

Chapter 2

Value Creation Story

Global trends such as demographic changes, the advance of the digital revolution, increasing global multipolarization, and the occurrence of climate change and global warming all point to a world that is undergoing dramatic change. To do business from a long-term perspective while resiliently responding to these changes, Konica Minolta has formulated a long-term management vision that extends to 2030.

Our social purpose is to pursue building a rewarding society centered around people's well-being and also realize a sustainable society, doing both to a high degree by satisfying our customers' need to "see", as they change with the times supported by our original imaging technologies. Imaging to the People is our statement encapsulating this idea and is laid out in the management vision. To make this a reality, we will work to achieve our five material issues and improve corporate value for the long term.

Long-term Management Vision 2030

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.

Our reason for being

**The human quest
for purpose in life**
(Supporting individuality
and diversity)



Higher purposes
Global sustainability
(Resolving emerging social issues)

Material issues



Improving fulfillment
in work and
corporate dynamism



Supporting healthy,
high-quality living



Ensuring social safety
and security



Addressing
climate change



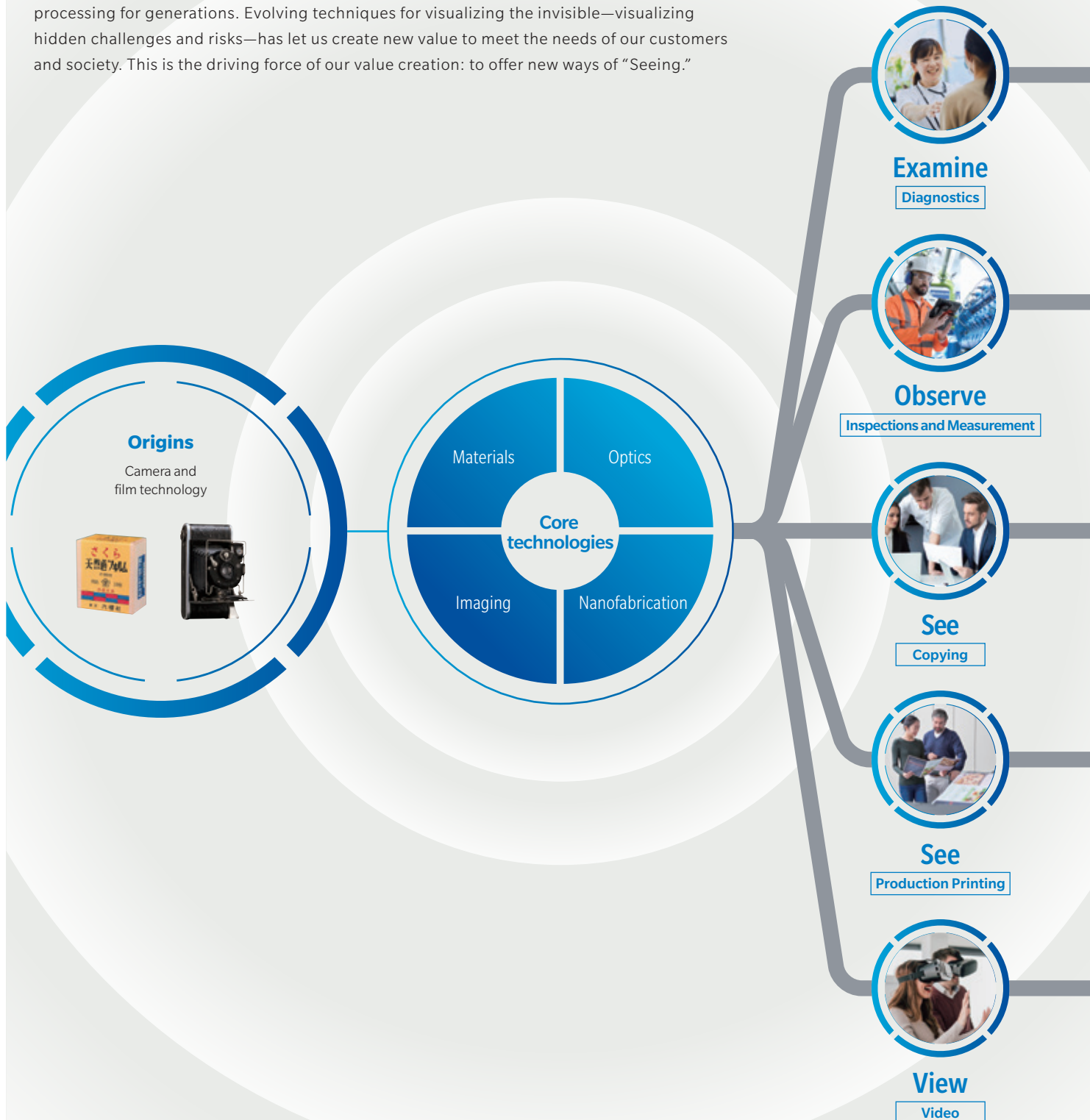
Using limited
resources effectively

Our DNA

Satisfying hopes and desires to “see”

Creating value by advancing technologies for visualizing the invisible

Imaging technology is in Konica Minolta's DNA. From our roots as a camera and film manufacturer, we have cultivated our own technologies for image input, output, and processing for generations. Evolving techniques for visualizing the invisible—visualizing hidden challenges and risks—has let us create new value to meet the needs of our customers and society. This is the driving force of our value creation: to offer new ways of “Seeing.”





Care

Nursing Care

Visualizing care work



HitomeQ Care Support

Visualizing early signs of illness



Digital X-ray systems



Diagnostic ultrasound systems



Medical imaging and information systems

Visualizing disease risks



Drug discovery support services



Genetic testing services

Visualizing manufacturing quality



