic risks, financial risks, risks pertinent to environmental regulations and hazard risks. They identify and evaluate risks and develop and monitor countermeasures in their respective spheres of management. In addition, the Risk Management Committee, chaired by an executive officer appointed by the Board of Directors, is convened periodically (twice a year). The Committee examines the risks identified by each executive officer, as well as the countermeasures in place, and checks to ensure that the risk management system is functioning effectively, making revisions where necessary. The Group responds as a whole to risks judged to be particularly important, led by an executive officer appointed by the chairperson. The activities of the Risk Management Committee are periodically reported to the Audit Committee.

Konica Minolta has established a system for minimizing the business and social impact of crises that may arise from a range of risks by taking prompt and appropriate action and by releasing information. The Crisis Management Committee, chaired by the executive officer for crisis management appointed by the Board of Directors, discusses and formulates crisis countermeasures and procedures for action. Furthermore, the emergency contact system has been established to enable the President and CEO, in addition to the executive officer for crisis management, to assess the situation and make decisions quickly. A system has also been established to enable the President and CEO to take leadership in critical areas in a crisis.

Directors



Front row (from left): Fujiwara, Noumi, Yamana, Matsuzaki, Tomono, Hatchoji, and Hodo

Back row (from left): Itoh, Koshizuka, Shiomi, Taiko, and Hatano

Chairman of the Board of Directors

Masatoshi Matsuzaki

After serving as a Director at Konica Minolta Business Technologies, Inc., as President of Konica Minolta Technology Center, Inc., and in various other roles, became a director, and then the President and CEO of Konica Minolta, Inc. Assumed the position of Chairman of the Board in April 2014.

Director (President & CEO)

Shoei Yamana

After serving as Senior Executive Officer (in charge of business strategy and investor relations) at Konica Minolta, Inc. and subsequently as President of Konica Minolta Business Technologies Inc., among other positions, became President and CEO of Konica Minolta, Inc. in April 2014.

Director (Outside Director)

Hiroshi Tomono

After serving as President at Sumitomo Metal Industries, Ltd. and subsequently as Representative Director, President and COO, and Representative Director and Vice Chairman at Nippon Steel & Sumitomo Metal Corporation, among other positions, became an outside director at Konica Minolta, Inc. in June 2015.

Director (Outside Director)

Kimikazu Noumi

After serving as Senior Managing Executive Trustee at The Norinchukin Bank, as Representative Director and President at Norinchukin Zenkyoren Asset Management Co., Ltd., as Representative Director, Chairman and CEO at Aozora Bank, Ltd., and as Representative Director, President and CEO at Innovation Network Corporation of Japan, among other positions, became an outside director at Konica Minolta, Inc. in June 2016.

Director (Outside Director)

Takashi Hatchoji

After serving as Representative Executive Officer of Hitachi, Ltd., and subsequently as President and Director of Hitachi Research Institute, Ltd., Chairman of Hitachi America, Ltd., and Director at Hitachi, Ltd., among other positions, became an Outside Director at Konica Minolta, Inc. in June 2017.

Director (Outside Director)

Taketsugu Fujiwara

After serving as President of Asahi Kasei Chemicals Corporation, President and Representative Director and later Vice Chairman and Director of Asahi Kasei Corporation, among other positions, became an Outside Director at Konica Minolta, Inc. in June 2018.

Director (Outside Director)

Chikatomo Kenneth Hodo

Served as Representative Director and President and later Director and Chairman of Accenture Japan Ltd., among other positions. Became an Outside Director at Konica Minolta, Inc. in June 2018.

Director

Ken Shiomi

After serving as President of Konica Minolta Sensing Europe B.V., as Director and General Manager of the Business Management Division at Konica Minolta Sensing, Inc., and as Executive Officer at Konica Minolta, Inc., among other positions, became a Director in June 2015.

Director

Toyotsugu Itoh

Served as General Manager, Manufacturing Technology Center of Konica Minolta Technology Center, Inc. and Executive Officer and General Manager, Corporate Production Operation Division and later Senior Executive Officer at Konica Minolta, Inc. Assumed the position of Director in June 2018.

Director (Senior Executive Officer)

Seiji Hatano

Came to Konica Minolta, Inc. from the Bank of Tokyo-Mitsubishi UFJ, Ltd. In July 2011, and became Executive Officer and General Manager of the Business Strategy Division in April 2013, Senior Executive Officer in April 2014, and Director and Senior Executive Officer in June 2014.

Director (Senior Executive Officer)

Kunihiro Koshizuka

After serving as Director and General Manager of the Development Center at Konica Minolta Medical & Graphic, Inc., and subsequently as Executive Officer and General Manager of the Technology Strategy Division and as Senior Executive Officer and General Manager at Business Development Headquarters at Konica Minolta, Inc., among other positions, became Director and Senior Executive Officer in June 2015.

Director (Senior Executive Officer)

Toshimitsu Taiko

Served as Director at Konica Minolta Business Technologies, Inc., Chairman and CEO at Konica Minolta Business Solutions U.S.A., Inc., and Executive Officer at Konica Minolta, Inc. among other positions. Assumed the position of Director in June 2018.

Executive Officers (Listed in Japanese alphabetical order by name at the time of appointment or promotion)

Title	Name	Current Position and Responsibilities at the Company
President & CEO, Representative Executive Officer	Shoei Yamana *	Responsible for Diversity Enhancement
Senior Managing Executive Officer	Kiyotaka Fujii	General Manager, Healthcare Business Headquarters and Chairman, Ambry Genetics Corporation
Senior Executive Officer	Tsukasa Wakashima	Responsible for Human Resources and General Affairs
Senior Executive Officer	Kunihiro Koshizuka *	Responsible for Technologies
Senior Executive Officer	Ken Osuga	Responsible for Special Projects
Senior Executive Officer	Seiji Hatano *	Responsible for Business Management, Accounting, Finance, and Risk Management
Senior Executive Officer	Shingo Asai	General Manager, Manufacturing Headquarters
Senior Executive Officer	Noriyasu Kuzuhara	General Manager, Material & Component Business Headquarters and Corporate R&D Headquarters
Senior Executive Officer	Yuji Ichimura	General Manager, Industrial Optical System Business Headquarters and Responsible for BIC (Business Innovation Center) and Public Relations
Senior Executive Officer	Masafumi Uchida	General Manager, Quality Headquarters and Responsible for Corporate Sustainability
Senior Executive Officer	Toshimitsu Taiko *	Lead officer responsible for Business Technologies Business and General Manager, Office Business Headquarters
Senior Executive Officer	Ikuo Nakagawa	Responsible for Digital Workplace Business and IT
Senior Executive Officer	Kazuyoshi Hata	General Manager, Corporate Planning Division and Kansai Regional Director and Responsible for Investor Relations, Corporate Branding, and One KM Business Promotion
Executive Officer	Hiroyuki Suzuki	General Manager, Corporate Audit Division
Executive Officer	Atsuo Takemoto	Deputy General Manager, Manufacturing Headquarters
Executive Officer	Hajime Takei	General Manager, R&D Headquarters, Business Technologies
Executive Officer	Richard K. Taylor	President & CEO, Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Takaji Ito	General Manager, Corporate Business Management Division
Executive Officer	Toshiya Eguchi	General Manager, IoT Service Platform Development Operations
Executive Officer	Koji Sugie	General Manager, Professional Print Business Headquarters
Executive Officer	Tetsuya Matsueda	General Manager, Corporate Legal Division and Responsible for Intellectual Property, Compliance, and Crisis Management
Executive Officer	Kazumi Atago	General Manager, Corporate Secretarial Division and Company Secretary
Executive Officer	Hitoshi Kamezawa	General Manager, Sensing Business Unit, Industrial Optical System Business Headquarters
Executive Officer	Toru Hasegawa	Deputy General Manager, Healthcare Business Headquarters and General Manager, Healthcare Business Unit
Executive Officer	Jean-Claude Cornillet	President, Konica Minolta Business Solutions France S.A.S.

* Indicates the officer also holds a position as Director

CSR Management

Basic Approach

Konica Minolta aims to establish itself as an innovative company that is constantly evolving. Under its management philosophy, "The Creation of New Value," Konica Minolta works to remain vital to society. This is why the Group strives to contribute to the resolution of global challenges by creating value that improves the quality of society through its business endeavors.

Konica Minolta's CSR activities are guided by its management philosophy and vision, which are based on its Charter of Corporate Behavior. The Konica Minolta Group Guidance for the Charter of Corporate Behavior is shared globally and illustrates desirable behavior in each of the categories included in the Charter as a basis for understanding and practicing desired behavior. The Group Guidance articulates Konica Minolta's respect for international social norms such as the United Nations Global Compact, to which Konica Minolta, Inc. is a signatory, and its commitment to acting in compliance with those ideals.



CSR-Related Principles, Charters, and Norms That Konica Minolta Observes

- Universal Declaration of Human Rights
- Sustainable Development Goals (SDGs)
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ISO 26000
- Japan Business Federation "Charter of Corporate Behavior"

CSR-Related Organizations in Which Konica Minolta Participates or Is a Signatory

- United Nations Global Compact
- Responsible Business Alliance (RBA)
- Responsible Minerals Initiative (RMI)
- Japan Electronics and Information Technology Industries Association (JEITA), Responsible Minerals Trade Working Group, Conflict-Free Sourcing Working Group

Konica Minolta Group Charter of Corporate Behavior

Corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, should be beneficial to society at large.

For this reason, the Konica Minolta Group shall behave in a socially responsible manner and shall have all of its directors, officers and employees clearly acknowledge the spirit of this Charter of Corporate Behavior.

Senior management shall recognize that the fulfillment of the spirit of this Charter is its own role and responsibility and shall take the initiative to ensure that all directors, officers and employees fully understand the Charter.

In addition, management shall constantly pay attention to the opinions of internal and external parties and shall promote the implementation of effective systems to secure ethical corporate behavior.

1. Beneficial and safe products

We shall strive to earn the confidence of consumers and clients through the development and provision of socially beneficial products and services with the utmost consideration for safety.

2. Fair and transparent corporate activities

We shall, in the pursuit of fair and transparent corporate activities, comply with laws and social regulations and act in accordance with international rules and the articles of incorporation.

3. Communications with society and information disclosure

We shall communicate with society at large and disclose corporate information fairly and adequately.

4. Environmental protection

We shall acknowledge the seriousness of global environmental issues and shall act voluntarily and affirmatively to protect the environment.

5. Contribution to society

We shall, with a global perspective, affirmatively make contributions to society while respecting local customs and cultures.

6. Respect for employees

We shall endeavor to make the lives of employees comfortable and fulfilling, provide a safe work environment, and respect each employee's personality and individuality.

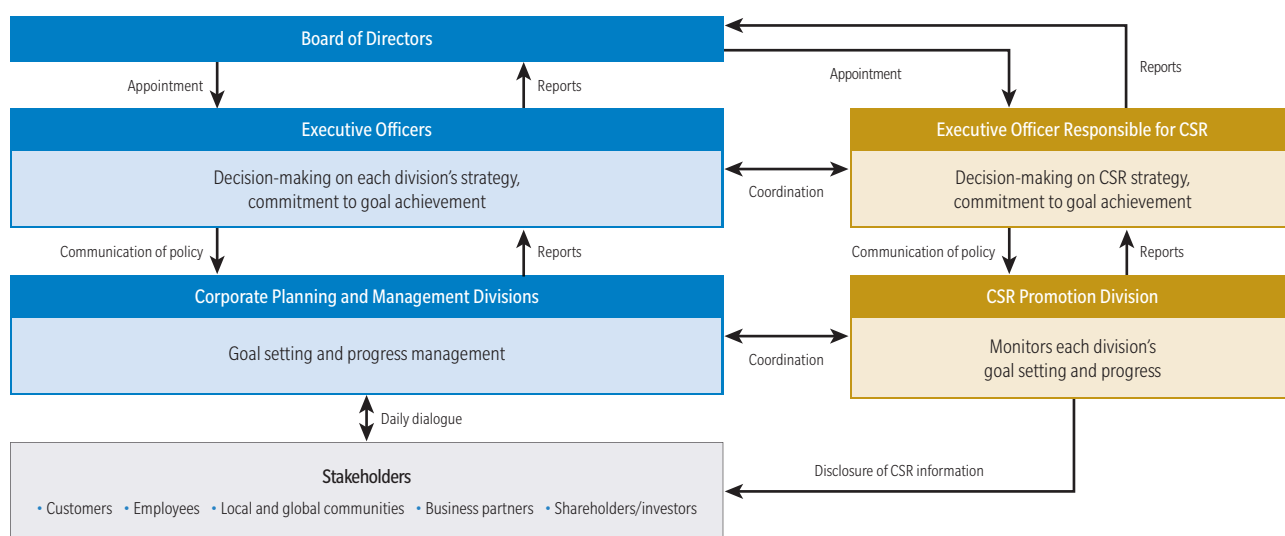
7. Responsible actions

In the event of a violation of the principles of this Charter, in order to solve the problem senior management shall investigate the cause of the violation and develop reforms to prevent its recurrence in accordance with corporate compliance procedures. Prompt public disclosure of precise information and an explanation regarding the violation shall be made and responsibility for the violation shall be clarified. Strict and fair disciplinary action shall be taken including with respect to senior management where necessary.

CSR Management System

At Konica Minolta, Inc., the executive officer responsible for CSR, who is appointed by the Board of Directors, carries out the duties and authorities concerning the entire Group's CSR activities. Directly reporting to the officer is the CSR promotion division, which sees to the implementation of CSR management for the entire Group. On a weekly basis, the division reports the progress of CSR activities to the executive officer in charge, while also reviewing measures and making proposals. Furthermore, the division consults the executive officers on important matters as appropriate.

In fiscal 2015, Konica Minolta established the CSR Executive Meeting, with executive officers as core members, to facilitate detailed discussion of CSR issues. At the same time, the company is improving measures and policies by reviewing each issue from a cross-sectional perspective. Since fiscal 2017, CSR activities have been implemented as an integral part of business management, and executive officers are now also being evaluated using non-financial performance indicators such as criteria related to the environment, society, and governance (ESG).



