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Commitment



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Outside Director

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Outside Director

Message from the CEO



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Response to the COVID-19 pandemic

We are bringing together the collective strength of the Group to overcome this unprecedented crisis

I first would like to express my deepest condolences to the people around the world who have lost friends and family due to the COVID-19 pandemic and pray for a quick recovery for people who have contracted the virus. I would also like to express my deepest respect to the government and local officials working on the front lines to prevent the spread of the disease and to the healthcare professionals at medical facilities who are working day and night to diagnose and treat patients with the virus.

As the virus spreads worldwide, the Konica Minolta Group's top priority is protecting the health and safety of its employees and their families while doing everything in its

power to support its many customers that have mobilized to fight the disease. We donated ultrasonic diagnostic devices to hospitals, and Group employees assisted various sites by providing non-contact, instant-display medical thermometer systems. I am especially gratified that these actions taken by our Group employees were instigated by a bottom-up approach. I think the sincere desire that many of our employees have to improve the world and be useful to society is a reflection of the positive DNA that Konica Minolta has inherited as a company.

We are prepared to continue our business activities while coexisting with COVID-19 for at least the next few years. In the era of the new normal, our desire to play a role in people's work and daily lives will continue, and I want our employees to work together to speed up our business transformation and overcome the difficult times.

Looking back at the SHINKA 2019 medium-term business plan

In very challenging market conditions, we ultimately fell far short of our management targets.

Since taking the position of CEO in 2014, I have been consistently pursuing "customer value" and have sought to change from a company providing excellent products to a "company providing value by solving issues." During the TRANSFORM 2016 and SHINKA 2019 medium-term business plans, the Group sought to leverage its intangible asset of "connections with two million customers worldwide" and to deepen our connections with customers and build strong relationships of trust by providing "value" that helps them improve business efficiency and increase revenue.

To achieve that, we shifted our product-driven operations in each business unit to service-driven businesses utilizing our

imaging and data technologies. At the same time, we promoted the formulation of recurring profit businesses that do not require initial investment by customers and that are easy for small and medium-sized enterprise customers to introduce. Our efforts to transform our business model have progressed generally as planned over the past six years.

The performance results through fiscal 2018 continued strong although somewhat behind our plan, and in fiscal 2019, the final year of SHINKA 2019, our results came in short of our targets with consolidated revenue of ¥996.1 billion and operating profit of ¥8.2 billion. As the head of the corporation, the shortfall is my responsibility and I view these results with the utmost seriousness. Below, I explain some of the reasons for our underperformance by dividing them into two general factors: the external environment and our business activities.

Message from the CEO

Factor 1: The changing external environment

In the past three years, digitalization and the expanding use of AI has triggered rapid changes at business sites in all types of industries and businesses. The dynamics of the global printing industry have also changed dramatically. While the digital printing market has expanded in China, India, the ASEAN, and other countries experiencing economic growth, the growth in print volume has slowed in Europe, the United States, and other developed countries where digital technology is engendering new work styles and the digitalization of administrative processes. We had anticipated these market trends and took various steps to prepare our businesses, which I will outline below.

In addition, when we were creating the SHINKA 2019 plan in fiscal 2017, we also anticipated an increasingly challenging economic environment. However, the economic environment deteriorated even more than we anticipated beginning in the second half of fiscal 2018 with the intensifying trade friction between the United States and China, slowing economic growth in China, a sluggish European economy, and a receding appetite for capital investment worldwide. All of these developments had negative impacts on our business segments. Then the additional tariffs on Chinese goods that came out of the U.S.-China trade dispute caused drops in profits for our core Office and Professional Print businesses, both of which have production operations in China.

Finally, we confronted the unexpected outbreak of the global COVID-19 pandemic at the end of fiscal 2019. The pandemic severely restricted our businesses and our sales activities to customers as well as installation of previously ordered products. The lockdowns in Europe and the United States begun in March 2020 had particularly strong impacts on revenue and profits in the Office, Professional Print, and Healthcare businesses, all of which usually are in peak demand during this period.