Object color measuring instrument



Display measuring instruments



Automotive visual inspection

Visualizing social safety and security

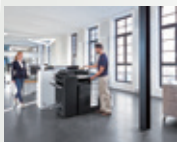


Condition monitoring solutions



Gas detection solutions

Visualizing business documents



Digital multifunction printers



Visualizing the office output environment



Optimized print services

Visualizing work process issues



Workplace Hub

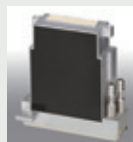
Visualizing vivid printed materials



Digital printing systems

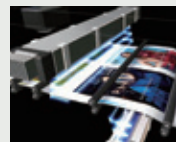


UV inkjet printers



Inkjet heads

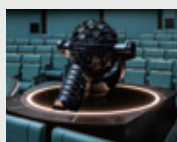
Visualizing printing process issues



Intelligent Quality Optimizer



Visualizing beautiful video



Planetariums



Polarizing films



Optical units for projectors

Visualizing virtual worlds



VR services

The society we seek to achieve

With a view to 2030

The five material issues Konica Minolta seeks to achieve

Today, numerous social issues, such as demographic changes, rising social welfare spending, climate change, and resource depletion are becoming evident. With a view to 2030, Konica Minolta has made opportunity and risk assessments concerning how these issues will impact our Group and society and, through backcasting, has redefined five material issues that we seek to address. By focusing on these material issues and helping to solve social issues through our business activities, we will help make society more fulfilling and sustainable.



Visualizing issues
surrounding working styles

Material Issue ①

Improving fulfillment in work and corporate dynamism

With labor shortages expected to occur in numerous economies around the world, we help our customers improve productivity and transition to creative operations through such solutions as the Intelligent Connected Workplace, on-demand production, and imaging IoT technologies.



Visualizing issues surrounding
healthcare and caregiving

Material Issue ②

Supporting healthy, high-quality living

As social welfare costs increase alongside a growing number of elderly and limited access to healthcare and caregiving becomes problematic for emerging nations, we contribute to the early detection of illnesses, the expansion of caregiving recipients, and quality of life improvement for people through things like genetic testing, analysis, and caregiving solutions.