	Characteristics of Stakeholders	Tools and Opportunities for Communication
Customers	Konica Minolta does business around the world. The major customers of Konica Minolta's main business operations are corporations, government agencies, and hospitals.	<ul style="list-style-type: none"> • Providing customer service via websites and call centers • Providing product information via websites and newsletters • Conducting customer satisfaction surveys • Exchanging information via visits to customers • Exchanging information at showrooms and trade shows • Holding seminars
Employees	Konica Minolta employs 43,299 people worldwide. Of those, 26% are in Japan, 25% are in Europe, 21% are in the U.S., and 28% are in China and elsewhere in Asia and other locations. (Figures are based on total regular employees of consolidated companies, as of March 31, 2018.)	<ul style="list-style-type: none"> • Interactive intranet • Group journal • Employee engagement survey • Dialogue with labor unions • Internal help line systems • Discussion during inspection tours of production sites by senior staff • Video messages from the CEO
Local and global communities	Throughout its global operations, Konica Minolta acts as a responsible member of every community where it operates.	<ul style="list-style-type: none"> • Activities that contribute to local communities • Community briefings and invitational events • Sending speakers to lectures and places of education • Industry group activities • Environmental reports and websites • Global public relations activities through international publications and websites
Business partners	Konica Minolta procures raw materials, parts and components from many suppliers for each of the Group's businesses. The majority of these suppliers are located in Japan, China, and elsewhere in Asia.	<ul style="list-style-type: none"> • Holding suppliers' meetings • Procurement Collaboration System • Conducting CSR surveys (self-assessment questionnaires) • Visiting suppliers to exchange information
Shareholders and investors	Since Konica Minolta, Inc. has relatively high ownership by institutional and foreign shareholders, the company is expected to proactively take part in IR initiatives on a global basis.	<ul style="list-style-type: none"> • Shareholders' meetings • Briefings for investors • Visits to investors • Briefings for business analysts and institutional investors • Integrated reports • IR website

Process for Identifying Material Issues

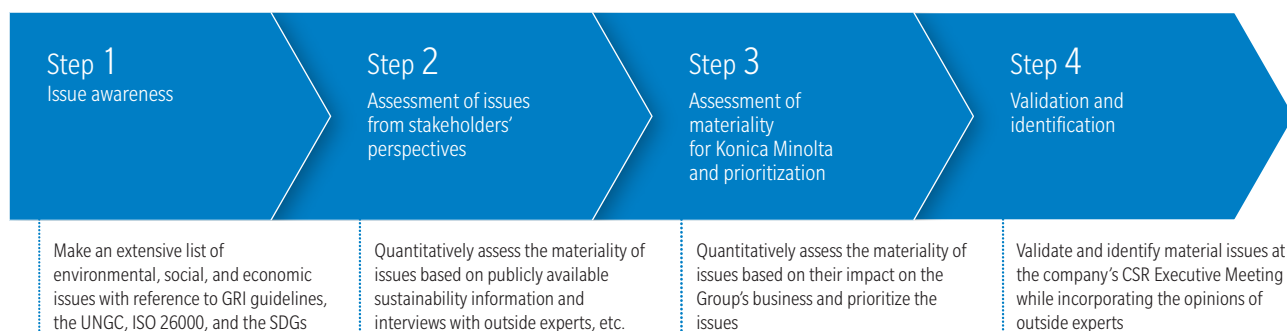
The companies of today must address a wide range of social issues, including human rights, labor ethics, and environmental challenges such as climate change and resource depletion. In light of the changing social landscape and business environment, Konica Minolta identifies material issues to address with priority, with the aim of ensuring that its initiatives function with a balance between social issues and business objectives.

To identify material issues, first a comprehensive list of issues was created with reference to international guidelines. These issues were given a quantitative rating for two aspects, “stakeholder interest” (materiality to stakeholders) and

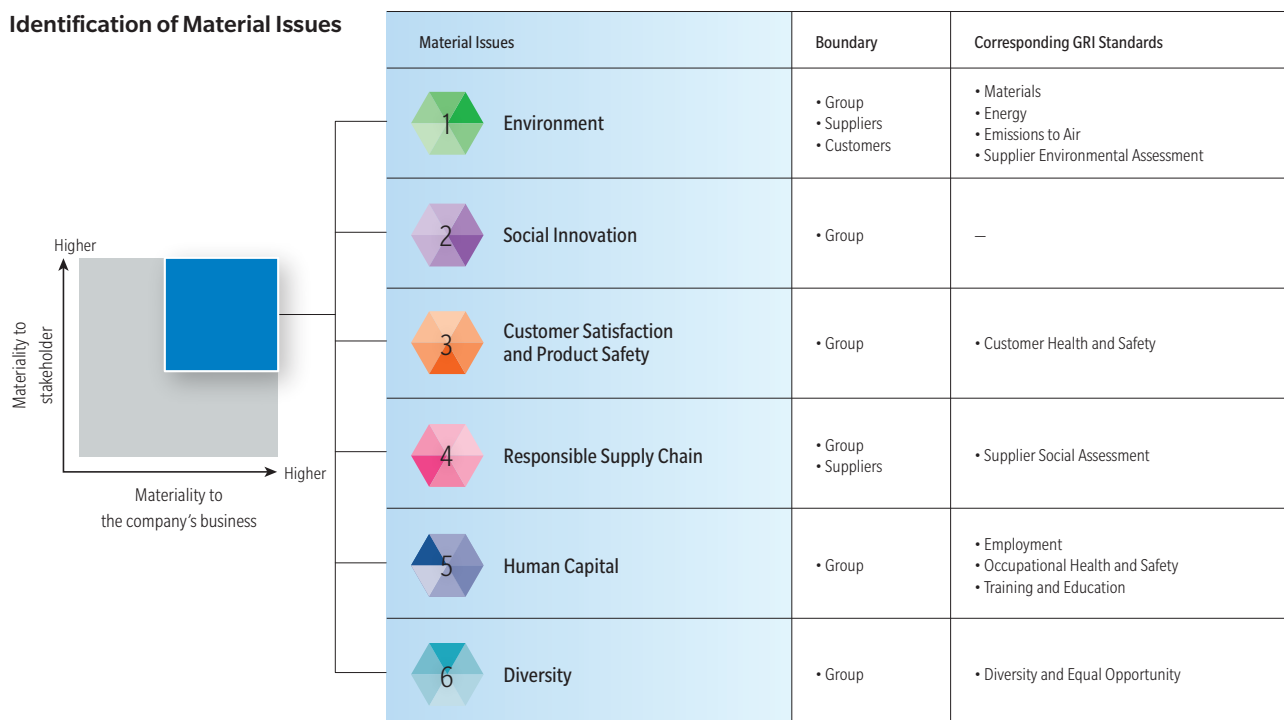
“impact on the Group’s business” (materiality to the company’s business), to verify their materiality. Outside experts were asked for their opinions in order to incorporate objectivity into the decisions on the materiality of each issue, which were validated by the CSR Executive Meeting, thereby completing the process for identifying material issues.

Targets and action plans will be established in accordance with these material issues, and action will be taken. This approach will help to ensure that Konica Minolta contributes to the resolution of social challenges, thereby enhancing its competitiveness as a company.

Process for Identifying Material Issues



Identification of Material Issues



Stakeholder Engagement

When promoting CSR activities, Konica Minolta emphasizes dialogue with diverse stakeholders including customers, employees, the local and global communities, business partners, shareholders and investors. Therefore, the company not only conducts daily dialogue with each division in charge, but also proactively creates opportunities for communication, including at the executive level, while leveraging

communication tools to help people understand Konica Minolta's approach.

The opinions acquired from feedback received and in dialogues with stakeholders are reviewed and urgent concerns are reported to management, facilitating improvements in management, products and services.

Focused Topics

Medium-Term Environmental Plan Briefing for Investors

In recent years, ESG investment, which considers corporate approaches to the environment, society, and governance in addition to financial performance, has been rapidly growing. Konica Minolta proactively disseminates information in response to the interests of such investors.

In 2017, investor briefings on the Medium-Term Environmental Plan 2019 were held in June and September. They were attended by 23 securities analysts and 23 institutional investors. Konica Minolta will continue to share this kind of information in the future.



Medium-Term Environmental Plan
briefing in 2017

Contributing to achievement of the Sustainable Development Goals (SDGs)

17 goals and 169 targets were set as Sustainable Development Goals (SDGs) at the United Nations Sustainable Development Summit in September 2015.

Under the guiding principle of becoming a "digital company with insight into implicit challenges" as laid out in the Medium-Term Business Plan, SHINKA 2019, Konica Minolta provides high added-value products and services that enable customers to solve problems in diverse industries and lines of business. Through these efforts, we aim to achieve sustainable growth as a company while at the same time helping advance our customers' businesses and promote social development. Achieving sustainable growth hand in hand with society is the goal that society now requires companies to meet, and this process is also well aligned with the SDGs.

Thus, by identifying and getting to work on the material issues that must be prioritized, we will contribute to solving global environmental issues and improving the quality of life while also making a difference in achieving the SDGs by 2030.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



Medium-Term Environmental Plan 2019, fiscal 2017 targets and results and fiscal 2018 targets

Material Issue	Key Action	Priority Issue	Medium-Term Environmental Plan 2019		Fiscal 2017 Targets
			Business value	Environmental value	Business value
Environment	Green Products (planning and development)	(1) Creation of Sustainable Green Products (SGPs) sought by customers and society	Sales <ul style="list-style-type: none"> Sustainable Green Products sales: 770 billion yen (sales ratio: 70%) Cost reductions <ul style="list-style-type: none"> Resource-saving cost reduction 	<ul style="list-style-type: none"> CO₂ emissions reduction during product use: 17.2 thousand tons CO₂ emissions reduction in the procurement stage: 45.9 thousand tons Effective resource utilization: 11.3 thousand tons Control emissions + Social issue solutions based on SDGs	Sales <ul style="list-style-type: none"> Sustainable Green Products sales: 640 billion yen (sales ratio: 65%) Cost reductions <ul style="list-style-type: none"> Resource-saving cost reduction
		(2) Complying with government procurement standards and environmental label requirements	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities 	<ul style="list-style-type: none"> Reduce environmental impact through compliance with standards 	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities
		(3) Dependably complying with product-related laws and regulations	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales 	<ul style="list-style-type: none"> Reduce hazardous chemical substance risk by conforming to laws and regulations 	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales
	Green Factory (procurement and production)	(1) Excellent Green Factory activities	Cost reductions <ul style="list-style-type: none"> Energy and resource cost reduction 	<ul style="list-style-type: none"> CO₂ emissions reduction in production activities: 19 thousand tons Effective resource utilization: 2.8 thousand tons Water consumption reduction: 220 thousand m³ 	Cost reductions <ul style="list-style-type: none"> Energy and resource cost reduction
		(2) Expansion of Green Supplier activities	Cost reductions <ul style="list-style-type: none"> Supplier cost reductions Sales <ul style="list-style-type: none"> Measures and expertise database creation, and knowledge commercialization 	<ul style="list-style-type: none"> CO₂ emissions reduction at suppliers: 5 thousand tons Effective resource utilization at suppliers: 0.25 thousand tons + Social issue solutions based on SDGs	Cost reductions <ul style="list-style-type: none"> Supplier cost reductions
		(3) Expanded adoption of renewable energy	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities 	<ul style="list-style-type: none"> Renewable energy ratio: 1% + Social issue solutions based on SDGs	Sales <ul style="list-style-type: none"> Eliminate lost sales opportunities
		(4) Supply chain risk response	Risk avoidance <ul style="list-style-type: none"> Eliminate environmental impact from procurement, production, and sales 	<ul style="list-style-type: none"> Environmental impact reduction through standards compliance 	Risk avoidance <ul style="list-style-type: none"> Eliminate environmental impact from procurement, production, and sales
	Green Marketing (distribution, sales and service, and collection and recycling)	(1) Strengthening relationships with customers globally	Sales <ul style="list-style-type: none"> Acquire sales opportunities 	<ul style="list-style-type: none"> Reduce customer's environmental impact + Social issue solutions based on SDGs	Sales <ul style="list-style-type: none"> Acquire sales opportunities
		(2) Optimizing the supply chain and linking environmental initiatives	Cost reductions <ul style="list-style-type: none"> Reduce cost of distribution and packaging 	<ul style="list-style-type: none"> CO₂ emissions reduction in distribution: 0.3 thousand tons Effective resource utilization: 0.04 thousand tons 	Cost reductions <ul style="list-style-type: none"> Reduce cost of distribution and packaging
		(3) Complying with laws on collection and recycling of used products	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales 	<ul style="list-style-type: none"> Resource recycling through collection and recycling of used products 	Risk avoidance <ul style="list-style-type: none"> Eliminate effect on sales

- Preventing global warming
- Supporting a recycling-oriented society
- Reducing chemical substance risks
- Environment overall
- Restoring and preserving biodiversity

		Fiscal 2017 Results				Fiscal 2018 Targets	
	Environmental value	Business value		Environmental value		Business value	Environmental value
	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 11.2 thousand tons • CO₂ emissions reduction in the procurement stage: 36.9 thousand tons • Effective resource utilization: 9.3 thousand tons 	Sales <ul style="list-style-type: none"> • Sustainable Green Products sales: 657.6 billion yen (sales ratio: 64%) Cost reductions <ul style="list-style-type: none"> • Resource-saving cost reduction 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 10.9 thousand tons • CO₂ emissions reduction in the procurement stage: 37.1 thousand tons • Effective resource utilization: 10.3 thousand tons 	○	Sales <ul style="list-style-type: none"> • Sustainable Green Products sales: 700 billion yen (sales ratio: 65%) Cost reductions <ul style="list-style-type: none"> • Resource-saving cost reduction 	<ul style="list-style-type: none"> • CO₂ emissions reduction during product use: 13.2 thousand tons • CO₂ emissions reduction in the procurement stage: 39.8 thousand tons • Effective resource utilization: 10.4 thousand tons
	<ul style="list-style-type: none"> • Reduce environmental impact through compliance with standards 	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	○	<ul style="list-style-type: none"> • Reduce environmental impact through compliance with standards 	○	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	<ul style="list-style-type: none"> • Reduce environmental impact through compliance with standards
	<ul style="list-style-type: none"> • Reduce hazardous chemical substance risk by conforming to laws and regulations 	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	○	<ul style="list-style-type: none"> • Reduce hazardous chemical substance risk by conforming to laws and regulations 	○	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	<ul style="list-style-type: none"> • Reduce hazardous chemical substance risk by conforming to laws and regulations
	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 17.4 thousand tons • Effective resource utilization: 1.9 thousand tons • Water consumption reduction: 150 thousand m³ 	Cost reductions <ul style="list-style-type: none"> • Energy and resource cost reduction 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 25.6 thousand tons • Effective resource utilization: 4.0 thousand tons • Water consumption reduction: 259 thousand m³ 	○	Cost reductions <ul style="list-style-type: none"> • Energy and resource cost reduction 	<ul style="list-style-type: none"> • CO₂ emissions reduction in production activities: 23.4 thousand tons • Effective resource utilization: 4.8 thousand tons • Water consumption reduction: 213 thousand m³
	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 3 thousand tons • Effective resource utilization at suppliers: 0.15 thousand tons 	Cost reductions <ul style="list-style-type: none"> • Supplier cost reductions 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 3.4 thousand tons • Effective resource utilization at suppliers: 0.26 thousand tons 	○	Cost reductions <ul style="list-style-type: none"> • Supplier cost reductions 	<ul style="list-style-type: none"> • CO₂ emissions reduction at suppliers: 5.4 thousand tons • Effective resource utilization at suppliers: 0.35 thousand tons
	<ul style="list-style-type: none"> • Renewable energy ratio: 0.2% 	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	○	<ul style="list-style-type: none"> • Renewable energy ratio: 0.4% 	○	Sales <ul style="list-style-type: none"> • Eliminate lost sales opportunities 	<ul style="list-style-type: none"> • Renewable energy ratio: 0.6%
	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance 	Risk avoidance <ul style="list-style-type: none"> • Eliminate environmental impact from procurement, production, and sales 	○	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance 	○	Risk avoidance <ul style="list-style-type: none"> • Eliminate environmental impact from procurement, production, and sales 	<ul style="list-style-type: none"> • Environmental impact reduction through standards compliance
	<ul style="list-style-type: none"> • Reduce customer's environmental impact 	Sales <ul style="list-style-type: none"> • Acquire sales opportunities 	○	<ul style="list-style-type: none"> • Reduce customer's environmental impact 	○	Sales <ul style="list-style-type: none"> • Acquire sales opportunities 	<ul style="list-style-type: none"> • Reduce customer's environmental impact
	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.3 thousand tons • Effective resource utilization: 0.005 thousand tons 	Cost reductions <ul style="list-style-type: none"> • Reduce cost of distribution and packaging 	○	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.5 thousand tons • Effective resource utilization: 0.007 thousand tons 	○	Cost reductions <ul style="list-style-type: none"> • Reduce cost of distribution and packaging 	<ul style="list-style-type: none"> • CO₂ emissions reduction in distribution: 0.4 thousand tons • Effective resource utilization: 0.02 thousand tons
	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products 	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	○	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products 	○	Risk avoidance <ul style="list-style-type: none"> • Eliminate effect on sales 	<ul style="list-style-type: none"> • Resource recycling through collection and recycling of used products