Factor 2: Weakened core business profitability and delayed revenue contribution from new businesses

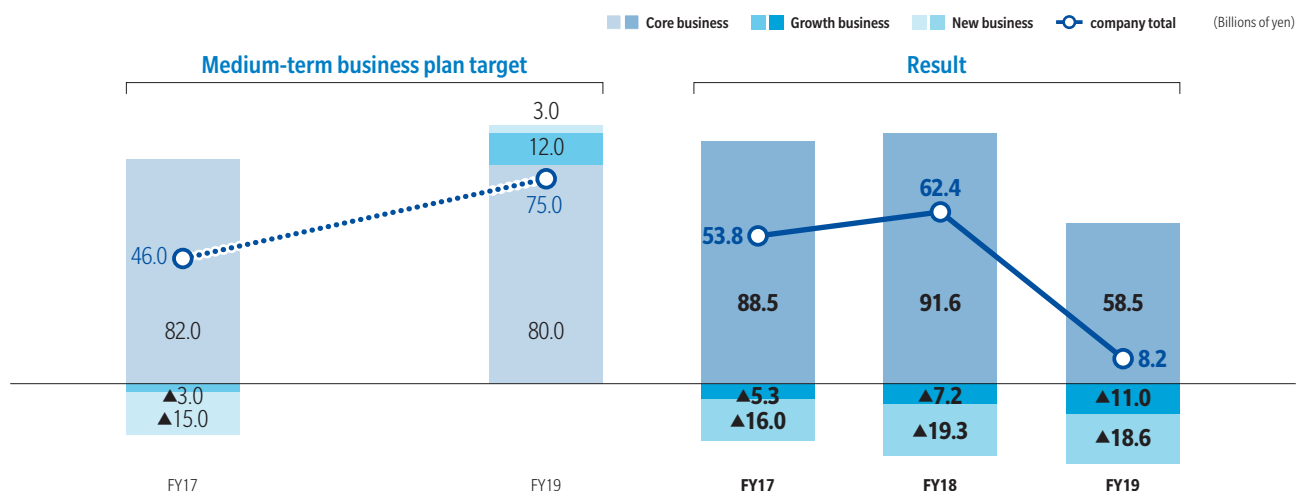
Our inability to sufficiently increase the earning power of the Office Business, which accounts for about 55% of company-wide revenue, had a major impact on our overall profits. One of the main factors behind this was the time it took to resolve problems associated with the design robustness of our new multi-functional peripheral (MFP) equipment, for which we were planning to begin mass production after the first full model change in seven years at the Malaysia factory. Our efforts to guarantee quality and prioritize supply led to higher costs while holding down production yields, with the result of lower-than-expected profits from the new models.

In the Professional Print Business, the production print market did not grow as much as we forecast although we maintained the top share in the commercial printing market, which is a main focus. While the market has expanded in growth countries in the past three years, the digitalization of commercial printing did not develop as much as we were anticipating in developed countries.

In the New Businesses, expansion of the Workplace Hub service platform, which is designed to leverage our Office Business customer base, did not grow as rapidly as we had planned. Although a certain number of our main target of small and medium-sized enterprises recognized the value of Workplace Hub, it took us longer than expected to develop the basic software to consistently deliver value while expanding the number of customers, and it was not until February 2020 that we were able to upgrade the product to its final form. The delay to our plan was the main reason we did not reach our target.

In the bio-healthcare business, we launched operations centered on the United States following the two major acquisitions of Ambry Genetics and Invicro in fiscal 2017. Both companies have the high-level technical capabilities that we expected; however, the bio-healthcare business did not expand

SHINKA 2019 targets for Core, Growth, and New Business operating profit



as quickly as we were planning due to issues that became apparent with their abilities in marketing and in negotiating with insurance companies and because of the time needed to strengthen the business foundation, such as by bringing in management-level human resources.

In the past three years, we have laid the groundwork for the next growth in our core business.

I want to emphasize that, while the external environment unexpectedly changed and some projects did not progress as planned, in the last three years we still made significant progress and achieved several positive results.

First, the Office Business has resolved all the issues related to the mass production of the new model MFPs in Malaysia. Production unit prices are now equal to below the production prices in China. My sense is that our competitiveness is being boosted by the new A3 color MFPs, which features the industry's highest level of security functions. Also, in fiscal 2019 we introduced models in each of the low-, mid-, and high-speed ranges, which puts us in position to promote a full lineup of offerings in fiscal 2020.

The production print business unit introduced its first heavy production printer (HPP) while maintaining its top position in the mid-production printer (MPP) and light production printer (LPP) segments in fiscal 2019. Aimed at meeting the demand for large-volume printing, we believe the new HPP will become a major product of the production print business.

The Industrial Business fortified its competitive advantage in the performance materials fields by successfully shifting to high value-added products in anticipation of larger display screens and technological changes. The business was also authorized by production partners for new resin films in the second half of the fiscal year, thereby increasing its ability to meet customer needs and opening new possibilities to offer even higher value-added. In the measuring instruments business unit, the business strengthened its business foundation in color measurement technologies supported by the increasing sales of mobile products and by diversifying its customer base and advancing the commercialization of its products in the growth field of visual inspection equipment.

