On the Release of Integrated Report 2019

Since fiscal 2015, Konica Minolta has released annual reports (the name of these reports was changed to the integrated report in 2017) that provide a comprehensive look at the Company’s activities and philosophies. The fifth report is now available. We made this integrated report to be a communication tool to better familiarize stakeholders, including shareholders and investors, with Konica Minolta by systematically organizing both financial and non-financial information.

The 2018 integrated report was externally well-received, winning recognition and awards that included the Special Award in the Nikkei Annual Report Awards conducted by Nikkei Inc., and the Excellence in Integrated Reporting Prize at the 6th WICI Japan Awards for Excellence in Integrated Reporting.

Integrated Report 2019 clarifies the Konica Minolta Group’s strengths and value creation processes while explaining the Group’s medium- to long-term business strategy and pathway to value creation with a focus on SHINKA 2019, the new Medium Term Business Plan formulated in 2017. It also reports on initiatives related to the environment (E), society (S), and governance (G) as the foundations that underpin the enhancement of corporate value.

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

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.

In this report, unless otherwise indicated, “the Company” refers to Konica Minolta, Inc.
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### Konica Minolta’s Strengths and Value Creation

1. Customer base
2. Technical expertise
3. Business Model

### Growth Strategy

- Medium Term Business Plan
- Message from the CEO
- Message from the CFO
- Special Topics
  - Building High Value-Added Businesses
    - Topic 1. Workplace Hub
    - Topic 3. Production Print Business Unit

### Business Results

- Konica Minolta Milestones
- Financial and Non-Financial Highlights
- At a Glance
- Office Business
- Professional Print Business
- Healthcare Business
- Industrial Business (Optical Systems for Industrial Use)
- Industrial Business (Materials and Components)
- Market Data by Segment

### The Foundation Supporting Enhanced Corporate Value

- Discussion on Corporate Governance
  - The Chairman of the Board and an Outside Director
- Corporate Governance
- Sustainability Management
- Independent Valuation of Konica Minolta’s Management, with Its Focus on Achieving Sustainable Growth

### Financial Section

- 10-Year Financial Summary
- Management’s Discussion and Analysis
- Company Overview/Stock Information
- Glossary
Our Philosophy

The Creation of New Value

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.
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.
Konica Minolta is working for the Creation of New Value around the world.

The advance of digital technologies is fueling great change in the world, and we are making a number of efforts to achieve innovations that will put us at the forefront of this change.

Transform Award
We conduct an awards program to recognize actions and attitudes toward solving our customers’ problems and creating value for them. This creates a corporate culture of recognition and fosters a willingness to take up challenges among Konica Minolta employees around the world.

Developing Imaging IoT* and AI Talent
Through our certification and registration program and talent development programs, we are working to expand and improve the imaging IoT and AI talent essential for realizing our edge IoT platform strategy.

* Imaging IoT: Technologies that analyze image data and information from various sensors using AI, such as deep learning, to assist decision-making and judgements in a variety of workplaces.

Product Development in the Czech Republic
We are developing the Workplace Hub in Brno, sometimes called the Silicon Valley of the Czech Republic. A number of functions are coming about through the lively discussions being had among our engineers.

Green Marketing
We are leveraging the environmental technologies and expertise internally accumulated over the years to help solve our customers’ environmental problems. Through these efforts, we are working to reduce their environmental impact while generating new business opportunities.

Business Innovation Centers (BICs)
Through cooperation with research institutes, startups, and other organizations, BICs in the five major regions around the world are consistently running roughly 100 projects as they work to create new businesses with a flexible mindset.

Hachioji SKT
Konica Minolta Tokyo Site
Hachioji SKT, a core facility for new business development, is driving R&D that transcends the boundaries of business units and open innovation.

Strategy Meetings among Emerging Nations
Some of our best people from Asia, South America, and the Middle East — areas of phenomenal growth in the production print field — gather to hold lively discussions about sales and marketing activities. They also share success cases and then use that information to further evolve local marketing activities.