Targets and Results Regarding Social Impact

Material Issue	Key Action	Fiscal 2017 Targets
Social Innovation	Business development that contributes solutions to social issues	<ul style="list-style-type: none"> Promote new business development through core technologies and open innovation Promote business development at the company's five Business Innovation Centers (BICs) Establish KPIs for the social outcomes of new businesses
	Achieving top-tier quality and reliability	<ul style="list-style-type: none"> Number of serious product-related accidents^{*1}: 0 Risk assessment practices: 12 times/year
Customer Satisfaction and Product Safety	Creating new quality value	<ul style="list-style-type: none"> Continue conducting satisfaction surveys, set targets, and make improvements
	Promoting CSR in the supply chain	<p>CSR procurement</p> <ul style="list-style-type: none"> Request that suppliers carry out CSR activities: 100% implementation CSR assessment: Complete assessments of all Group production sites and about 120 important suppliers by the end of fiscal 2019 CSR audit: Complete audits of two important Group production sites and two important suppliers by the end of fiscal 2019 <p>Response to conflict mineral issues</p> <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: Maintaining 95% or higher Respond to customers' requests for surveys: 100% response
Human Capital	Work-style reform	<ul style="list-style-type: none"> Define actions and work methods required for each business portfolio and implement disruptive innovation in work-style reforms based on business process reforms and use of robotics and AI Improve productivity per unit of time, promote collaboration, and promote diversity
	Developing human capital	<ul style="list-style-type: none"> Continue implementing human resource development program (Global e-Juku) for global group managers Define ideal human resources, required abilities and skills to achieve new medium-term business plan Accelerate human capital development for young employees Create business producers who create new businesses from the customer's perspective
	Occupational safety and health	<ul style="list-style-type: none"> Serious accidents^{*4}: 0 Frequency rate of accidents causing absence from work^{*5}: 0.1 or less Improve global health and safety management by senior management Implement comprehensive risk management to comprehensively reduce equipment, material, work, and work environment risks Strengthen cultivation of safety culture: Involve top management in safety, manage safety in the workplace, and improve individuals' safety awareness
	Improving employee health	<ul style="list-style-type: none"> Curb the number of absences due to illness Number of absences due to illnesses: 38 (as of April 1, 2018) Reduce the number of employees with health risks (1) Rate of reduction of people with risk of requiring ongoing hospital treatment for blood pressure, blood sugar, lipids: Down 21.3% from FY2016 (2) Rate of reduction of people with specific health guidance: Down 14.9% from FY2016
Diversity	Supporting women's career advancement	<ul style="list-style-type: none"> Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and care-taking, and consider work styles tailored to these life events Appoint female managers: Women hold 5% of all management positions Raise the percentage of women among new graduate hires
	Utilizing employee experiences gained outside the company and abroad	<ul style="list-style-type: none"> Proactively hire and train non-Japanese employees in Japan

^{*1} Serious product-related accidents refer to those accidents that cause serious harm to the product user's life and/or body and accidents that cause serious damage to assets other than the product.

^{*2} Serious security incidents refer to those product-security incidents that cause serious and significant harm to the product user's business.

^{*3} RPA (Robotic Process Automation): Automating routine business processes on a personal computer

	Fiscal 2017 Results	Fiscal 2018 Targets and Plans
	<ul style="list-style-type: none"> Four BIC projects brought a product to market BIC Japan released "Kunkun body" body odor detector, a product that makes body odor visible Conducted surveys of nursing care staff about their satisfaction with Care Support Solutions* 	<ul style="list-style-type: none"> Promote new business development through core technologies and open innovation Promote business development at the company's five Business Innovation Centers (BICs) Continue to survey nursing care staff about satisfaction with Care Support Solutions* and implement improvements for any issues identified
	<ul style="list-style-type: none"> Number of serious product-related accidents*¹: 0 Risk assessment practices: 12 times/year 	<ul style="list-style-type: none"> Number of serious product-related accidents*¹: 0 Number of serious security incidents*² in the service business area: 0
	<ul style="list-style-type: none"> Customer satisfaction surveys conducted according to the characteristics of each business area Identified issues for each business area and made improvements 	<ul style="list-style-type: none"> Continue conducting satisfaction surveys and implement improvements based on the results Construct verification processes for customer value creation using design thinking
	CSR procurement <ul style="list-style-type: none"> Requested that suppliers carry out CSR activities: 100% implementation CSR assessment: Completed assessment of three Group production sites and 50 important suppliers CSR audit: Completed audit of two important Group production sites and one important supplier 	CSR procurement (FY2017 to FY2019) <ul style="list-style-type: none"> Request that suppliers carry out CSR activities: 100% implementation CSR assessment: Complete assessments of all Group production sites and approximately 120 important suppliers CSR audit: Complete audits of two important Group production sites and two important suppliers
	Response to conflict mineral issues <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: 99% Response to customers' requests for surveys: 100% 	Response to conflict mineral issues (FY2017 to FY2019) <ul style="list-style-type: none"> Supplier response rate to conflict mineral surveys: Maintaining 95% or higher Respond to customers' requests for surveys: 100%
	<ul style="list-style-type: none"> Full-scale implementation of a remote work system Allowed employees to take a second job or work concurrently to promote innovation Introduced a job return system Utilized RPA*³ to enhance the efficiency of 45 operations, saving 4,200 hours 	<ul style="list-style-type: none"> Prepare operational and workplace environments Reform operational processes Make the most of diverse human resources Expand systems Clarify roles and authorities Enhance efficiency using RPA*³: Save approximately 19,000 hours
	<ul style="list-style-type: none"> Implemented Global e-Juku (34 people from 13 countries participated) Expanded educational programs based on a clear picture of the ideal human resources and the necessary skills and abilities Launched an overseas training program for young employees in Japan (total of 24 people sent overseas) Implemented a program for employees to learn about digital innovation creation through new business proposals 	<ul style="list-style-type: none"> Accelerate the development of high-potential human resources, and foster global human resources development for executives Promote an overseas training program for young employees in Japan Develop entrepreneurs who can create new businesses based on customer needs Develop human resources who can establish IoT business models
	<ul style="list-style-type: none"> Serious accidents*⁴: 0 Frequency rate of accidents causing absence from work*⁵: Japan, 0.22; Overseas, 0.20 According to Konica Minolta's original safety management indicator Unsafety Marks*⁶, a 20% reduction was achieved over the past three years 	<ul style="list-style-type: none"> Serious accidents*⁴: 0 Frequency rate of accidents causing absence from work*⁵ (FY2017 to FY2019): 0.1 or less Improve health and safety management capability using Konica Minolta's original indicator Unsafety Marks*⁶ Advance comprehensive risk management that broadly minimizes equipment, materials, operation and work environment risks Enhance the safety culture: Top management involvement in safety promotion, workplace safety management, and individual safety awareness improvement
	<ul style="list-style-type: none"> Curb the number of absences due to illness Number of absences due to illnesses: 26 (as of April 1, 2018) Reduce the number of employees with health risks (1) Rate of reduction of people with risk of requiring ongoing hospital visits for blood pressure, blood sugar, lipids: Down 4.3% from FY2016 (2) Rate of reduction of people with specific health guidance: Down 3.3% from FY2016 	<ul style="list-style-type: none"> Curb the number of absences due to illness Reduce the number of employees with health risks
	<ul style="list-style-type: none"> Established a Corporate Diversity Office directly under the president Held workshops for key personnel groups (Top management, general managers, managers, and all women employees) Conducted a survey to ascertain the actual situation for employees with home care responsibilities, and distributed information to relieve concerns Appointed female managers: Women held 5.5% of all management positions Actively recruited women graduates: Percentage of women among new graduate hires: 33% 	<ul style="list-style-type: none"> Foster awareness and a culture supportive of diversity, with a focus on promoting participation by women Consider ways of supporting life events affecting both men and women, such as childbirth, child-rearing and caretaking, and consider work styles tailored to these life events Appoint female managers (target for fiscal 2019: Women hold 7% of all management positions) Raise the percentage of women among new graduate hires (30% or more)
	<ul style="list-style-type: none"> Percentage of non-Japanese nationals among new employees hired by Konica Minolta, Inc.: 14% (April 2018) 	<ul style="list-style-type: none"> Active recruitment of mid career human resources and personnel from outside of Japan Provide opportunities to gain experience and knowledge outside of the company Promote exchanges among employees globally and provide venues for innovation creation where diverse employees can inspire and learn from each other





*⁴ **Serious accidents**: (1) Death, disease requiring a long recovery period (or the possibility thereof), an injury resulting in a disability (or the possibility thereof), or a specific contagious disease; (2) an accident resulting in the death or injury of three or more workers during work at one point or the contraction of a disease (including accidents not accompanied by lost worktime)

*⁵ **Frequency rate of accidents causing absence from work**: The number of persons absent from work per one million total actual working hours for current employees

*⁶ **Unsafety Marks**: Numerical values obtained by assigning points based on the number, type and severity of accidents that occur in a workplace

Creating Value through Our Value Chain

To produce high added-value products and services, Konica Minolta has built a value chain supporting everything from development to procurement, production, distribution, marketing and sales, and after-sales support. Alongside leveraging this value chain to optimize costs, we are also working to improve quality, reduce environmental impact, and develop the people who make it all possible.

Value Chain	R&D	Procurement	Production	Distribution
				
Quality Improvement Initiatives	<ul style="list-style-type: none"> Utilize the four core technologies of materials, optics, nanoscale fabrication, and imaging to develop revolutionary products Develop cyber-physical systems that achieve a sophisticated combination of input technologies, which make the invisible visible; process technologies, which make acquired data intelligent; and output technologies, which allow for the creation of solution-based services 	<ul style="list-style-type: none"> Improve analytical capabilities and roll out prediction and prevention measures by deploying Konica Minolta ICT systems at, and sharing data with, business partners Work with business partners to conduct quality improvement activities called DOAZ[*] <p>[*] Defect On Arrival Zero</p>	<ul style="list-style-type: none"> Conduct production capability assessments to gauge frontline capabilities and productivity improvement capabilities at production sites, including with respect to environments, quality, safety, and security Pursue global quality assurance through coordination with Konica Minolta production sites and production contractors inside and outside of Japan Gather and analyze quality and other data using ICT in order to improve production quality through quality stabilization and defect prevention 	<ul style="list-style-type: none"> Improve and maintain logistics quality (improve lead times and reduce damage and losses) through KPI management in cooperation with logistics (shipping and inventory) partners (contractors) Conduct logistics network design and respond flexibly to reduce logistics risks (freight congestion caused by natural disasters, government policies, conflicts, etc.)
Quality Management (P.79)				
Environmental Initiatives	<ul style="list-style-type: none"> Create the sustainable green products that customers and society need Develop the environmental technologies for creating sustainable green products 	<ul style="list-style-type: none"> Work with business partners to conduct green supplier activities and reduce environmental impact and costs 	<ul style="list-style-type: none"> Conduct green factory operations that simultaneously reduce environmental impact and cut costs Conduct upgrade recycling (using upgraded recycled materials) to solve regional environmental issues 	<ul style="list-style-type: none"> Reduce CO₂ emissions through better logistics efficiency Reduce packaging material usage
Environmental Management (P.80)				
Human Resource Initiatives	<ul style="list-style-type: none"> Hold the Challenge Engineers Forum to develop young technicians Practical education aimed at developing businesses for digital solutions companies (MOT education) Provide intellectual property education in China, where patent acquisition is heating up 	<ul style="list-style-type: none"> Improve skills through cross-border and cross-organizational personnel rotation Provide specialized education in compliance and procurement 	<ul style="list-style-type: none"> Build and manage systems for companywide training for production personnel Utilize systems for flexibly accommodating production structure changes and make the most of experienced personnel 	<ul style="list-style-type: none"> Strengthen logistics strategy planning ability aimed at overall optimization Strengthen ability to execute when building a distribution network Leverage global SCM personnel
Human Resource Management (P.81)				
IT Initiatives	<ul style="list-style-type: none"> Acquire IoT, AI, and other cutting-edge technologies 	<ul style="list-style-type: none"> Improve mutual operating efficiency through procurement ICT coordination with business partners 	<ul style="list-style-type: none"> Achieve efficient production through workflow reform using ICT 	<ul style="list-style-type: none"> Improve systems and business processes that span production to sales and optimize product supply and inventory based on customer needs
IT Management (P.82)				
Cost Initiatives	<ul style="list-style-type: none"> Acquire patents in Japan, the U.S., China, and other countries Invest at least 70 billion yen annually in R&D 	<ul style="list-style-type: none"> Work with business partners to control costs, beginning at the development stage Promote Procurement Collaboration Activities in order to improve business partners' productivity Conduct global procurement activities that account for logistics, exchange rate volatility and other factors 	<ul style="list-style-type: none"> Save labor through production innovations involving production automation and ICT Reform work styles and reduce production costs with development and production department coordination Reduce the cost of small lot orders by utilizing mixed-flow production and processing technologies for small lots 	<ul style="list-style-type: none"> Reduce costs by improving shipping efficiency (improving container/truck loading efficiency) Optimize inventory at each site through global supply and demand balancing, and review distribution routes to improve transport efficiency