We are accelerating our business portfolio transformation in accord with the decreasing volume of in-office printing.

We recognize that we have not yet developed businesses capable of generating large revenue streams in our new and growth businesses. Nevertheless, I am confident that the fundamental direction we are taking to transform our business portfolio for declining demand in office printing is the right decision. The COVID-19 pandemic has significantly changed office employee workstyles and workplaces, and I have to think that this will hasten the peak out in office print demand. This makes it all the more clear to us that in order to survive as a company, we need to speed up the creation of a business structure that is not reliant on profits from office printing.

We also produced achievements in the non-financial areas of the environment and human resources.

In addition to our business performance, we also realized several significant non-financial achievements during the three years of SHINKA 2019. Our environmental measures made significant progress. Amid growing worldwide awareness of the risks from climate change, we broadened the circle of support for our "Carbon Minus" activities from our client companies and suppliers to firms in other industries by creating a digital environmental platform for sharing environmental expertise among industries throughout Japan.

Another positive result of the last three years is how we have strengthened our human capital (personnel), which is a critical intangible asset. A diverse workforce is essential to creating new value. The Konica Minolta Group is actively hiring women and non-Japanese while also shifting to a workforce that will strengthen our understanding of our customers' businesses. Our aggressive M&A activities have also brought in many outstanding personnel. We made a particularly substantial advance establishing a foundation of personnel in the Imaging IoT field, which is a key to future digital transformation (DX), by adding some 500 Imaging IoT professionals in Japan and overseas.

Message from the CEO

Long-term management vision for 2030

We reexamined our purpose and formulated a new long-term management vision.

We have announced our long-term management vision for 2030 (see page 17). The purpose of creating the vision was to provide a clear image of what we want the Company to be in 10 years, well beyond the end of the pandemic, and then to backcast to determine what we need to do now as a group to fulfill the vision.

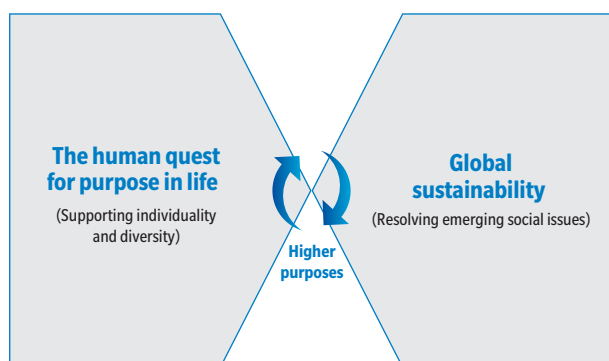
To form the vision, we held deep discussions on the question “What will be the Company’s reason for existence 10 years from now?”

Since our founding, Konica Minolta has responded to the needs of customers around the world using our core image input and output technology and imaging technology, centered on image processing, cultivated in its camera and

photograph businesses. I consider our imaging technology as the origin of our DNA. By further developing that DNA and fulfilling people’s desire to “see” various things, we can enhance the productivity and creativity of professionals working at client companies, and through that we can seek to provide engagement and well-being to the people who are the ultimate end users and can also contribute to realizing a sustainable society. Our discussions therefore uncovered two higher purposes for our company—to support people to achieve their purpose in life and to create a sustainable society.

These ideas are encompassed in our management vision statement, “Imaging to the People.” The statement directly expresses that the reason for our existence is to continue our DNA of fulfilling our customers’ desire to “see” and realize both people-centered engagement with worksite professionals and the creation of a sustainable society.

Our reason for being



Management Vision (2030 Company Image)

Imaging to the People

A global company that is vital to society,
bringing vision to reality

A robust and innovative company,
continually evolving and contributing to the
sustainable growth of society and individuals

The five material issues

Improving fulfillment in work and corporate dynamism

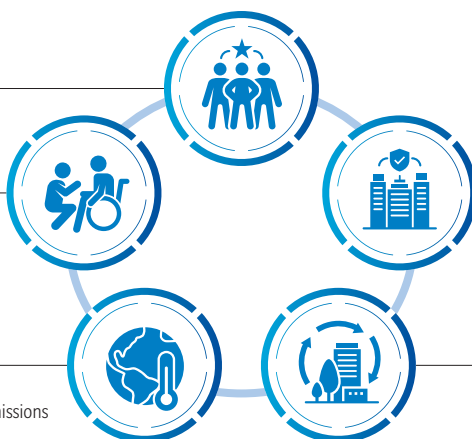
Enhance the productivity of workers, create creative time, and create an environment in which individuals can shine

Supporting healthy, high-quality living

Contribute to the health and high quality of life of individuals to realize a better society