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Value Creation Process

Konica Minolta’s Business Activities

Portfolio

Increase added-value using digitalization

Core Business
(Transform the Core)

Growth Business
(Grow the Core)

New Business
(Scale the New)

Increase customer satisfaction through productivity and cost
Provide customer experiences that exceed expectations
Deliver essential solutions to issues

Reinforce customer relationships

Intangible Assets Underpinning Our Strategy

Technical expertise

Number of patents¹: 20,235
R&D expenses: 78.3 billion
Ratio of R&D expenses to revenue: 7.4%

Customer base

Number of customers: approximately 2 million companies

Human capital

Employees: 44,360
Customer engineers: approximately 10,000

Sustainability Management

(P. 75)

Corporate Governance

(P. 62)

¹ The number of patents is the total number of patents held in Japan, the U.S., and China.

Fiscal 2021 management targets (figures announced in September 2018)

Operating profit

At least ¥100.0 billion

Core Business

At least ¥95.0 billion

Growth Business

¥18.0 billion

New Business

¥27.0 billion

Operating profit ratio

10%
Reinforce customer relationships
Data business
Increase added-value using digitalization
Deliver essential solutions to issues
Provide customer experiences that exceed expectations
Increase customer satisfaction through productivity and cost IT solutions

Konica Minolta's Business Activities

Future Social Issues

Solving Social Issues through the Creation of New Value

- Improving client company competitiveness
- Improving work-life balance
- Improving corporate productivity and creativity
- Improving ROI of marketing activities
- Improving diagnostic and medical care quality
- Improving nursing care service quality

Core Business:
Office/IT service solutions/Production print/
Healthcare/Measuring instruments/ Performance materials/
Optical component/IJ (inkjet) component

Growth Business:
Industrial printing/Marketing services/Ultrasound/Medical IT/
Visual inspection/Imaging solution/New film/Materials/OLED

New Business:
Workplace Hub/Bio-healthcare/Status monitoring/QOL/
Digital manufacturing

Global customer contact capabilities
Sales/service structure: approx. 150 countries
Percentage of direct sales: approx. 65%

System engineers: approximately 2,000
Imaging IoT*2 and AI talent: approximately 400

Environment/Social Innovation/Customer Satisfaction and Product Safety/
Responsible Supply Chain/Human Capital/Diversity

Fiscal 2019 Environmental targets

- Profit attributable to owners of the company
  At least ¥70.0 billion
  ROE 11%
- Life cycle CO2 emissions 50% reduction
- Revenue of sustainable green products ¥770.0 billion

- At least ¥100.0 billion
- Operating profit ¥70.0 billion
- ROE 7.4%
- Operating profit ratio

50% reduction

*1 The number of patents is the total number of patents held in Japan, the U.S., and China.
*2 Imaging IoT: technologies that analyze image data and information from various sensors using AI, such as deep learning, to assist decision-making and judgements in a variety of workplaces.
Konica Minolta’s Strengths

Customer base

We provide high value-added products and services for our roughly two million clients’ workplaces in some 150 countries.

<table>
<thead>
<tr>
<th>Business</th>
<th>Genre-top</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Business</td>
<td>At enterprise offices</td>
</tr>
<tr>
<td><img src="image" alt="Office Business composition" /></td>
<td>Color MFPs had large market shares in about 40 countries around the world</td>
</tr>
<tr>
<td><img src="image" alt="At enterprise offices image" /></td>
<td>Unit basis, Konica Minolta estimate using external CY2018 data</td>
</tr>
</tbody>
</table>

| Professional Print Business | At printing companies |
| ![Professional Print Business composition](image) | Digital color printers had large market shares in about 40 countries around the world |
| ![At printing companies image](image) | Unit basis, Konica Minolta estimate using external CY2018 data |

| Healthcare Business | At various healthcare providers |
| ![Healthcare Business composition](image) | Cassette-type DRs had a large market share among medical clinics in Japan |
| ![At various healthcare providers image](image) | Konica Minolta estimate using CY2018 data |
| | Diagnostic ultrasound systems had a large market share in orthopedics in Japan |
| ![At various healthcare providers image](image) | Konica Minolta estimate using CY2018 data |

| Industrial Business | At production facilities in the manufacturing industry |
| ![Industrial Business composition](image) | Optical Systems for Industrial Use |
| ![At production facilities in the manufacturing industry image](image) | Display color analyzers had the top market share |
| ![At production facilities in the manufacturing industry image](image) | Konica Minolta estimate using CY2018 data |
| | Materials and Components |
| ![At production facilities in the manufacturing industry image](image) | Products for VA LCDs and thin-film TAC products had a large share of the global market |
| ![At production facilities in the manufacturing industry image](image) | Konica Minolta estimate using CY2018 data |