Marketing & Sales



- Conduct face-to-face sales to understand the value customers truly need and provide solutions to customers' problems through the best mix of products and services
- Improve value to the customer through OPS and hybrid-type sales which combine equipment sales with provision of IT services
- Improve the quality of proposals for and delivery to customers through sales and project management handled by customer engagement teams

After-Sales Support



- Homogenize support operations through the launching of the Global Support Center
- Implement SLA (Service Level Agreement) to provide customers with high quality services and peace of mind

- Provide support for decreasing customers' environmental impact with OPS
- Provide support for customers' environmental management using environmental technologies and expertise

- Collect and recycle used MFPs and printers
- Carry out the Clean Planet Program for collecting toner cartridges

- Acquire expertise and human resources to strengthen ability to provide services such as OPS, MPM, and MCS

- Invest human resources in service businesses
- Strengthen ability to help customers at the call center

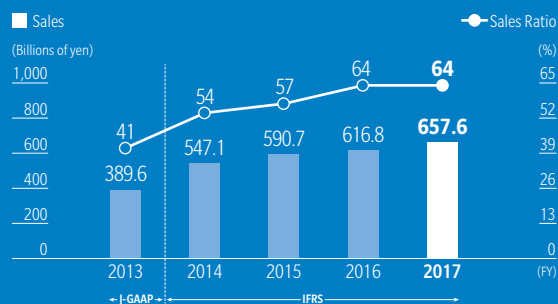
- Promptly resolve problems by utilizing remote support maintenance

- Consolidate sales facilities Make support operations more

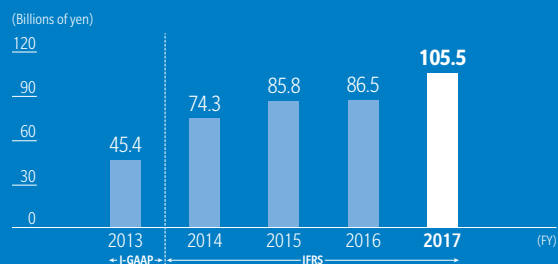
- Efficient with the launching of the Global Support Center

Results of Contributing to Customer Value Creation

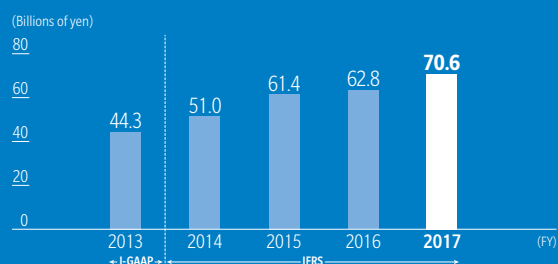
Expanded sales in green products, which reduce customers' environmental impact



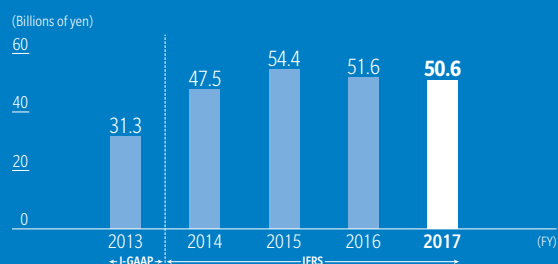
Expanded sales of OPS, which help customers cut costs and enhance efficiency



Expanded sales in IT service solutions, which support workflow transformation in the Office Services



Expanded sales in MPM services, which help reduce costs and improve efficiency in customers' marketing activities



Quality Management

As it works to make services a bigger part of its business portfolio, Konica Minolta is changing from “manufacturer-centric quality” to “customer-centric quality” in pursuit of becoming #1 in customer satisfaction.

* More information is provided on pg. 31-34 (Improving Customer Satisfaction and Product Safety) in CSR Report 2018. <https://www.konicaminolta.com/about/csr/csr/download/2018/index.html>

Medium-Term Quality Plan 2017–2019

One of the goals of Konica Minolta’s Medium Term Business Plan “SHINKA 2019” is to help solve social issues by becoming a digital company that provides solutions with insight into implicit challenges facing society. Based on the belief that developing solutions to challenges faced by professionals in the workplace ultimately benefits society by helping to resolve social issues, it is also necessary to bring a revolution to the “form” of quality assurance delivered to customers by providing quality-guaranteed products and services. This has made it important for the company to transform its actions by taking the customer’s perspective.

To guide this new approach, Konica Minolta has recently implemented its Medium-Term Quality Plan 2017–2019 based on the concept of shifting focus from quality from the manufacturer’s perspective to quality from the customer’s perspective. Under this plan, Konica Minolta is striving to provide customers with “safety and security” by achieving quality with a high degree of reliability. By creating new quality value, the company is aiming to become No. 1 in customer quality satisfaction by improving customer engagement.

In order to realize highly reliable quality, the company is working to transition from quality assurance for products to include quality assurance for services while continuously enhancing quality assurance and endeavoring to reduce quality risk in all service business areas.

Meanwhile, in order to create new quality value, Konica Minolta is promoting initiatives that start on the customer’s frontline. By analyzing customer feedback, identifying latent challenges, and then helping to solve them, Konica Minolta is striving to achieve a new level of engagement above and beyond customer expectations.

Enhancing Secure Product Development and Operation

In a society where an increasing number of devices are connected to the Internet using IoT technology, security incidents that involve exploitation of product vulnerabilities, such as unauthorized intrusion, unauthorized operation, and data tampering, are new threats that can cause serious damage to customer operations. In its Medium Term Business Plan, Konica Minolta has positioned its Edge IoT platform strategies, such as Workplace Hub, as a major growth driver among its new businesses. The company recognizes that the risk of IoT security incidents will increase in this area compared to its conventional foundational business.

Information regarding the vulnerability of products is being centrally managed group-wide. Along with promoting the necessary measures, the company has launched KM-PSIRT* as a group-wide organization to collaborate with external public organizations, and it has begun relevant activities.

Additionally, Konica Minolta has established security guidelines spanning the entire product lifecycle from product planning and development to product use. The company is also constructing mechanisms to ensure that secure products are provided to the market, and to respond and report promptly when incidents occur.

* KM-PSIRT: Konica Minolta’s Product Security Incident Response Team, a product vulnerability response organization

Creating a Quality Assurance System in Service Business Areas

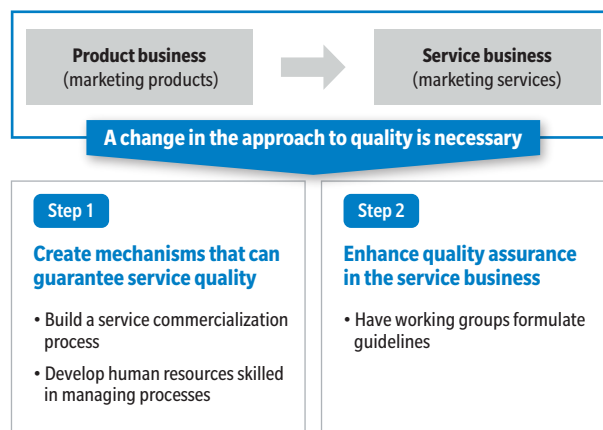
In service business areas, the company believes it must shift from product quality assurance to service quality assurance and establish the most innovative processes. Services are different from manufactured products as they lack physical form, their quality cannot be checked in advance, and they highlight the importance of process in addition to results. Consequently, it is a challenge to predict and manage highly reliable quality.

Based on this shift in business, the company is promoting the construction of a service commercialization process, and human resource development for process management as a way to create a mechanism for quality assurance in the upstream stage of the service business.

When developing a new service business, Konica Minolta utilizes the agile development method. It quickly ascertains the quality required by customers and uses this knowledge to enhance quality assurance. This method is performed not only in Japan, but also globally at locations in customers’ vicinities, to ensure strong quality assurance worldwide.

Furthermore, a company-wide working group has been established based on several key terms: cloud-based services, product security, and agile development, which are the core elements of a service business. Konica Minolta is working on the formulation of quality standards and usage guidelines, along with actions to put them into practice.

Quality Issues and Steps to Grow Service Business Areas



Environmental Management

While striving to solve environmental problems and achieve business growth, we are working with stakeholders to achieve our “carbon minus” goal by 2050.

* More information is provided on pg. 15-24 (Environment) in CSR Report 2018. <https://www.konicaminolta.com/about/csr/csr/download/2018/index.html>

Evolution of Long-Term Environmental Target Eco Vision 2050

Konica Minolta is focused on reducing its environmental impact and contributing to a more sustainable society in accordance with the Eco Vision 2050 long-term environmental target and Medium-Term Environment Plan 2019, which are to be achieved by 2050 and 2019, respectively. In order to further strengthen environmental action in fiscal 2017, the company added a more ambitious goal, to Eco Vision 2050, the “Carbon Minus” concept. Under this concept, Konica Minolta aims to reduce the CO₂ emissions from its products throughout their entire life cycle by 80% compared to fiscal 2005 levels by 2050. Furthermore, we aim to achieve a CO₂ emissions reduction effect that exceeds the CO₂ emissions produced by Konica Minolta’s business activities through cooperation with stakeholders (see page 12 for more information on carbon minus targets).

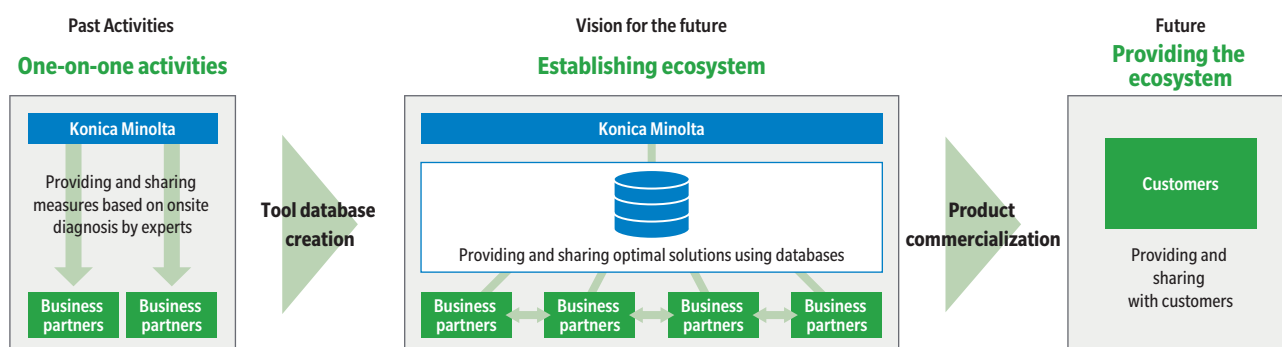
Creation of Shared Value with Stakeholders to Realize “Carbon Minus” Status

When working to overcome environmental challenges on a global scale, there is a limit to what can be achieved by just one company. This is why it is essential to expand the impact of environmental efforts by working with stakeholders such as suppliers, customers, and local communities.

Under its Medium-Term Environment Plan 2019, the company is working toward the Carbon Minus goal indicated in Eco Vision 2050. The aim is to reduce the environmental impact of society as a whole by collaborating with a wide range of stakeholders.

For example, by creating a database of energy-saving methods used internally and sharing it with business partners, Konica Minolta can help suppliers to devise and implement their own energy-saving measures. By sharing these activities with customers and expanding the circle of cooperation globally, Konica Minolta believes that it can make a dramatic contribution to solving global environmental problems.

Creation of Shared Value with Stakeholders



Feedback from Customers Collaborating with Us on Environmental Initiatives

At our company, I had always heard the comment that environmental activities involve a significant cost. When I attended the Konica Minolta lecture however, I realized that environmental activities can actually lead to cost reductions. So, we used Konica Minolta's "biz-Library" environmental management support tools as a reference and first set up monitoring of energy usage at our main factory. Looking at the results, we decided to focus on gas consumption, which accounted for a large proportion of our energy usage. We optimized the manufacturing process and took measures to reduce heat loss, while verifying the influence on product quality. This enabled us to reduce both CO₂ emissions and costs. As people at the site saw the cost reduction effect, everyone grew in their environmental awareness, and since then many employees have come up with their own ideas for energy conservation. This success case is now being expanded to other plants.

Gen Ohara

Plant Manager and Management Office Head, Paloma Co., Ltd.

Feedback from Business Partners Collaborating with Us on Environmental Initiatives

Through the Green Supplier activities, we received a wealth of advice on things such as energy conservation, resource reduction measures, and calculation methods. Thanks to Konica Minolta, we were able to take the first steps toward environmental contribution. For environmental measures requiring investment, we received proposals from a management perspective, including measures sorted into short-, medium-, and long-term investments, as well as by depreciation period. The government also has several requirements for environmental conservation measures, and we were able to work even more positively on them by pursuing the Green Supplier activities. In the future, we would like to develop self-diagnosis mechanisms while applying diagnostic tools from Konica Minolta.



Yushi Ueda
Director / General
Manager
Szepak Precision
(Wuxi) Co., Ltd.

Human Resource Management

To catalyze corporate growth, we will leverage the capabilities of those who can create new value in solving issues faced by our customers and society.

* More information is provided on pg. 39-48 (Human Capital and Diversity) in CSR report 2018. <https://www.konicaminolta.com/about/csr/csr/download/2018/index.html>

Efforts for Greater Diversity

One of Konica Minolta's strengths as a global company is that employees of different national origins, races, beliefs, cultures, languages, genders, ages and expertise work together in regions all over the world. It is this diversity that leads to innovative thinking and original ideas, thus generating new value that helps provide solutions for customers and society.

Based on this philosophy, in April 2017 Konica Minolta, Inc. established a Corporate Diversity Office under the direct control of the president. The role of the new organization is to promote a respect for diversity and a focus on inclusion within the company. The Corporate Diversity Office is striving to ensure a deep understanding of diversity and inclusion among employees, and since fiscal 2016, it has been working to support the success of Konica Minolta's female employees. The office is also working with various departments to promote the participation of international employees and people with disabilities by creating an organizational culture that respects not only diversity in attributes, such as gender and nationality, but also diversity in values and views of life.