Visualizing
social risks

Material Issue 3

Ensuring social safety and security

At a time of frequent cyber attacks, natural disasters, a pandemic, and other events that threaten our work and life, Konica Minolta works to build a safer, more secure society by providing solutions for visualizing risks in the workplace and ensuring secure work environments.



Visualizing CO₂

Material Issue 4

Addressing climate change

Global warming is causing rising sea levels, biodiversity loss, natural disasters, and other environmental changes that impact our lives. The Konica Minolta Group is therefore doing its part to achieve "Carbon Minus", reducing CO₂ emissions while promoting CO₂ emissions reductions by our customers and business partners.



Visualizing
limited resources

Material Issue 5

Using limited resources effectively

A growing population is causing greater resource consumption, threatening resource depletion. To address this, Konica Minolta will continue to promote the effective use of resources in our supply chain and by our customers and business partners.



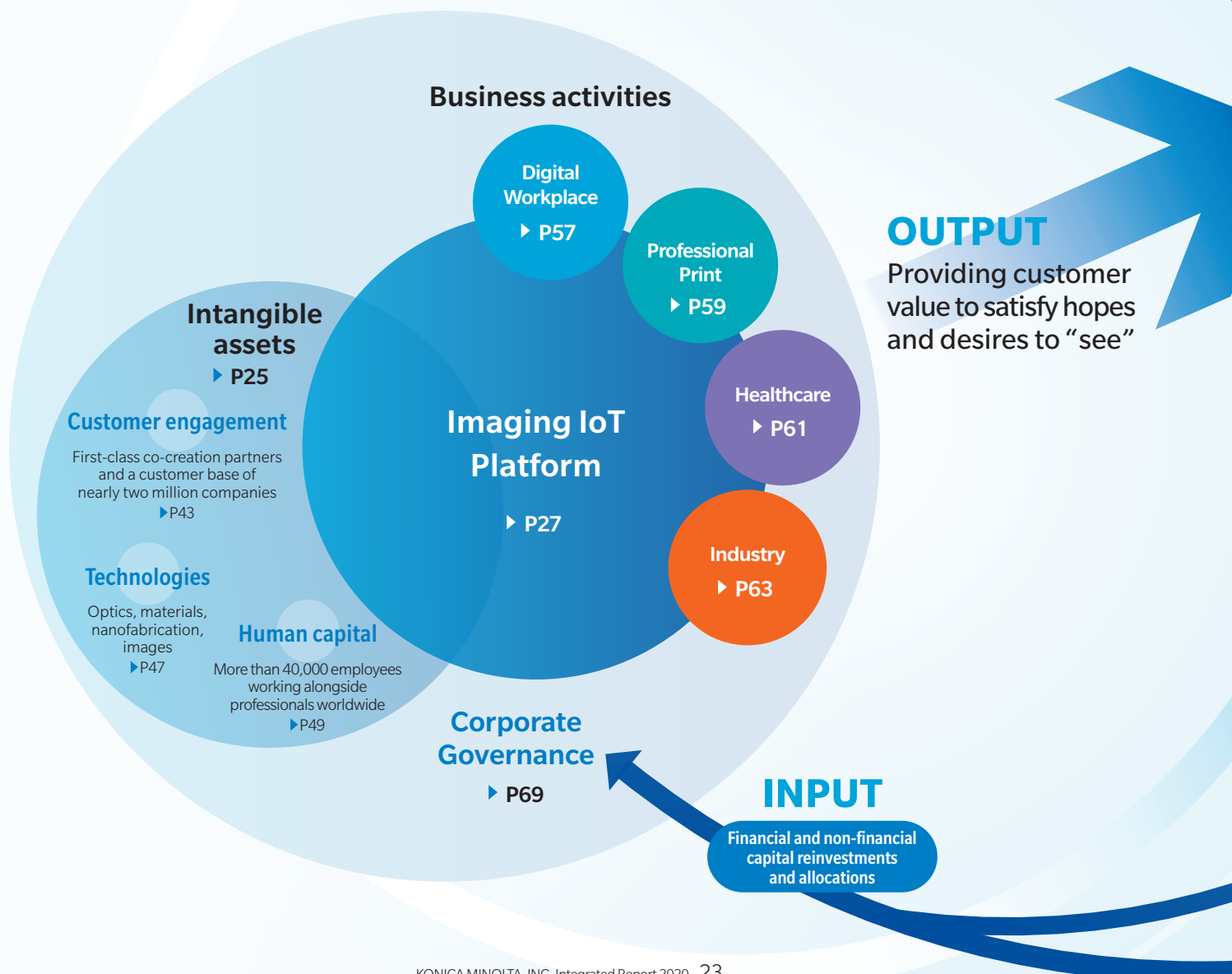
Value Creation Process

Focusing on sustainable value creation with an eye to resolving future social issues

Leveraging intangible assets such as customer contacts, technologies, and human capital, Konica Minolta is advancing a digital transformation (DX) based on its own imaging IoT platform in order to strengthen the competitiveness of its businesses. By providing solutions that satisfy our customers hopes and desires to “see”, each business seeks to achieve the material issues as it works to help solve future social issues. At the same time, by enhancing our ability to generate cash flows and making reinvestments to fortify intangible assets and businesses, we will create value sustainably.



Improving workflow efficiency and business productivity



Material issues ▶ P21, 37



Improving fulfillment
in work and
corporate dynamism



Supporting healthy,
high-quality living



Improving printing
workflows and
boosting
marketing ROI



Ensuring social
safety and
security

IMPACT
Solving
social issues



Addressing
climate change



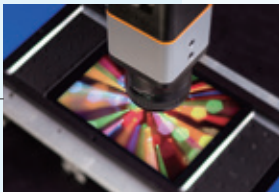
Using limited
resources
effectively

OUTCOME

Generating
cash flows



Enhancing primary care
efficiency and enhancing
the quality of diagnoses



Enhancing industrial
product quality
and improving
production site
productivity

2030

Future social issues