*Composition of operating profit excludes figures in new businesses and corporate and other divisions*
Optimizing workflows, improving business productivity, and reinforcing information security

Main customers
- Large enterprises and government offices
- Small and medium-sized enterprises

Improving printing site workflows and marketing ROI

Main customers
- Printing companies
- Printing departments within enterprises

Improving primary care efficiency and diagnosis quality, reducing healthcare costs, and improving patients’ QoL

Main customers
- Large hospitals
- Clinics

Improving industrial product quality and manufacturing site productivity

Main customers
- Display manufacturers
- Automobile-related companies
- ICT enterprises

Customer values

Providing the World with High Value-Added Products and Services

Customer base
Approx. 2 million companies

Sales/service structure
Approx. 150 countries

Direct sales and support system
Global expansion capacity

Revenue by region (fiscal year ended March 31, 2019)

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue</th>
<th>Percentage</th>
<th>(in ¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>30.1%</td>
<td>¥318.5 billion</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>27.7%</td>
<td>¥293.7 billion</td>
<td></td>
</tr>
<tr>
<td>Asia (excluding Japan)</td>
<td>23.5%</td>
<td>¥249.1 billion</td>
<td></td>
</tr>
<tr>
<td>and other regions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>18.7%</td>
<td>¥197.6 billion</td>
<td></td>
</tr>
<tr>
<td>Consolidated revenue</td>
<td></td>
<td>¥1,059.1 billion</td>
<td></td>
</tr>
</tbody>
</table>

Consolidated Subsidiaries: 174
Global Sites (countries): 50
Employees: 44,360

* Data is compiled on a consolidated basis (as of March 31, 2019)
Konica Minolta’s Strengths 2  Technical expertise

We are working to create new value by evolving technologies we developed in our photographic film and camera businesses.
we developed in our photographic film and camera businesses.

Konica Minolta’s Strengths

**Core technologies**
- Newly acquired technologies
- Optics and nanofabrication
- Imaging

**Technologies**
- Aspherical plastic
- Sensitive materials
- EPS technologies
- Video processing technologies
- Technologies for ultra-high sensitivity detection of fluorescent signals
- Fluorescent nano-material technologies
- Flurorescent nano imaging
- Spectrophotometer technologies
- Luminance colorimetry technologies
- High-resolution image identification technologies
- Film casting technologies
- Aspherical silicon processing technologies
- Detecting when people all up on the bed, leave the bed, or fall down
- Optical design
- Materials technologies
- Video processing technologies
- Technologies for ultra-high sensitivity detection of fluorescent signals

**2019 –**

**Supporting Small and Medium-Sized Enterprises**

**IT Activities with the Workplace Hub**

We developed the Workplace Hub, an edge IoT platform, by combining IoT and AI technologies with the image processing technologies that are a Konica Minolta strength. We provide an all-in-one package of IT infrastructure, IT services, and maintenance and operation services for SMEs struggling with shortages in IT personnel and expertise.

**Saving Labor, Improving Productivity, and Contributing to Stabilizing Quality at Printing Sites with the IQ-501**

We developed the IQ-501 Intelligent Quality Optimizer, which utilizes Konica Minolta’s proprietary color measurement technologies in digital printers and automates such things as density and color calibration. The IQ-501 improves productivity and quality by automating operations formerly done manually by onsite operators.

**Visualizing Proteins with Fluorescent Nano Imaging**

This technology quantifies proteins with precision using fluorescent nanoparticles developed based on proprietary technologies we nurtured through our photographic films. With this technology, we contribute to optimal treatment and medication for each individual and to the efficient development of new pharmaceuticals.
Konica Minolta’s Strengths 3  Business Model

We strengthen our technologies, expertise, and human capital through mergers and acquisitions, and are thereby transforming ourselves into a solutions business.