Work-Style Reform

Konica Minolta is moving forward with work-style reforms in many areas, including operational processes, human capital utilization, roles and authority, systems, and environmental measures. In so doing, the company is seeking to improve the job satisfaction of every employee as well as overall productivity. At the same time, in a business environment where unprecedented changes continue to occur, Konica Minolta will continue to promote the creativity and innovation that is the source of competitiveness.

In fiscal 2017, Konica Minolta, Inc. implemented a program that permits employees to take on a second job or work concurrently to promote innovation. At the same time, the company also introduced a Job Return System to increase employee diversity. The first measure helps to meet the needs

of employees who want to start their own businesses while still working at Konica Minolta, and those who want to enhance their skills in areas such as IT and programming. This program is expected to become a starting point for creating innovation, by making full use of employee knowledge and skills that can be gained through work experience outside the company.

The Job Return System provides opportunities for reinstatement to employees who have left the company due to personal circumstances such as child rearing or nursing care of a family member, or those who leave in order to study abroad or change occupations with the goal of career advancement. In addition to utilizing the knowledge and experience cultivated by such employees before leaving the company, Konica Minolta expects to also make full use of the knowledge, personal contacts and experience gained by such employees during their time away.

Human Resource Development

Konica Minolta aims to foster "true management executives" who can succeed globally. This is why a Global e-Juku business leader education program has been implemented for executive candidates, including those from Group companies globally.

Konica Minolta has a short-term overseas training program targeting young Japanese employees. By practicing leadership and engaging in cross-cultural exchanges for exposure to diverse values, this program aims to improve and expand employee outlooks to help them to succeed on the global stage.



Overseas training program participant (center) and host-country employees

Focused Topics

Konica Minolta Receives Grand Prize in NIKKEI Smart Work Awards 2018 for the ability to innovate while making optimal use of human resources

Konica Minolta, Inc. received the Grand Prize in the Nikkei Smart Work Awards 2018 conducted by the Nihon Keizai Shimbun (Nikkei Inc.).

According to Nikkei, Smart Work Management is defined as a management strategy for making optimal use of human resources by introducing diverse and flexible workstyles, encouraging innovation, and creating a virtuous cycle of continuously developing new markets, thereby maximizing the productivity and other performance parameters within the organization.

Using the results of the 1st Nikkei Smart Work Management

Survey covering all listed Japanese companies and leading unlisted companies in 2017, an external judging committee performed a comprehensive review and selected the Smart Work Award recipients. By awarding the Grand Prize to Konica Minolta, the judges have formally recognized the achievements of the company's initiatives to utilize diverse human resources and to create innovation.



IT Management

Guided by the Medium-Term IT Plan linked with the Medium Term Business Plan, Konica Minolta is strengthening its internal IT platform while at the same time developing and managing an IoT business platform.

Medium-Term IT Plan

Konica Minolta has devoted efforts to establishing an internal IT platform as a global company—efforts outlined in our global IT strategies since FY2011 and in the FY2014-2016 Medium-Term IT Plan. The FY2017-2019 Medium-Term IT Plan establishes six themes and calls for the Company to pursue them. These include establishing an IT platform to support business reform aimed at expanding our IoT business, security measures, and building a data utilization support system and IT platform for ascertaining, analyzing, and gaining insights into business performance indicators in a timely fashion.

IT Department's Vision and FY2017-2019 Medium-Term IT Plan Themes

Vision

- IT departments that constantly achieve ambitious goals with boldness, speed, and persistence
- IT departments trusted as essential organizations by business divisions globally
- A medium-term plan for IT departments that lead the industry through active efforts to develop and manage IT for our business while deploying state-of-the-art technologies and conducting internal IT management

Themes

1. IT infrastructure upgrade to support business transformation
2. Enhance IT tools & services for Work-style reform
3. Data-analytics system development for management decision in a timely manner
4. Stable and Secure IT Infrastructure deployment to ensure business continuity
5. Company-wide IT cost control
6. Strengthen IT workforce and define Global IT Structure

IT security management system and measures to prevent information leaks

The establishment of an IT security management system for the entire Group is one way in which Konica Minolta is continually working to improve IT security at Group companies. As part of a Groupwide security management system, all Group companies in Japan have continuously acquired ISO/IEC 27001 certification, an international standard, since 2009. Overseas Group companies have also built their own management systems internally, with 16 companies having acquired the abovementioned certification as of the end of fiscal 2017.

In January 2016 we launched the KM-CSIRT* (Konica Minolta Computer Security Incident Response Team) as part of a system to enable a quick response in the event of a serious IT security incident.

In fiscal 2017, we worked with certain subsidiaries in the APAC/China region, where IT security risk is considered to be relatively high, to conduct training in handling incidents involving ransomware, a kind of malware. We also strengthened IT security coordination with these regions.

In addition, as part of ongoing measures to prevent information leaks, we have stepped up network monitoring through the deployment of a next-generation firewall. In fiscal 2017, we began watching for suspicious activity within endpoints.

* CSIRT is the general term given to organizations that handle incidents related to computer security. The Nippon CSIRT Association is a community that coordinates the sharing of information and collaboration among CSIRTs in Japan and that supports efforts to create CSIRT within organizations. Konica Minolta became a member of the association in April 2016.

Focused Topics

Business process automation using RPA (robotic process automation)

Konica Minolta is deploying RPA as part of measures to improve business processes and operational efficiency.

Deployment began in Japan and Asia in fiscal 2017, and plans call for global deployment in Europe and North America beginning in fiscal 2018. This global deployment will allow for standardizing and consolidating business processes shared across business sites and departments and enable the utilization of assets from other regions. To this end, we have put together a global team to carry out these efforts with efficiency.

By advancing automation, we have been able to improve operational process quality as well as efficiency. Our RPA efforts not only improve the productivity of Konica Minolta operations but we will also develop the human resources that will enable the "digital company with insight into implicit challenges" that SHINKA 2019 seeks to achieve. We are also coordinating with business divisions to think about providing products and services made possible through RPA.

Independent Valuation of Konica Minolta's Management, with Its Focus on Achieving Sustainable Growth

ESG investment, which involves selecting and investing in companies that make outstanding achievements with respect to areas such as human resources, the environment, and corporate governance, as well as corporate finance, has been garnering attention around the world in recent years.

Konica Minolta has been included in several international ESG investment indexes. The Company has been included in the World category (since 2012) and Asia Pacific category (since 2009) of the Dow Jones Sustainability Index issued by U.S.-based S&P Dow Jones Indices and Swiss-based RobecoSAM. The Company has also been

included in the FTSE4 Good Index Series (since 2003).

In fiscal 2017, Konica Minolta was also named an Industry Group Leader in the Dow Jones Sustainability World Index. Konica Minolta received top scores among roughly 120 companies worldwide in the Technology Hardware & Equipment industry group. 24 Industry Group Leaders were named worldwide, and Konica Minolta was the only Japanese company to be given this prestigious title.

Konica Minolta has also been included by CDP, an international NGO that works to advance sustainable economics, on the Climate A List (the highest rating).

Inclusion in Prominent Japanese/Foreign Indices

August 2018	6th consecutive year of inclusion in the JPX-Nikkei Index 400
July 2018	9th consecutive year* of inclusion in the MSCI ESG Leaders Indexes (formerly the MSCI Global SRI)
July 2018	Maintained inclusion in the FTSE4Good Index Series for 15 consecutive years
July 2018	Inclusion in three investment indexes—the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, and the MSCI Japan Empowering Women Index—by the Government Pension Investment Fund (GPIF), the world's largest pension fund
March 2018	Inclusion in the Morningstar Socially Responsible Investment Index (MS-SRI)
September 2017	Inclusion in the Dow Jones Sustainability World Index for the sixth year running, this year as an Industry Group Leader

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



FTSE Blossom
Japan

* No information available for the years prior to 2010

Evaluations by International ESG Rating Agencies

July 2018	8th consecutive year of being awarded Prime Status (a CSR rating) as a global electronics industry leader by ISS-oekom.
February 2018	Ranked Gold Class CSR by RobecoSAM, a world-leading research and rating company in the SRI field
October 2017	Selected a Climate A List company, the highest rating, by CDP (CDP is an international NGO that works to achieve sustainable economies)



ROBECOSAM
Sustainability Award
Gold Class 2018



Various management surveys in Japan

February 2018	Included in the Health and Productivity Stock Selection, a joint initiative by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
February 2018	Received Grand Prize for Measures against Global Warming Report at the 21th Environmental Communication Awards
February 2018	Received second place prize at the 20th NIKKEI Annual Report Awards
January 2018	Received Grand Prize in the NIKKEI Smart Work Awards 2018 held by The Nikkei

NIKKEI
Smart Work
Awards 2018 Grand Prize



Financial Section

10-Year Financial Summary 85

Management's Discussion and Analysis 87

Operating Environment 87

Operating Results 87

Operating Results by Segment 88

Cash Flows 90

Capital Expenditure, etc. 91

Research and Development Expenses 91

Financial Position and Liquidity 92

Dividend Policy 93

Outlook for the Fiscal Year Ending March 31, 2019 94

10-Year Financial Summary

Konica Minolta, Inc. and subsidiaries
Fiscal year ended March 31

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Consolidated Financial Highlights			
Net sales, Revenue (millions of yen)	947,843	804,465	777,953
Operating income, Operating profit (millions of yen)	56,260	43,988	40,022
Operating income ratio, Operating profit ratio (%) ^{*1}	5.9	5.5	5.1
Ordinary income, Ordinary profit (millions of yen)	45,403	40,818	33,155
Ordinary income ratio, Ordinary profit ratio (%) ^{*2}	4.8	5.1	4.3
Profit before tax (millions of yen)	-	-	-
Profit before tax ratio (%)	-	-	-
Net income, Profit for the year (millions of yen)	15,179	16,931	25,896
Net income ratio, Profit for the year ratio (%) ^{*3}	1.6	2.1	3.3
Profit attributable to owners of the company (millions of yen)	-	-	-
Profit attributable to owners of the company ratio (%)	-	-	-
Earnings per share, Basic earnings per share attributable to owners of the company (EPS) (yen) ^{*4}	28.62	31.93	48.84
Equity per share attributable to owners of the company (yen)	779.53	791.28	806.53
Cash dividends per share (yen)	20	15	15
Dividend payout ratio (%) ^{*5}	70.0	47.0	30.7
R&D expenses (millions of yen)	81,778	68,475	72,617
R&D expense ratio (%) ^{*6}	8.6	8.5	9.3
Net cash flows from operating activities (millions of yen)	107,563	113,377	67,957
Net cash flows from investing activities (millions of yen)	-90,169	-40,457	-44,738
Free cash flows (millions of yen)	17,394	72,920	23,219
Profitability			
ROE (J-GAAP) (%) ^{*7}	3.7	4.1	6.1
ROE1 (IFRS) (%) ^{*8}	-	-	-
ROE2 (IFRS) (%) ^{*9}	-	-	-
ROA (%) ^{*10}	1.6	1.9	3.0
ROIC (%) ^{*11}	6.5	5.3	5.1
Efficiency			
Total assets (millions of yen)	918,058	865,797	845,453
Total assets turnover (times) ^{*12}	1.00	0.90	0.91
Property, plant and equipment (millions of yen)	227,860	205,057	190,701
Property, plant and equipment turnover (times) ^{*13}	4.00	3.72	3.93
Inventories (millions of yen)	129,160	98,263	100,243
Inventory turnover period (months) ^{*14}	3.21	2.68	2.67
Trade receivables (millions of yen)	171,835	177,720	163,363
Trade receivables turnover (months) ^{*15}	2.56	2.47	2.42
Stability			
Equity, Equity attributable to owners of the company (millions of yen)	413,380	419,535	427,647
Equity ratio, Equity ratio attributable to owners of the company (%)	45.0	48.5	50.6
Current assets (millions of yen)	504,919	489,253	501,876
Current ratio (%) ^{*16}	162.41	183.03	206.98
D/E ratio (times) ^{*17}	0.56	0.47	0.45
Net D/E ratio (times) ^{*18}	0.23	0.08	0.04
Investment Indicators			
Price-to-earnings ratio (PER) (times) ^{*19}	29.28	34.17	14.27
Price-book value ratio (PBR) (times) ^{*20}	0.93	0.73	1.16

^{*1}. Operating income ratio = Operating income / Net sales × 100 (%)
Operating profit ratio = Operating profit / Revenue × 100 (%)

^{*2}. Ordinary income ratio = Ordinary income / Net sales × 100 (%)
Ordinary profit ratio = Ordinary profit / Revenue × 100 (%)

^{*3}. Net income ratio = Net income / Net sales × 100 (%)
Profit for the year ratio = Profit for the year / Revenue × 100 (%)

^{*4}. EPS = Profit attributable to owners of the company / Average number of outstanding shares during the period

^{*5}. Dividend payout ratio = Total dividends / Net income × 100 (%)
Dividend payout ratio = Total dividends / Profit for the year × 100 (%)

^{*6}. R&D expense ratio = R&D expenses / Net sales × 100 (%)
R&D expense ratio = R&D expenses / Revenue × 100 (%)

^{*7}. ROE (J-GAAP) = Net income / Average shareholders' equity

^{*8}. ROE1 (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year))

^{*9}. ROE 2 (IFRS) = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances)

^{*10}. ROA = Net income / Average total assets
ROA = Profit attributable to owners of the company / Average total assets

Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2013 (IFRS)	Fiscal 2014 (IFRS)	Fiscal 2015 (IFRS)	Fiscal 2016 (IFRS)	Fiscal 2017 (IFRS)
767,879	813,073	943,759	935,214	1,002,758	1,031,740	962,555	1,031,256
40,346	40,659	58,144	39,859	65,762	60,069	50,135	53,844
5.3	5.0	6.2	4.3	6.6	5.8	5.2	5.2
34,758	38,901	54,621	-	-	-	-	-
4.5	4.8	5.8	-	-	-	-	-
-	-	-	37,736	65,491	58,029	49,341	49,124
-	-	-	4.0	6.5	5.6	5.1	4.8
20,424	15,124	21,861	28,431	40,969	32,000	31,485	32,207
2.7	1.9	2.3	3.0	4.1	3.1	3.3	3.1
-	-	-	28,354	40,934	31,973	31,542	32,248
-	-	-	3.0	4.1	3.1	3.3	3.1
38.52	28.52	41.38	53.67	81.01	64.39	63.65	65.17
817.81	876.65	929.04	968.15	1,067.97	1,037.96	1,057.92	1,060.72
15	15	17.5	17.5	20.0	30.0	30.0	30.0
38.9	52.6	42.3	32.6	24.7	46.6	47.1	46.0
72,530	71,533	71,184	69,599	74,295	76,292	73,275	77,021
9.4	8.8	7.5	7.4	7.4	7.4	7.6	7.5
72,367	66,467	89,945	90,058	101,989	59,244	68,659	65,367
-42,757	-63,442	-55,776	-54,143	-54,014	-110,788	-70,594	-133,737
29,610	3,025	34,169	35,914	47,975	-51,544	-1,935	-68,370
4.7	3.4	4.6	-	-	-	-	-
-	-	-	6.1	8.6	6.5	6.3	6.3
-	-	-	-	-	-	6.1	6.1
2.3	1.6	2.3	2.9	4.1	3.2	3.2	2.9
5.2	5.2	7.3	5.0	8.3	7.0	5.2	5.1
902,052	940,553	966,060	991,700	1,001,800	976,370	1,005,435	1,203,907
0.88	0.88	0.99	0.96	1.01	1.04	0.97	0.93
178,999	179,903	173,362	177,056	181,641	187,322	190,580	192,941
4.15	4.53	5.34	5.23	5.59	5.59	5.09	5.38
105,080	112,479	115,275	115,175	120,803	121,361	136,020	139,536
2.81	2.60	2.52	2.82	2.54	2.58	2.87	2.81
174,193	194,038	220,120	240,459	248,827	245,047	236,722	255,972
2.52	2.47	2.53	3.09	2.72	2.73	2.70	2.73
433,669	464,904	478,404	498,542	535,976	514,285	524,331	524,513
48.1	49.4	49.5	50.3	53.5	52.7	52.1	43.6
565,923	579,593	589,331	569,552	570,640	496,216	499,446	581,676
247.17	205.04	206.62	200.83	202.43	194.40	199.58	214.32
0.53	0.48	0.41	0.41	0.31	0.33	0.35	0.56
-0.01	0.02	0.02	0.03	-0.02	0.13	0.18	0.27
18.77	24.12	23.27	17.94	15.07	14.85	15.65	13.99
1.13	1.27	0.96	0.99	0.86	0.90	0.94	0.86

*11. ROIC = Operating profit after tax / (Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt - Cash and cash equivalents (yearly average))

*12. Total assets turnover = Net sales / Average total assets (times)
Total assets turnover = Revenue / Average total assets (times)

*13. Tangible fixed assets turnover = Net sales / Average tangible fixed assets (times)
Tangible fixed assets turnover = Revenue / Average tangible fixed assets (times)

*14. Inventory turnover period = Inventory balance at fiscal year end / Average cost of sales for most recent three months

*15. Receivables turnover = Net sales / Average receivables (times)
Receivables turnover = Revenue / Average receivables (times)

*16. Current ratio = Current assets / Current liabilities (%)

*17. D/E ratio = Interest-bearing debt / Shareholders' equity (times)

*18. Net D/E ratio = (Interest-bearing debt - Cash on hand) / Shareholders' equity (times)

*19. Price-earnings ratio (PER) = Year-end stock price / EPS

*20. PBR (J-GAAP) = Year-end stock price / Net assets per share

PBR (IFRS) = Year-end stock price / Equity per share attributable to owners of the company

Management's Discussion and Analysis

Operating Environment

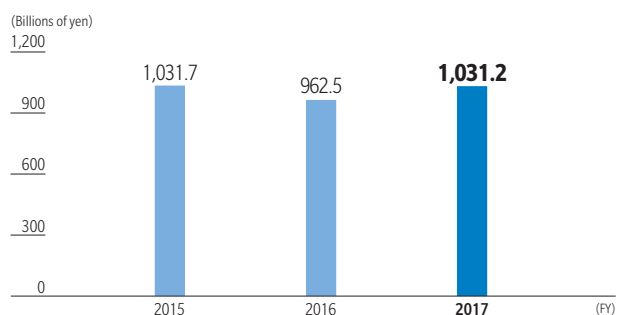
Looking back at the economic situation during the fiscal year ended March 31, 2018 (hereafter, "the fiscal year under review"), economic growth continued steady against a background of solid personal consumption in the US, and in Europe as well economies posted solid growth, primarily on the back of exports, in addition to improved personal

consumption. China maintained stable growth, supported by fiscal policy and personal consumption, and the economies of emerging countries such as those of ASEAN, and India, continued to expand. In Japan, the strength of the global economy supported improvements in corporate earnings, and the economy trended toward moderate recovery.

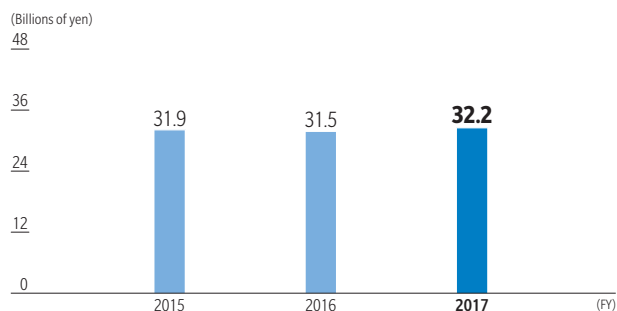
Operating Results

Consolidated revenue in the fiscal year under review of the Konica Minolta Group (hereafter, "the Group") reached ¥1,031.2 billion (up 7.1% year on year), with all business segments posting higher revenue. In the Office Business, in addition to strong sales of color MFPs (Multi-functional peripherals) in North America, sales in China grew significantly. In the Professional Print Business, sales of digital color printing systems strongly increased in China, and rose in Europe as well, while the industrial printing business unit also expanded, primarily in North America. In the Healthcare Business, digital product sales rose in North America, while in the Industrial Business the solid performance of the measuring instruments business unit continued throughout the fiscal year, leading to a substantial increase in revenue. In order to accelerate the transformation of the business in line with the policies of the Medium Term Business Plan SHINKA 2019, structural reform expenses were posted of ¥5.3 billion in Japan and ¥4.6 billion overseas. Moreover, the Group optimized the use of its facilities (land, buildings) as part of its corporate real estate strategy, generating ¥20.3 billion in income from asset liquidation through sale and leaseback, which enabled it to offset structural reform expenses and investment in new businesses, including expenses associated with major acquisitions. As a result of the above, operating profit was ¥53.8 billion (up 7.4% year on year). All business segments recorded growth in earnings, and the Group as a whole also posted higher profits. Profit before tax came in at ¥49.1 billion (down 0.4% year on year), while profit attributable to owners of the company was ¥32.2 billion (up 2.2% year on year).

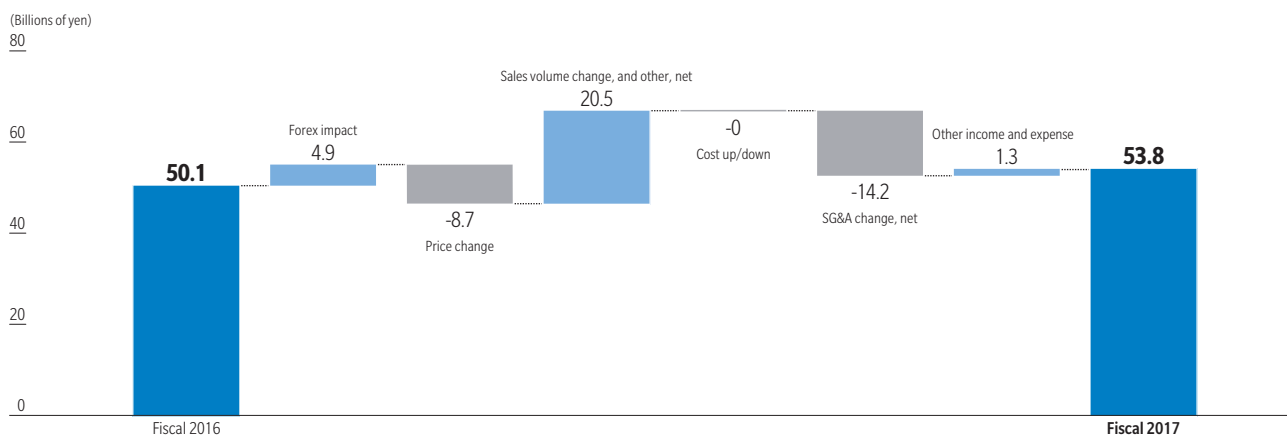
Revenue



Profit attributable to owners of the company



Fiscal 2017 operating profit analysis



FOREX impact to revenue and operating profit

(FOREX:¥)

	Fiscal 2016	Fiscal 2017	Impact to Fiscal 2016		FX Sensitivity ^{*2}	
			Revenue (¥billions)	OP (¥billions)	Revenue (¥billions)	OP (¥billions)
USD	108.38	110.85	+7.7	-0.1	+3.2	+0.0
EUR	118.79	129.70	+20.1	+9.3	+1.8	+0.7
GBP	141.60	147.03	+1.8	-0.0	+0.3	+0.1
European Currency ^{*1}	-	-	+26.3	+9.6	+2.6	+1.1
CNY	16.11	16.75	+2.0	+0.4	+2.9	+1.1
AUD	81.56	85.78	+1.6	+0.5	+0.4	+0.1
Other	-	-	+2.1	+0.9	-	-
Exchange contract effect	-	-	-	-6.4	-	-
Total impact from FY2016	-	-	+39.7	+4.9	-	-

*1 European currencies: Currencies used in Europe excluding EUR/GBP

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

Operating Results by Segment

Office Business

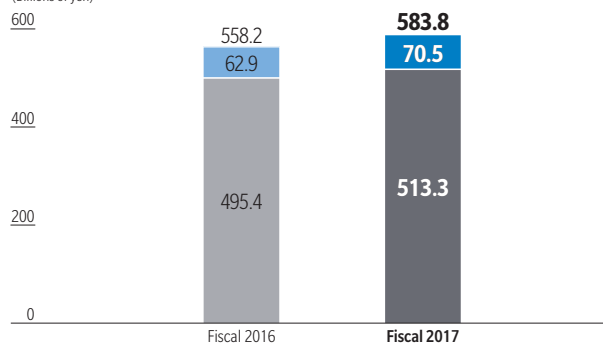
In the office products business unit, sales volumes of both monochrome and color A3 MFPs grew year on year, and at a rate higher than that of the market. In particular, for color models, high-speed models posted high rates of expansion following the launch of new products. By region, sales volumes in Europe fell in comparison to the same period of the previous year, in which some major projects were established and major equipment installed, but sales grew in the second half of the fiscal year, primarily high-speed color models. In North America sales remained strong from the beginning of the fiscal year, and China also posted impressive year-on-year growth in sales volumes. Among sales to major companies that operate globally, sales to existing customers were robust, in addition to which there was an increase in major new projects, and the total value of contracts increased significantly.

In the IT services solution business unit, in addition to the impact of newly consolidated subsidiaries, sales of highly profitable security solutions contributed to increased revenue in the US. In Europe also, a company acquired in the second half of the fiscal year began to make a contribution to earnings, and revenue for the IT services solution business unit as a whole rose year on year, due to such factors as expanded sales of Managed Content Services, where margins rose due to improvement of service and support structure.

As a result of the above, revenue for the Office Business came in at ¥583.8 billion (up 4.6% year on year), while operating profit was ¥44.9 billion (up 1.3% year on year).

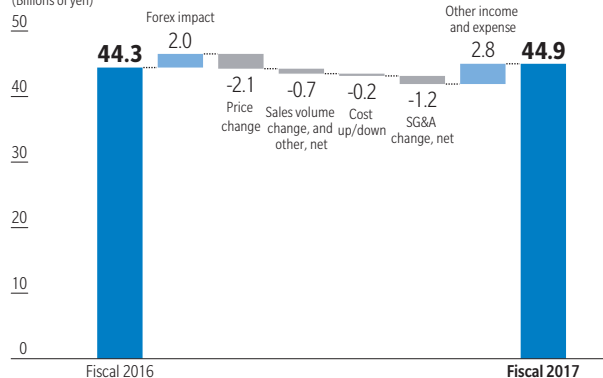
Composition of Revenue

■ IT Service Solution ■ Office
(Billions of yen)



Operating profit analysis

(Billions of yen)



Professional Print Business

For the production print business unit, markets were sluggish, primarily in developed countries, but although sales volumes in North America fell slightly year on year, sales in Europe expanded, centered on top-of-the-line models. In China, sales volumes greatly increased, leading to an overall year-on-year increase. The value of the intelligent quality optimizer "IQ-501," which is equipped with proprietary Konica Minolta functionality that automatically controls output, in improving the efficiency of customer workflows has been widely accepted by customers, further enhancing our advantage over the competition.

In the industrial printing business unit, sales of the "AccurioJet KM-1" digital inkjet press, label printers, and digital decoration printing equipment made by French subsidiary MGI accelerated, primarily in North America and Europe, and sales volumes increased significantly.

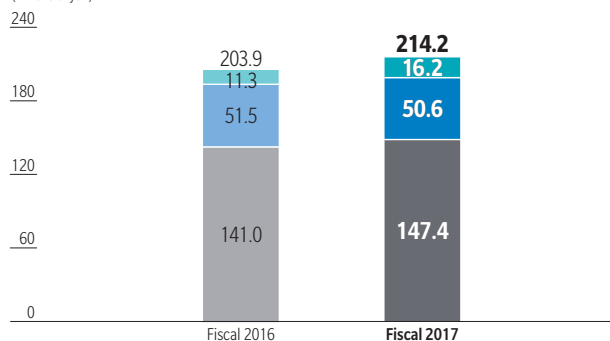
In the marketing services business unit there was growth in on-demand printing, which is being developed under the Kinko's brand, but in marketing print the impact of constraints on marketing costs at major customers in the first half of the fiscal year lingered, and revenue fell year on year.

As a result of the above, revenue for the Professional Print Business came in at ¥214.2 billion (up 5.0% year on year), while operating profit was ¥9.2 billion (up 12.4% year on year).

Composition of Revenue

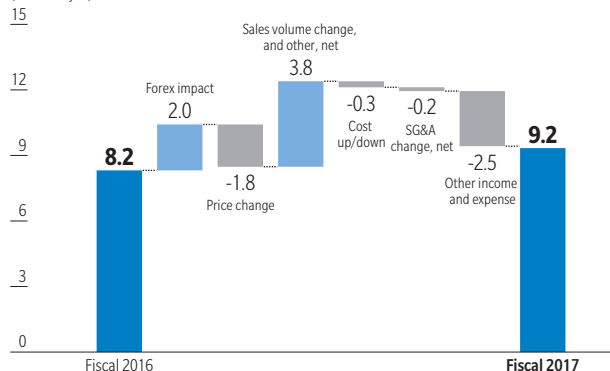
Industrial Print Marketing Service Production Print

(Billions of yen)



Operating profit analysis

(Billions of yen)



Healthcare Business

In the healthcare (modality) business unit, sales volumes of digital radiography (DR) systems expanded, primarily in the US, due to strengthening our cooperation with X-ray device manufacturers, and the winning of a major project. Sales of diagnostic ultrasound systems remained solid in Japan, and sales volumes also expanded in China, Europe, and the US. There was an additional impact in the second half of the fiscal year from the contribution of newly launched products, leading to powerful growth in sales volumes.