- Increasingly short business lifecycles
- Labor shortages, aging, and depopulation in developed countries
- Growing healthcare costs and social welfare spending
- Shortages of doctors
- Shortages of caregivers
- Aging social infrastructure
- Climate change
- Rising information security risk
- The threat of terrorism and natural disaster
- Natural resource depletion

Intangible Assets Fueling Value Creation

Leveraging customer contacts, technologies, and human capital to enhance business competitiveness

Konica Minolta is working to create value sustainably using three intangible assets: customer contacts, technologies, and human capital. The customer contacts that we have with close to two million companies in 150 countries are very valuable for us in gaining good insights into customer needs and creating high added-value products and services. Technologies, our tools for visualizing the invisible, are important strengths that undergird the imaging IoT platform which supports our businesses. Alongside our technologies, our human capital of over 40,000 people across the world is creating new value at every workplace by using customer contacts and technologies, aiming to further enhance the competitiveness of each business.



Customer engagement

Fully-attentive approaches to customers

- Global customer base of about two million companies and a sales and service network to provide support
- Relationships with customers that involve going into their workplaces, identifying true needs, and creating value together



Intangible assets

Konica Minolta's strengths

Exceptional customer base

Customers

About 2 million



Global customer contacts

Sales and service structure

About 150 companies



Percentage of direct sales

About 65 %

Technologies

Visualization technologies
that have realized our
customers' hopes and desires

- Visualization technologies that bring together our core technologies with IoT and AI technologies
- Production technologies, quality assurance expertise, and supply chains



Abundant technological assets

Patents held

over 20,000



Active R&D investment

R&D expenditure

¥74.0 billion



R&D costs as a percentage of sales

7.4%

Human capital

Co-creation capabilities
arising from the workplace
based on the 6 Values

- An open corporate culture that respects differences and enables free and vigorous discussion
- Global on-site capabilities enabled by autonomous employees with 75% of non-Japanese nationals