**Change in business environment**
- Shift from analog to digital technology
- Diversification and increasing sophistication of customer needs (improving business productivity and expanding revenues)
- Hardware (products)
- Digital workflow solutions (products + services)

**Evolution of a business model**

**Office Business**
- Genre-top strategies for A3 color MFPs
- Promotion of hybrid-type sales incorporating IT solutions

**Professional Print Business**
- Implemented a genre-top strategy for commercial printing sector
- Provided printing site workflow solutions
- Implemented a genre-top strategy for industrial printing sector
- Provided MPM *1 and MMS *2

**Healthcare Business**
- Implemented a genre-top strategy for digital radiography detectors
- Provided medical IT services
- Implemented a genre-top strategy for Ultrasound business

**Industrial Business (Measuring Instruments)**
- Implemented a genre-top strategy for light-source color measuring instruments and object color measuring instruments
- Expanded business into automation of visual inspection field
- Expanded business into non-destructive inspection field

**New Businesses**
- Status Monitoring Solution
- Care Support Solution
- Digital Manufacturing

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**Stepped up M&A to develop growth and new businesses**

### 2011 - G PLAN 2013
- Approx. ¥35 billion in investments
  - **Office Business**
    - 2011 Acquired All Covered (U.S.)
    - 2012 Acquired Serians (France)
    - 2012 Acquired Raber+Marcker (Germany)
  - **Professional Print Business**
    - 2012 Acquired Charterhouse (UK)
  - **Healthcare Business**
    - 2013 Acquired diagnostic ultrasound business from Panasonic Healthcare
  - **Industrial Business**
    - 2012 Acquired Instrument Systems (Germany)

### 2014 - TRANSFORM 2016
- Approx. ¥120 billion in investments
  - **Office Business**
    - 2016 Acquired ProcessFlows Holdings (UK)
  - **Professional Print Business**
    - 2014 Provided capital to MGI (France)
    - 2014 Acquired Ergo (Australia)
    - 2015 Acquired Indicia (UK)
  - **Healthcare Business**
    - 2015 Acquired Viztek (U.S.)
  - **Industrial Business**
    - 2015 Acquired Radiant (U.S.)
  - **New Businesses (Status Monitoring Solution)**
    - 2016 Acquired shares of MOBOTIX (Germany)
Stepped up M&A to develop growth and new businesses transforming ourselves into a solutions business. We strengthen our technologies, expertise, and human capital through mergers and acquisitions, and are thereby implementing a genre-top strategy for Ultrasound business.

Konica Minolta’s Strengths 3  Business Model

Businesses

New

Industrial Business

Professional Print Business

Office Business

Healthcare Business

Print Business

Professional Business

Hardware (products)

change in business model

Evolution of a business model

environment

Shift from analog to digital technology

Diversification and increasing sophistication of customer needs

Panasonic Healthcare  (improving business productivity and expanding revenues)

Digital workflow solutions (products + services)

New Businesses (Status Monitoring Solution)

Industrial Business

Healthcare Business

Professional Print Business

Office Business

2011- G PLAN 2013

2014- TRANSFORM 2016

¥35 billion in investments

Approx.

2012 Acquired Instrument Systems (Germany)

2013 Acquired diagnostic ultrasound business from Siemens Healthcare K.K.

2012 Acquired Charterhouse (UK)

2012 Acquired Raber+Märcker (Germany)

2012 Acquired Serians (France)

2011 Acquired All Covered (U.S.)

2016 Acquired ProcessFlows Holdings (UK)

2016 Acquired shares of MOBOTIX (Germany)

2015 Acquired Radiant (U.S.)

2015 Acquired Viztek (U.S.)

2014 Acquired Ergo (Australia)

2014 Provided capital to MGI (France)

2017- SHINKA 2019

Approx.

¥135 billion in investments

New Businesses (Bio-healthcare)

2017 Acquired Amby Genetics (U.S.)

2017 Acquired Inviroco LLC (U.S.)

Healthcare Business

2017 Acquired Panasonic Medical Solutions Co., Ltd.

2017 Took over the Japanese transvaginal ultrasound business from Siemens Healthcare K.K.

Industrial Business

2019 Acquired Eines Systems S.L. (Spain)

Conducting M&A to Strengthen Intangible Assets Needed for Business Transformation

System engineers  Imaging IoT and AI talent  Bio-healthcare researchers

Approx. 2,000  Approx. 400  Approx. 1,100

M&A investment by business (FY2011-2018)

50%  25%

Office Business  Professional Print Business  Healthcare Business  Industrial Business  New Businesses

10%  4%  11%