Addressing climate change

Reduce in-house CO₂ emissions and society-wide CO₂ emissions in cooperation with customers and suppliers



Ensuring social safety and security

Enhance safety and security in the workplace and in the lifestyles of the company, customers, and society, and ensure the safety and security of our products and services

Using limited resources effectively

Promote the effective use of resources in the company’s supply chain and expand the effective use of resources by customers and suppliers

We clarified the Company's social value for 10 years from now, which we adopted as our "material issues"

To enable us to realize our management vision for 2030, we need to also consider how the world will change and what social issues will arise in the years ahead. While setting the long-term management vision, we also imagined what social issues might be present in 10 years and clarified the social value we can provide as a company for addressing those issues. We call the social value we can provide our "five material issues" (see page 21 and page 37).

These material issues represent themes into which we can concentrate the Group's intangible assets to generate significant social value. We created target images for the company in 2030 for each of the five material issues and set clear directions for creating value in the medium and long term.

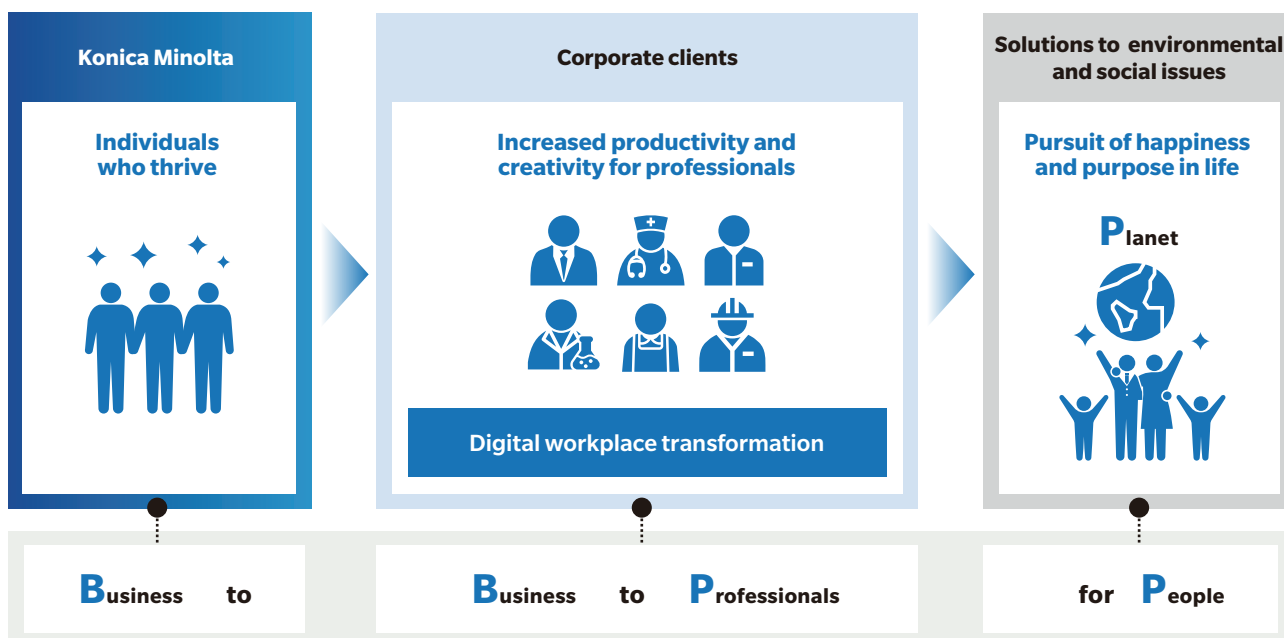
We then backcast from the vision for 2030 and formulated three-year management strategies. For each of the five material issues, we plan to set specific KPIs for "environmental and social value" quantifying the impacts of addressing environmental and social issues and for "economic value" quantifying the contributions these activities make to profits. These material issues will be incorporated to the business plans of each business unit, and we will advance initiatives integrating business growth and sustainability.

Realizing the management vision through a "BtoB-to-PforP" approach

Since becoming president of the Company, my view has been that sustainability and our management and business strategies are one and the same, and that contributing to realizing a sustainable society will lead to sustainable growth for the Company. Since its beginning, Konica Minolta operated under the belief that helping resolve social issues creates new value and is a foundation for growth, and that belief is held throughout the Group. One of Konica Minolta's greatest strengths is that each employee at each business site thinks about the meaning of the "6 Values" and can make their own decisions and implement them in their actions.