Diverse human capital

Employees

43,961



Acquiring and cultivating IT talent

Imaging IoT and AI talent

About 500



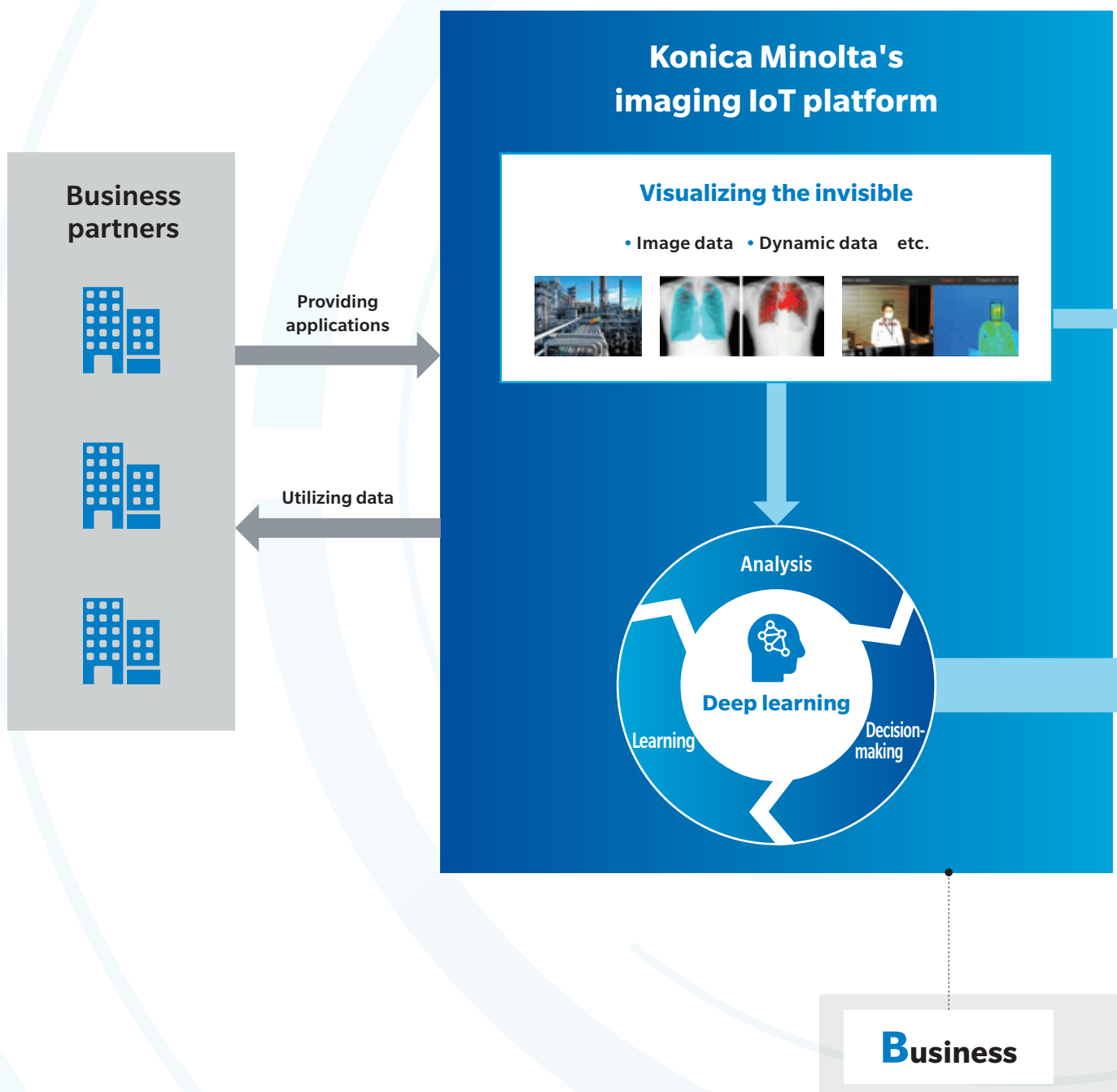
System engineers