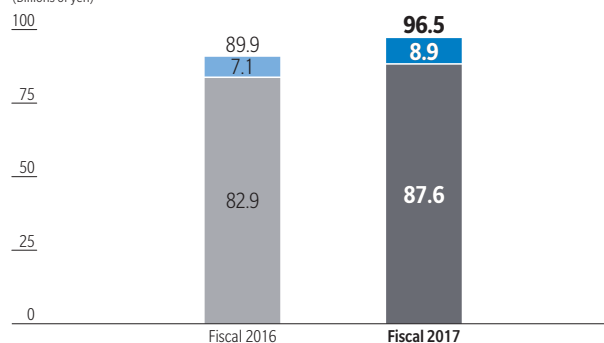
In the medical IT business unit, higher revenue in the US contributed to higher profit and service contracts also expanded steadily.

As a result of the above, revenue for the Healthcare Business came in at ¥96.5 billion (up 7.3% year on year), while operating profit was ¥5.5 billion (up 94.6% year on year).

Composition of Revenue

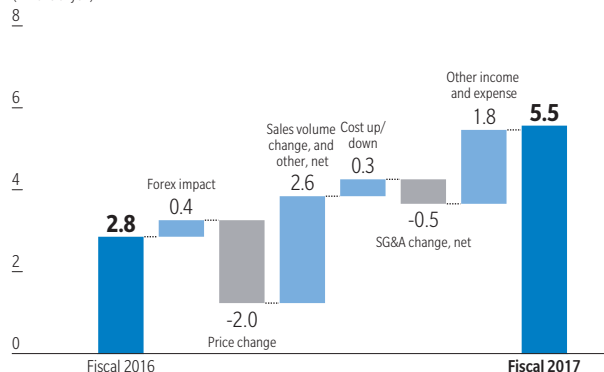
Medical IT Healthcare (Modality)

(Billions of yen)



Operating profit analysis

(Billions of yen)



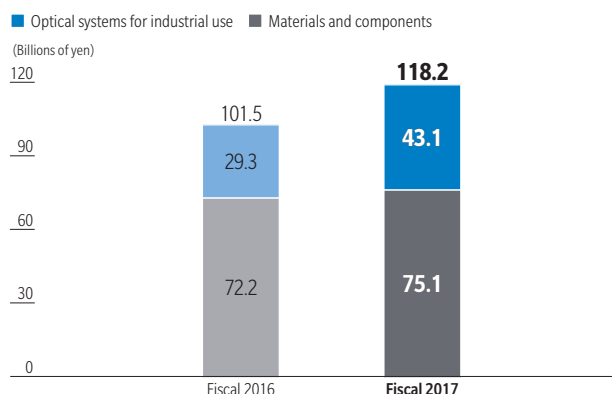
Industrial Business

In the field of materials and components, against the background of the increasing size of LCD TVs, the strategic shift to such high value-added products as new water-resistant VA-TAC films and ZeroTAC film for IPS panels bore fruit in the performance materials business unit, and revenues grew despite price pressure. The optical component business unit recorded higher revenue, and the IJ (inkjet) component business unit saw continued strong sales, leading to an increase in revenue.

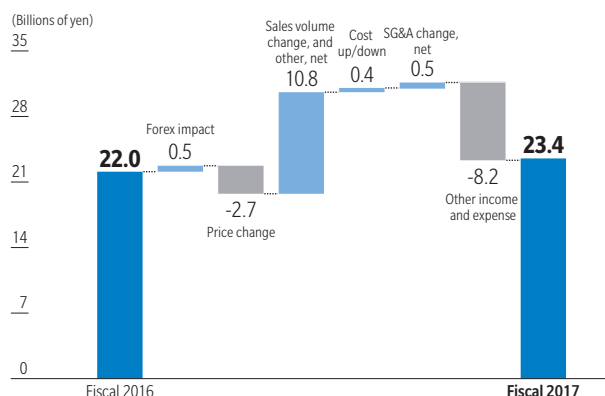
In the field of optical systems for industrial use, as a result of the measuring instruments business unit providing solutions that respond to innovations in display products, we were able to capture waves of demand from several customers, and revenue grew significantly.

As a result of the above, revenue for the Industrial Business came in at ¥118.2 billion (up 16.4% year on year), while operating profit was ¥23.4 billion (up 6.4% year on year).

Composition of Revenue



Operating profit analysis



Cash Flows

Cash flows from operating activities

Net cash provided by operating activities was ¥65.3 billion, a result largely of cash inflow due to profit before tax of ¥49.1 billion, depreciation and amortization expenses of ¥56.2 billion, and an increase in trade and other payables of ¥11.5 billion on the one hand, and cash outflow attributable largely to an adjustment for gain/loss from sales and disposals of property, plant and equipment and intangible assets of ¥19.8 billion, an increase in trade and other receivables of ¥7.6 billion, and payment of income taxes of ¥14.0 billion.

Cash flows from investing activities

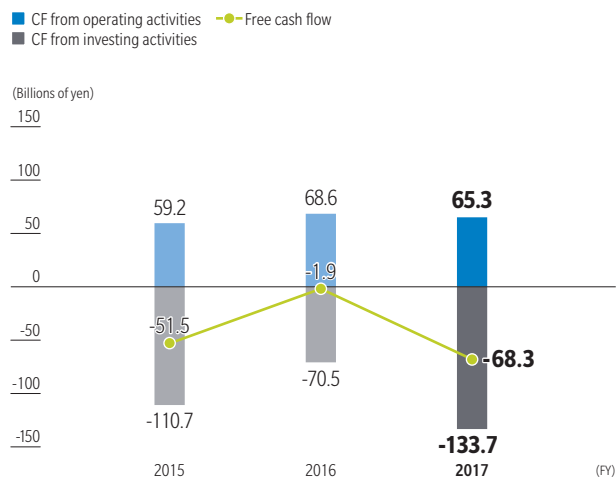
Net cash used in investing activities was ¥133.7 billion, due mainly to purchases of property, plant and equipment of ¥26.9 billion, purchases of intangible assets of ¥11.0 billion, purchases of investments in subsidiaries of ¥116.9 billion, and ¥23.4 billion in proceeds from sales of property, plant and equipment and intangible assets.

As a result, free cash flow (the sum of cash flows from operating and investing activities) was an outflow of ¥68.3 billion, compared to an outflow of ¥1.9 billion in the previous fiscal year.

Cash flows from financing activities

Net cash provided by financing activities was ¥126.6 billion, compared to net cash used of ¥2.3 billion in the previous fiscal year, as a result of cash inflow attributable mainly to proceeds from bonds issuance and long-term loans payable of ¥145.7 billion, and proceeds from share issuance to non-controlling shareholders of ¥35.4 billion, while cash outflow included net decrease in short-term loans payable of ¥15.1 billion, redemption of bonds and repayments of long-term loans payable of ¥23.3 billion, and cash dividends paid of ¥14.8 billion.

Cash flows

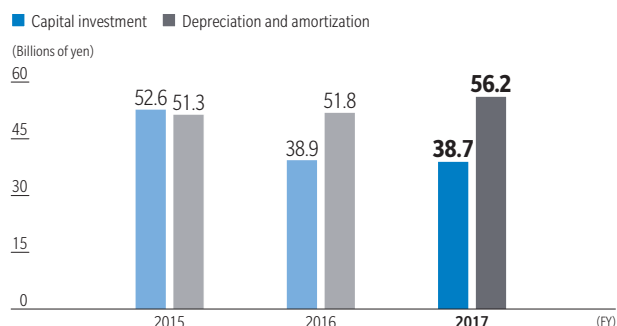


Capital Expenditure, etc.

With respect to the Group's capital investment for the period under review, investment focused primarily on the Office and Professional Print Businesses, two core businesses of the Group, as well as the Industrial Business. Among the goals of these investments were developing new products and strengthening production capacity. As a result, total capital investment for the consolidated fiscal year under review was ¥38.7 billion.

Principal investments were machinery and equipment, dies, and other tools and appliances in the Office and Professional Print Businesses, machinery and equipment in the Industrial Business, and buildings and R&D equipment for companywide use.

Capital investment/Depreciation and amortization



Capital investment

(Billions of yen)

		Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Business Technologies	Office equipment, production print, industrial printing, IT solutions, etc.	23.3	29.5	36.7	24.3	26.7
Healthcare	DR, ultrasound, X-ray films, etc.	2.7	2.6	1.3	1.6	2.1
Industrial	Performance materials, measuring instruments, optical equipment, inkjet printers, etc.	13.3	6.7	8.9	7.7	4.6
Corporate and Other Businesses		7.9	7.1	5.6	5.1	5.1
Total		47.3	46.1	52.6	38.9	38.7

* For FY 2013 and FY 2014, SE (measuring instruments) is not included in Konica Minolta, Inc.

Research and Development Expenses

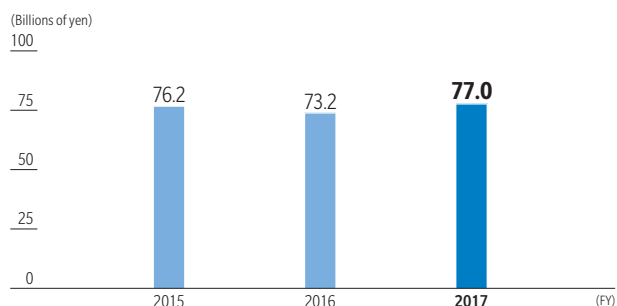
In line with the basic policy for Medium-term Business Strategy based on the SHINKA 2019 Medium-Term Business Plan, the Group has established and executed its basic policy for technology strategies aimed at “achieving ongoing innovation” and “pragmatically strengthening technological competitiveness.”

In the IoT business, we are working with partners to develop the Workplace Hub, a revolutionary IT platform that consolidates all office IT infrastructure into one place for our corporate customers. We are currently gauging the value being provided to customers and are making steady progress towards getting it to market. In commercial and industrial printing, Konica Minolta is expanding its business portfolio by moving into heavy production print, which involves large print volumes and requires a high level of productivity and the ability to accommodate a variety of paper types, while at the same time providing unique services. And by strengthening collaboration with France-based MGI, a market leader in digital decorative printing machine manufacturing, we are expanding our lineup of products aimed at speeding up digitalization of the labeling and packaging industry with a view to

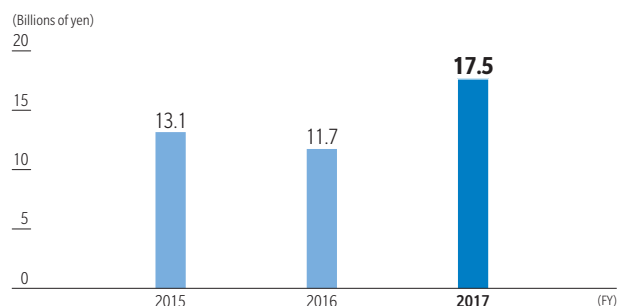
strengthening our foothold in industrial printing. In bio-healthcare, we have acquired U.S.-based Ambry, which boasts genetic diagnostic technology and Invicro, which provides support for pharmaceutical manufacturing. By bringing together the Company's High Sensitive Tissue Testing (HSTT) technology, Ambry's world-leading genetic diagnostic technologies and Invicro's numerical analysis, biomarker search, and image processing technologies, as well as its capability in proposing solutions to pharmaceutical companies, we will dramatically improve new drug development productivity while enhancing patients' quality of life and curbing increases in the healthcare costs that consumers pay.

Group wide research and development expenditure for the fiscal year under review was ¥77.0 billion. This comprised ¥41.8 billion in Office and Professional Print Business R&D expenditures, ¥5.0 billion in Healthcare Business R&D expenditures, ¥12.5 billion in Industrial Business R&D expenditures, and ¥17.5 billion in basic research expenditures and expenditures in other businesses, including those in bio-healthcare.

Research and development expenses



Basic research expenditures and expenditures in other businesses



Research and development expenses

(Billions of yen)

		Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Business Technologies	Office equipment, production print, industrial printing, IT solutions, etc.	39.0	43.2	44.2	43.3	41.8
Healthcare	DR, ultrasound, X-ray films, etc.	4.0	5.3	4.8	5.1	5.0
Industrial	Performance materials, measuring instruments, optical equipment, inkjet printers, etc.	14.0	12.5	14.0	13.0	12.5
Corporate and Other Businesses		14.0	13.1	13.1	11.7	17.5
Total		71.1	74.2	76.2	73.2	77.0

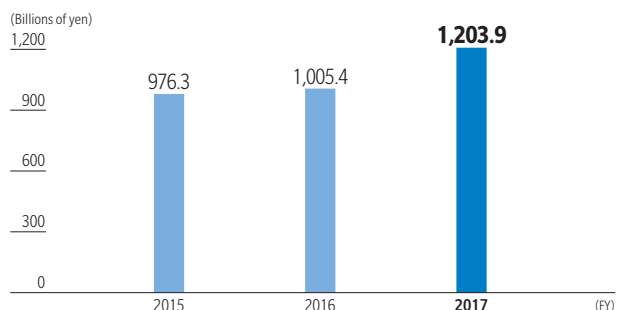
* The professional print area of production printing is included in inkjet printers.

Financial Position and Liquidity

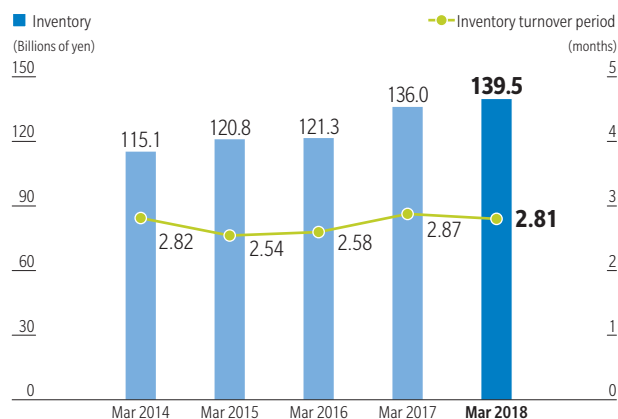
Assets

Total assets at March 31, 2018 were ¥1,203.9 billion, an increase of ¥198.4 billion (19.7%) from the previous fiscal year-end. This was primarily attributed to an increase of ¥123.1 billion in goodwill and intangible assets, an increase of ¥57.2 billion in cash and cash equivalents, and an increase of ¥20.2 billion in trade and other receivables.