I describe the approach we are taking to fulfill our management vision as "BtoB-to-PforP" or business-to-business to professionals for people. This approach goes beyond the simple BtoB products and services. By supporting business transformation for professionals in manufacturing, medical and nursing care, and other industries, we can enrich the lives of the people who are the end users while at the same time boosting the engagement and job satisfaction of the people at the worksites. I want to create a society where many more people can be motivated and happy by using this BtoB-to-PforP approach to address social issues and by using our imaging technologies and enabling all of our employees to shine in all of our business domains.

The BtoB-to-PforP approach for realizing our long-term management vision



Message from the CEO

Medium-term Business Strategy DX2022

The groundwork set during the previous medium-term business plan will be diligently developed into results.

The medium-term business strategy "DX2022" will start in fiscal 2020. The biggest challenge during the three years of DX 2022 will be to finish any remaining items from the previous SHINKA 2019 plan and to diligently develop the established groundwork into results. DX2022 will also be a milestone (benchmark) for our progress toward realizing our management vision for what we want the Company to be. The next three years will also be a critical period for establishing exactly "what we need to do" as determined by backcasting from our long-term management vision.

The fundamental objectives of DX2022 are to "leap to highly profitable businesses through DX" and to "evolve into a company clearly committed to solving social issues." The plan is also designed so we can further enhance the value for our customers through a recategorization of the three "core, growth, and new" business categories and a recasting of the strategies in each business segment (see page 55).

The Office Business has been renamed the Digital Workplace Business and will provide DX support to clients through a combination of our MFPs, IT service solutions, and Workplace Hub. The business will support value creation at our customers by through our unique value creation for all types of business sites, including offices, hospitals, distribution centers, and production sites. The Professional Print Business will provide automation and labor-saving operations that can only be achieved using digital technologies while also supporting printing companies

seeking to transform into value-added businesses.

The Healthcare Business will offer diagnostic imaging, including using X-ray imaging and ultrasound systems, along with medical IT services for diagnostic support. The business will also provide integrated support for genetic diagnostics and drug discovery support services to provide value for disease prevention, early detection, early diagnosis, and new drug development.

The Industrial Business, which was previously separate segments, will be combined as the Industry Business. The business will offer measuring instruments, materials and components; status monitoring solutions using imaging IoT technology; and value for the safety and security for various manufacturing operations.

DX will enable us to advance our business model, build stable profit streams, and boost our competitive advantages.

Our imaging IoT Platform (see page 27) is the foundation from which we will drive our business strategies. We will combine AI and IoT technologies with our strength in imaging technology to create high value-added, high-profit businesses utilizing continuous streams of images and other data from the application sites.

All of our products and devices are Smart Connected Products that connect to a network and allow the on-site workers to access various types of software that can be used to reform their operations and improve their workflow.

Positioning of the DX2022 medium-term business strategy



We will develop these businesses by continuing to take a medium-term perspective on acquiring and cultivating our imaging IoT personnel. During the three years of DX2022, we plan to increase our staff from the current 500 to 1,000 people. We have also established an R&D base in Canada and have begun joint research with a university on advanced AI technology. We also boosted our imaging IoT development capabilities in Japan in August 2020 with the construction of a new development center at the Takatsuki Site in Osaka Prefecture.

We are stepping up business selection and concentration, and strengthening sustainable areas.

To enable even more effective business portfolio management, we are continuing to select and concentrate our businesses following three criteria.

The first criterion is the business attractiveness. We are looking for businesses with future growth potential, with business scale to become a new pillar for the Company, and with profitability at a level that will enable future investments.

The second is the ability to continue strengthening the competitive advantage. Based on the strengths of our current intangible assets and businesses, we will organically incorporate capabilities we currently lack for digital transformation so we can provide value that is indispensable for our customers' operations. By doing that, we will create strong customer relationships that will be impenetrable by competitors.

The third criterion is compatibility with our corporate strategy. We will focus on businesses capable of fulfilling the Konica Minolta objectives for environmental and social value. I would like to focus on business areas where we can make Konica Minolta the number one preferred business partner by professionals on the ground.

Our standard policy is to provide specific projection figures when we announce our medium-term strategies. However, the COVID-19 pandemic has made it virtually impossible to accurately predict the trends in the global economy and our business environment. Due to the circumstances, we have not set specific target figures for the DX2022 plan. We will announce figures when a forecast can be made with reasonable accuracy.

Thought on our transformation

We will develop our strength in imaging technology to visualize a new future.

I have a strong sense that the Japanese manufacturing industry is at a crucial point in terms of its future. Underlying my awareness of the problem is a strong sense of crisis about the future of the Japanese manufacturing industry. It would be extremely perilous if Japanese manufacturers are operating as if the "Japan as No. 1" success from over 30 years ago were still relevant today. Platform companies like GAFA (Google, Apple, Facebook, and Amazon) are dominating worldwide, and China and other countries are ascending at a tremendous speed using the very same model that Japan rode to success. Japanese manufacturers will be hard put to survive if new high value-added businesses arise that can become game changers.

Konica Minolta possesses advanced technology that the large global IT companies simply do not have, and our image processing and analysis technologies in the imaging field are especially competitive. I believe that the mission for our top management is to harness our outstanding technologies to create true value.

This value is the value for our customers, which is always "on site" at their operations, and "on site" means the value is for the people who work there. The only way to create true

value for our customers is to provide the meaning and creativity for the people at the operating sites. I believe our success will come from the multitude of direct connections we have with the people "on site."

Imaging technology that can "make the invisible visible" is essential for all types of human creativity and communication, and the need for that technology will never disappear. Konica Minolta has been dedicated to expanding the scope of human vision for nearly 150 years. If we continue to ask, what is our technology used for? who uses our technology? and how can our customers use our technology to create value? then it is certain that Konica Minolta will continue to grow and flourish.



Shoei Yamana
President & CEO
Konica Minolta, Inc.

Message from the Chairman of the Board



Following the principle that "a company evolve together with society," we will enhance the effectiveness of oversight of the executives who are accelerating our business transformation.

Masatoshi Matsuzaki
Chairman of the Board

I would like to start by looking back at our performance and achievements in fiscal 2019, which ended in March 2020 and was the final year of our three-year SHINKA 2019 medium-term business plan.

The plan centered on strategies to keep our existing businesses competitive while securing revenue and profit, enabling higher profits by lowering manufacturing costs, service costs, and SG&A, and continuing to invest in new businesses to advance our business and portfolio transformation. At the same time, the plan was geared to attaining our performance targets of ¥75 billion in operating profit and ¥50 billion in profit attributable to owners of the company.

The performance targets appeared eminently attainable at the close of the plan's second year. In fiscal 2018, the core Office Business was posting better-than-expected revenue and profits even in a market that was not growing with A3 MFP unit sales were at a record high, and the Professional Print Business was generating growing revenue and profits driven by our unique ability to provide value by applying our technology to measuring instruments. Our measuring instruments business unit succinctly captured smartphone demand, and our

performance materials business unit attracted demand with new films, and the Industrial Business reached the medium-term business target thanks to its efforts in the previous year.

The strong performances of our existing businesses supported continuing investment in new businesses, which posted growing revenue. A prime example was the newly acquired Bio-Healthcare Business, where we completely reformatted business model and were generating growing business. Our robust performance enabled us to raise ROE to our target of 9.5% even while continuing to heavily invest in new businesses.

Despite this strong momentum, the business conditions and our performance changed drastically in the plan's final year of fiscal 2019. The year started with our Board of Directors looking at the business outlooks for economic slowing in Europe and the United States and becoming resigned to the year's performance leaving us short of the targets that had been set in 2017. The business momentum we had built up crumbled in the first and second quarters due mainly to our own internal issues.

The Office Business was relying mainly on switching to

new product lines to meet its targets for the year but had difficulties at the start of mass production. The difficulties created a negative spiral with the delay ramping up production and undermining our efforts to reduce costs while preventing the new products from contributing to revenue in the first two quarters. As the chairman of the Board, with the approval of the president, I spoke individually with directors about the challenges being faced by the Office Business and other businesses that were heading for target shortfalls. I then incorporated the issues they raised into the recommendations I presented to the president to consider in his plans to get the Company back on track.

In the third quarter, we regained our quarterly momentum for earnings and were confident that we would be back at full speed in the fourth quarter. But the COVID-19 outbreak started affecting business in China and then around the world. As a company with a large ratio of overseas revenue and that generally accumulates a large part of its earnings at the end of the fiscal year, the pandemic was a devastating blow that left us far short of our forecasts for the fiscal year.

Resolving the internal issues that caused the underperformance is a top priority area of the next medium-term management plan. The Board of Directors has responded by setting specific corrective measures in the areas of business strategy and personnel as well for the organizational structure and management.

Our outside directors had advised us to level out the overweighted earnings at the end of the fiscal year. The year's results made it abundantly clear that the strong focus on year-end earnings creates huge risk of earnings shortfall, and our executive managers, under the close watch of the Board of Directors, are now fully engaged in rectifying the imbalance.