Total assets



Inventory/Inventory turnover period

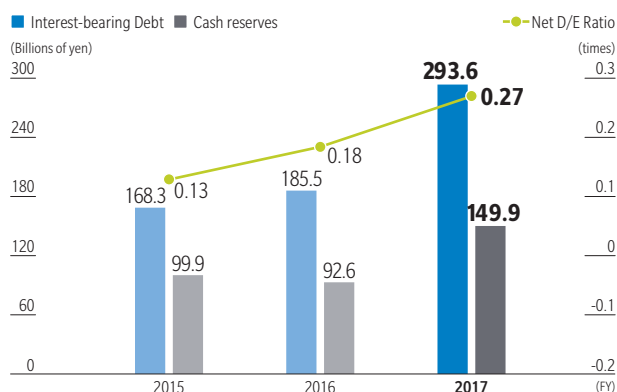


* Inventory turnover period = Inventory balance at fiscal year-end / Average cost of sales for most recent three months

Liabilities

Total liabilities at March 31, 2018 were ¥668.3 billion, an increase of ¥197.0 billion (41.8%) from the previous fiscal year-end. This was primarily attributed to an increase of ¥108.1 billion in bonds and borrowings, an increase of ¥56.9 billion in other financial liabilities, an increase of ¥17.9 billion in trade and other payables, and an increase of ¥10.9 billion in other liabilities.

Interest-bearing debt, Cash reserves, Net D/E ratio



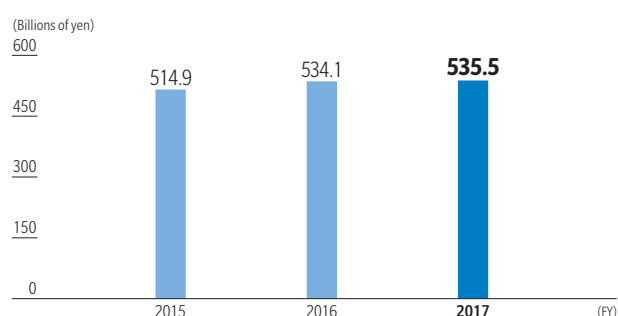
Equity

Total equity at March 31, 2018 amounted to ¥535.5 billion, an increase of ¥1.4 billion (0.3%) from the previous fiscal year-end.

Equity attributable to owners of the company totaled ¥524.5 billion, a slight increase from the previous fiscal year-end. This was primarily attributed to ¥32.2 billion in profit for the period attributable to owners of the company, a decrease of ¥17.7 billion in share premium, and a decrease of ¥14.8 billion in retained earnings due to cash dividends.

As a result of the above, equity per share attributable to owners of the company came to ¥1,060.72, and the equity ratio attributable to owners of the company decreased 8.5 percentage points to 43.6%.

Equity

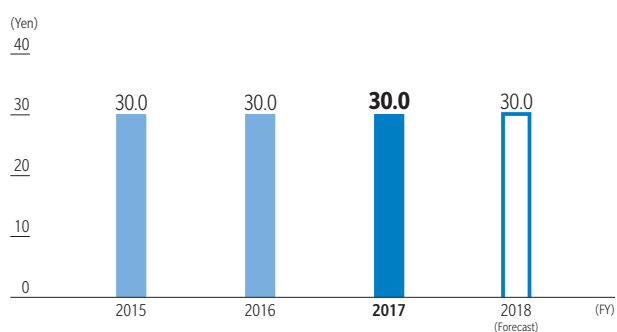


Dividend Policy

Basic dividend policy

The policy regarding the payment of dividends from retained earnings, etc. calls for the basic approach of making a comprehensive evaluation of consolidated performance and funding requirements to promote strategic investments in growth fields while seeking to implement proactive shareholder returns. The Company strives to enhance shareholder returns through higher dividends as well as a flexible acquisition of the Company's own shares.

Dividend per share



Dividends for the fiscal year ended March 31, 2018 and projected dividends for the fiscal year ending March 31, 2019

The Company distributed a year-end dividend of ¥15 from retained earnings for the year ended March 31, 2018. Combined with the dividend of ¥15 per share already paid at the end of the second quarter, the total annual dividend was ¥30 per share.

Regarding ordinary dividends for the fiscal year ending March 31, 2018, the Company plans to distribute a total annual dividend of ¥30 per share, assuming we achieve the results forecasts outlined below.

Outlook for the Fiscal Year Ending March 31, 2019

With regard to the global economic situation in which the Group operates, the current economic expansion is expected to continue, but we also anticipate a continuation of geopolitical risks and of the uncertainty caused by the impact of US trade policy. Japan also is expected to be affected by the instability and lack of certainty in the global economy, and we believe the recovery trend is likely to be only moderate in scope.

On the subject of the demand outlook for the main markets in which the Group operates, in the Office Business the ratio of color MFP models is expected to rise in China and in emerging countries, while in developed countries demand is expected to increase for high-speed color models designed to enhance operational productivity. Along with a rising awareness of security issues among small and medium-sized enterprises, we assume that demand for IT services will

continue to grow. In the Professional Print Business, we expect demand in commercial printing for solutions that support improved profitability for customers, as well as further diffusion of digitalization in industrial printing. In the Healthcare Business, the digitalization of medical diagnostic equipment is seen continuing, leading to increased cooperation among regional medical organizations, and rising demand for medical IT services. For the Industrial Business, continued demand for the Group's products is expected, driven by innovation and customer diversification in the display and automotive industries.

Taking into account these conditions, the exchange rate assumptions that form the basis of results forecasts for the next fiscal year have been set to [¥105 to the US dollar and ¥125 to the euro, respectively], with forecasts as follows:

Forecast for the fiscal year ending March 31, 2019

	Revised Fiscal 2018 forecast (IFRS) Published August 1, 2018	Fiscal 2018 forecast (IFRS) Published May 14, 2018	Fiscal 2017 results (IFRS)
Revenue (Billions of yen)	1,080.0	1,080.0	1,031.2
Operating profit (Billions of yen)	62.0	60.0	53.8
Operating profit ratio	5.7%	5.6%	5.2%
Profit attributable to owners of the company (Billions of yen)	38.5	37.0	32.2
Margin of profit attributable to owners of the company ratio	3.6%	3.4%	3.1%
ROE ^{*1}	-	7.2%	6.3%
ROE ^{*2}	7.2%	6.9%	6.1%
Capital investment (Billions of yen)	55.0	55.0	38.7
Depreciation and amortization expenses (Billions of yen)	60.0	60.0	56.2
R&D expenses (Billions of yen)	80.0	80.0	77.0
Free cash flow ^{*3} (Billions of yen)	35.0	35.0	-68.3 ^{*4}
Investment and loan (Billions of yen)	30.0	30.0	125.0
U.S. dollar (yen)	105.0	105.0	110.85
Euro (yen)	125.0	125.0	129.70

*1: Profit attributable to owners of the company divided by the total of share capital, share premium, retained earnings and treasury shares (average at start of fiscal year and end of fiscal year).

*2: Profit attributable to the owners of the company divided by the equity attribute to owners of the company (average of beginning and ending balances)

*3: Fiscal 2018 forecasts do not include investment and loan figures

*4: -33.0 without contribution from the Innovation Network Corporation of Japan for acquisition of Ambry Genetics Corporation

Company Overview/Stock Information

Company Overview (as of March 31, 2018)

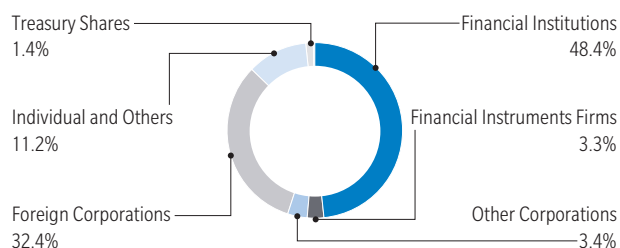
Company name	KONICA MINOLTA, INC.
Stock code	4902 Included in the "JPX-Nikkei Index 400"
Date established	1873
Establishment as joint-stock company	1936
Capital	37,519 million yen
Number of employees	Consolidated: 43,299
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan

Stock Information (as of March 31, 2018)

Stock Information

Total number of shares authorized to be issued	1,200,000,000 shares
Total number of shares issued	502,664,337 shares
Number of shareholders	46,994
Minimum trading units	100 shares

Shareholder Composition



Major Shareholders (the top ten shareholders)

Name of shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	44,284	8.93
Japan Trustee Services Bank, Ltd. (Trust account)	32,845	6.63
GOLDMAN SACHS INTERNATIONAL	15,112	3.05
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	15,060	3.04
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,945	2.81
Japan Trustee Services Bank, Ltd. (Trust account 9)	12,863	2.59
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Pension Trust Account)	11,875	2.39
Nippon Life Insurance Company	10,809	2.18
The Nomura Trust and Banking Co., Ltd. (Holder in Retirement Benefit Trust for the Bank of Tokyo-Mitsubishi UFJ, Ltd.)	10,801	2.18
STATE STREET BANK WEST CLIENT - TREATY 505234	9,145	1.84

Notes: Treasury shares do not include the Company's shares held by trust accounts related to the BIP (Board Incentive Plan) trust for compensation for Directors (1,274,000 shares). Ratio of shares held is calculated by deducting treasury stock 6,901,975 shares.

Glossary

Office Business

- **MFP (Multi-Functional Peripherals)**
Units that support a variety of functions otherwise handled by separate equipment, such as copiers, printers, scanners, and facsimiles.
- **PV (Print Volume)**
The print output quantity. (Also called Copy Volume.)
- **OPS (Optimized Print Services)**
OPS is the name of our Managed Print Services (MPS) offering. OPS provides services to boost efficiency and reduce costs through optimization of the customer's print environment (output and document management environment).
- **GMA (Global Major Account)**
Refers to our major enterprise customers (businesses) that operate on a global scale.
- **MIT (Managed IT)**
Services that support all operations in a company's IT department. These wide-ranging services include support for a product's lifecycle, including the creation of plans for deploying things such as PCs and servers, operating systems, software, and networks, as well as the actual deployment, contracted operation and support, management, maintenance, and contracted collection.
- **MCS (Managed Content Services)**
The collective term given to services for centrally managing paper or digital documents, e-mails, forms, diagrams, and other such business content, and for building systems to properly use, store, and dispose of this content.

Professional Print Business

- **MPM (Marketing Production Management)**
MPM provides services optimizing the production cost of marketing materials for customers using our own supplier network.
- **IQ-501 / Intelligent quality optimizer-501**
An optional unit that automates color management and front-to-back registration during printing through continual monitoring, greatly shortening calibration time and improving productivity.

Healthcare Business

- **DR (Digital Radiography)**
Also referred to as digital X-rays. A technique that detects the intensity distribution of the X-rays that pass through the body when an X-ray is taken, and then converts the data to a digital signal, which is processed by computer. Also refers to systems that do this.
- **PACS (Picture Archiving and Communication System)**
An image storage and communication system for medical image processing. More generally, any system for managing a large number of images, such as CT, MRI, and X-ray images from DR or CR.
- **Diagnostic ultrasound systems**
Because diagnostic ultrasound systems have such advantages as enabling real-time diagnostic imaging and putting less physical burden on patients under repeated examinations due to their low-intrusion nature, they are used in a wide range of clinical fields. Further growth is expected in the market in the future.
- **SPFS / Surface Plasmon Field-enhanced Fluorescence Spectroscopy**
An immunological testing system. This is a method for detecting fluorescence signals generated by exciting fluorophores that are surface-confined by an antigen-antibody reaction. The fluorophores are excited with extreme efficiency by near-field light induced very close to the gold membrane surface.

Industrial Business

- **Light source color measuring instruments**
Instruments for high-accuracy measurement of chromaticity, brightness, and color balance of various displays and light-emitting devices. These instruments can measure illuminance/chromaticity with a high accuracy that does not depend on the emission characteristics of the light source. Our products have been adopted as standard equipment by many companies in fields such as quality control and product color management.
- **TAC (Triacetyl cellulose) film**
Primarily composed of cellulose acetate, it is mainly used as a protective film for polarizers, a component of LCDs. TAC film was originally developed as a substrate for photographic film, but because of its superior flame resistance, transparency, surface appearance, and electric insulation characteristics, we are pursuing development of applications outside of photographic film.
- **OLED (Organic Light Emitting Diode)**
Organic matter comes in an infinite array of molecular structures, each with a different color and durability. We are presently strengthening and growing our lighting business in this area as a future pillar of the business, building on our strengths in materials and coating technologies developed in photosensitive materials.
- **VA-TAC film / Vertical Alignment TAC film**
A type of LCD panel display widely used in TV applications. We are a market share leader in retardation films for VA systems.
- **ZeroTAC film**
TAC film with zero retardation. Is used primarily in IPS displays and provides greater screen visibility.

New Businesses, Corporate Initiatives, and Other Topics

- **Imaging CRO**
The evaluation of the safety and effectiveness of pharmaceuticals in the area of clinical trials for new drugs that target mainly cancers and similar conditions, and that are carried out with medical images taken with CT, MRI, and other imaging systems. To help medical professionals interpret images as part of clinical trials, we provide one-stop services that include everything from support for making clinical trial plans to gathering information, controlling quality, interpreting images, and storing data.
- **Precision medicine (individualized medical care)**
This involves using state-of-the-art techniques to analyze cells at the genetic and protein level, and then provide the most appropriate treatment and dose for each patient.
- **Video Management Software**
An application that connects input devices such as cameras and data recording media over a network and controls them.
- **Digital manufacturing**
The new manufacturing that Konica Minolta is aiming for, which will revolutionize workflow. Based on the concept of IoT, digital manufacturing involves comprehensively integrating information gained in the production process and analyzing the data to identify angles from which customer value can be improved.
- **Workplace Hub (WPH)**
An IoT business platform on which Konica Minolta is recently focused. The Workplace Hub is a solution for streamlining business processes and reducing IT infrastructure management costs achieved by equipping MFPs with servers that allow businesses to analyze data in real time and visualize patterns. It brings people and data together and enables smarter decision-making and problem-solving support in the office.



KONICA MINOLTA

KONICA MINOLTA, INC.

JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku,
Tokyo 100-7015, Japan
Phone: +81-3-6250-2111

<https://konicaminolta.com>