The SHINKA 2019 plan set a goal for the five years to fiscal 2021 to make ourselves "a company creating new value for the evolution of business society and human society." All of our activities and initiatives in the past three years have been focusing on fulfilling that objective. Two key initiatives in that direction are our efforts to identify issues at client companies and create solutions with them, and to mobilize the entire group as One Konica Minolta to support transformation at our customer companies catered to their specific industry and business. Anticipating potential issues at our clients has become a major theme in all of our business divisions and our new businesses as well. However, I still feel we need to do more to embody One Konica Minolta because I do not think we have done enough in the past three years with that specific goal in mind. We therefore had the executive team formulating the next medium-term plan outline specific actions for each business. The COVID-19 pandemic has made it very clear what type of digital transformation our client companies want in

each industry and business. I believe our concrete plan and our clear understanding of what our clients want will enable us to achieve a business performance that is very near our targets.

ESG practices are essential to realizing our management vision to be a global company that is vital to society. In addition to being a fundamental part of our management activities, SHINKA 2019 calls for strengthening ESG to bolster our corporate value in the medium and long terms. Our executive team identified six items of materiality that we consider priority issues for the Company from the perspectives of social and economic value. The effort we have taken to incorporate addressing these issues into our management activities continues to receive international recognition in ESG management assessments. The Board of Directors is deeply invested in the ESG initiatives and actively monitors the status and provides guidance.

The Board of Directors discussed the long-term management vision extensively before adopting it as a basic management policy in April of this year. In framing our vision, we understood that we had to start by redefining our purpose—our reason for existing—and describing a clear picture of what we want the Company to be in 10 years. The Board of Directors also felt the best course for creating a vision that all employees could get behind would be to incorporate input from the younger employees that will embody our future. The board's discussions about the vision reinforced our sense that it fulfills our belief that a company evolve together with society. My advice during the discussions was to remember our DNA, which has always served us well when we had to overcome major changes and turn them into opportunities for great leaps forward.

Although we have been making progress with the medium-term management plan set to launch in the fiscal year ending in March 2021, due to the dramatic change in the business landscape with the COVID-19 pandemic, we have pivoted to focusing on executing strategies that will strengthen our medium-term management in the changed landscape. We originally were planning to prepare for full-fledged paperless operations by condensing development of digital transformation (DX) solutions centered on our Workplace Hub product into three years, but because of the pandemic, we believe we need to establish the business model even quicker.

The Workplace Hub business unit did not contribute as much as the Board of Directors were expecting under SHINKA 2019. The primary reason was the delayed development of the fundamental software, but the software is now ready for full-fledged sales. Showing investors tangible progress in the business contribution from digital solutions is a primary focus for the Board of Directors this year because it is essential to reestablishing our stature as an investment target.

Discussion with Outside Directors

Chikatomo Kenneth Hodo Outside Director

Mr. Hodo contributes extensive experience in corporate management and a broad knowledge of digital business operations from a career that included serving as the former Representative Director and President and later Chairman of Accenture Japan Ltd. Appointed Outside Director at Konica Minolta in June 2018 upon selection by the Nominating Committee, Mr. Hodo is currently a member of the Nominating Committee and the Audit Committee.

Taketsugu Fujiwara Outside Director

Mr. Fujiwara provides extensive experience and broad knowledge in corporate management, including mobilizing M&A to foster new businesses, from a career that included serving as President and Representative Director and later Vice Chairman and Director of Asahi Kasei Corporation. Appointed Outside Director at Konica Minolta in June 2018 upon selection by the Nominating Committee, Mr. Fujiwara is currently the Chairperson of the Nominating Committee and a member of the Audit Committee.

We will do our utmost to help Konica Minolta become an essential presence in the DX era.

Q1. How do you evaluate the previous SHINKA 2019 medium-term management plan?

Fujiwara The SHINKA 2019 plan was created when there was a growing sense of crisis about whether the company could survive with the accelerating trend toward a paperless society. The plan therefore focused on a thorough transformation of its business portfolio mainly through M&A and developing new businesses. Nevertheless, the plan has not yet fully produced the results that were aimed for.

Hodo I thought the SHINKA 2019 strategies would be effective, and particularly thought the measures to develop Workplace Hub, bio-healthcare business, and other new businesses made a lot of sense. However, the plan's execution speed has been a major stumbling block since, at this point, neither strategy has produced the concrete results we had expected with the new services and solutions.

Fujiwara The plan was further derailed in fiscal 2019 when the intensifying U.S.-China trade friction and the COVID-19

pandemic radically upended the economic environment. The pandemic appeared just when the company was set to turn in a strong fourth quarter, which accounts for a relatively high percentage of its annual revenue. The heavy weighting on business near the end of the fiscal year is an issue that I've been pointing out as needing to be dealt with since I was appointed. The housing business, where I was also working as a manager, had the same issue of concentrated revenue at the year end, but management has been able to level it out across the year while simultaneously increasing business productivity and creating advantages for customers. With determination, management should be able to achieve this for the whole company.

That imbalance is another reason why transforming the business portfolio is so urgent. As the core business shrinks, it will be important to invest management resources in new businesses and promote the company's metamorphosis as a corporate entity.

The Workplace Hub business is a prime example. The new platform is expected to generate enough revenues to essentially drive the company, but getting a new business up to speed requires considerable amounts of both time and money.

To build it into a pillar of Konica Minolta's business portfolio will also need to fine-focus the business target and use its limited resources efficiently. Right now, I still feel that management needs to narrow down its objectives.

Hodo It is certainly important to have clear vision when entering any kind of new business. Management was also a bit optimistic about the projected contributions from business acquisitions and needs to adjust its expectations. Although taking risks is necessary, it's also important to carefully determine if the expected business synergies and investment returns are worth the risk.

Fujiwara At the same time, in the core Business Technology Business, the technologies will continue to be relevant even if the move to paperless shrinks the market. From that perspective, the company needs to consider strategies like pursuing added value instead of revenue volume, or encouraging industry restructuring to increase market share.

Q2. What are your expectations for the DX2022 medium-term business strategy launched in 2020?

Hodo Basically, I think management should carefully examine the strategies and initiatives of SHINKA 2019 and continue moving them forward. There are also some parts that need to be reset. Before continuing with the business portfolio transformation, I think the company needs to do detailed analysis of the changes in the external environment as well as its actual ability to execute the strategies where it had difficulties during the previous plan.

Fujiwara I also think management should continue in the fundamental direction of SHINKA 2019. As you mentioned, though, the external environment has changed considerably. The COVID-19 pandemic is changing the economy and society in many ways and, even more importantly, people's values are changing dramatically. Changes like these make it very difficult to reach an absolute consensus about which specific business model would be the most effective. The paradigm is shifting from "what is correct" to deciding a direction where "the first to move wins."

Hodo Workplace Hub is a perfect example. It's a proprietary business of Konica Minolta offering a very unique approach. The Workplace Hub business structure with planning, development, marketing, and operation management integrated across Japan, the United States, and Europe is uncommon even for global corporations. That in itself sets a high hurdle for establishing the business, which means it will take more time to get the business on track. But it also means that the business has plenty of potential to become a pillar of future business for the company if the business execution structure is thoroughly verified and improved.

Fujiwara One of the objectives of DX2022 is to use digital transformation to strengthen the solutions business, and I think improving management's execution ability and

quickly establishing a new business model will be key to fulfilling the objective.

Hodo Yes, and it's also imperative to incorporate an ESG perspective into the corporate strategy. Konica Minolta is regarded as a leading company in terms of governance, and from the standpoint of an outside director, it is extremely diligent in applying governance. Konica Minolta is also implementing pioneering efforts in the areas of the environment and society. Unfortunately, these elements are not being reflected in the stock price. Perhaps a stronger effort needs to be made to leverage them and make them more widely recognized.

Fujiwara The company has clarified the social values it considers important and set five material issues. For each material issue, management plans to set and announce specific KPIs for environmental and social value and for economic value. These should help better communicate the efforts that the company is making.

Q3. How will you assist Konica Minolta management as an outside director?

Hodo I think one of the biggest issues for shareholders is that the company's market capitalization is too low. Market capitalization is in many ways an evaluation of the future expectations of a company, and it seems like the market still views Konica Minolta as a conventional manufacturing company even though the Company has significant technological capabilities, a global network, and are putting a great deal of effort into a digital shift. To overcome that image, in the next 10 years Konica Minolta must prove that it's an essential company in the digital age. The challenge for management as it develops its businesses through digital transformation will be how it will boost profits with its solutions. I'm looking forward to contributing my experience in digital business and services and working with management to find a way.

Fujiwara The outside directors actively discuss strategies with the inside directors and executive officers at the Board of Directors Meeting, but once the business direction and objectives are set, I believe our role is to step back and monitor the progress and to provide support when necessary. If the company is progressing in the right direction, the executive officers should be left to run the individual business operations. When they come upon an obstacle they have trouble working through, that's when we can step in with support by using our external perspective to identify the problems, alleviate their concerns, and get them back on track.

Hodo The market is concerned that MFPs will become obsolete, so the company must offer digital solutions that erase that fear and make it recognized as a leader in the digital field. I will give management my frank opinions on what is good and what is bad about the plan to ensure that DX2022 gets off to a solid start.