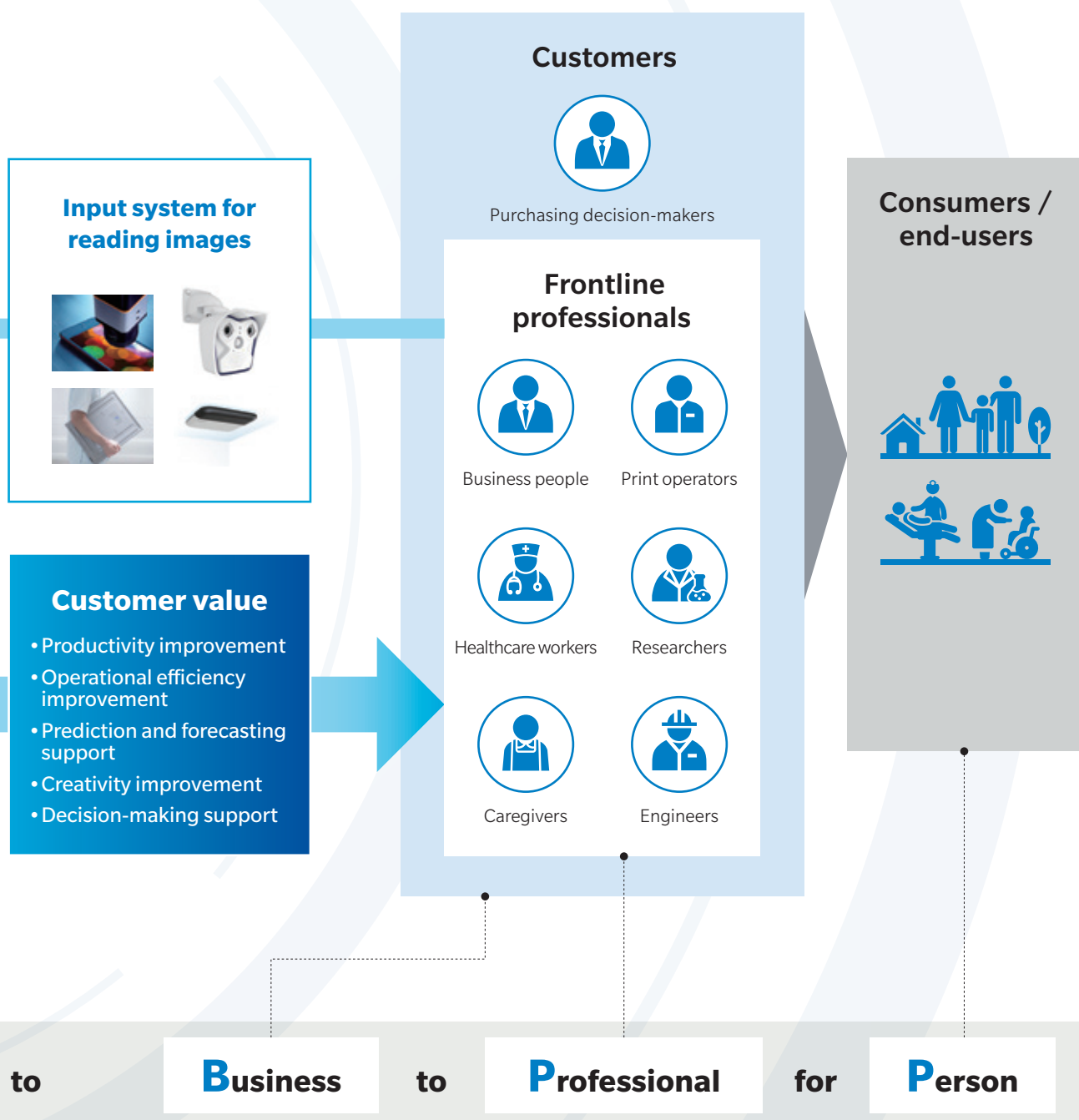
About 2,000

A Business Model for Creating Value

Building a unique IoT platform that leverages our strengths in imaging

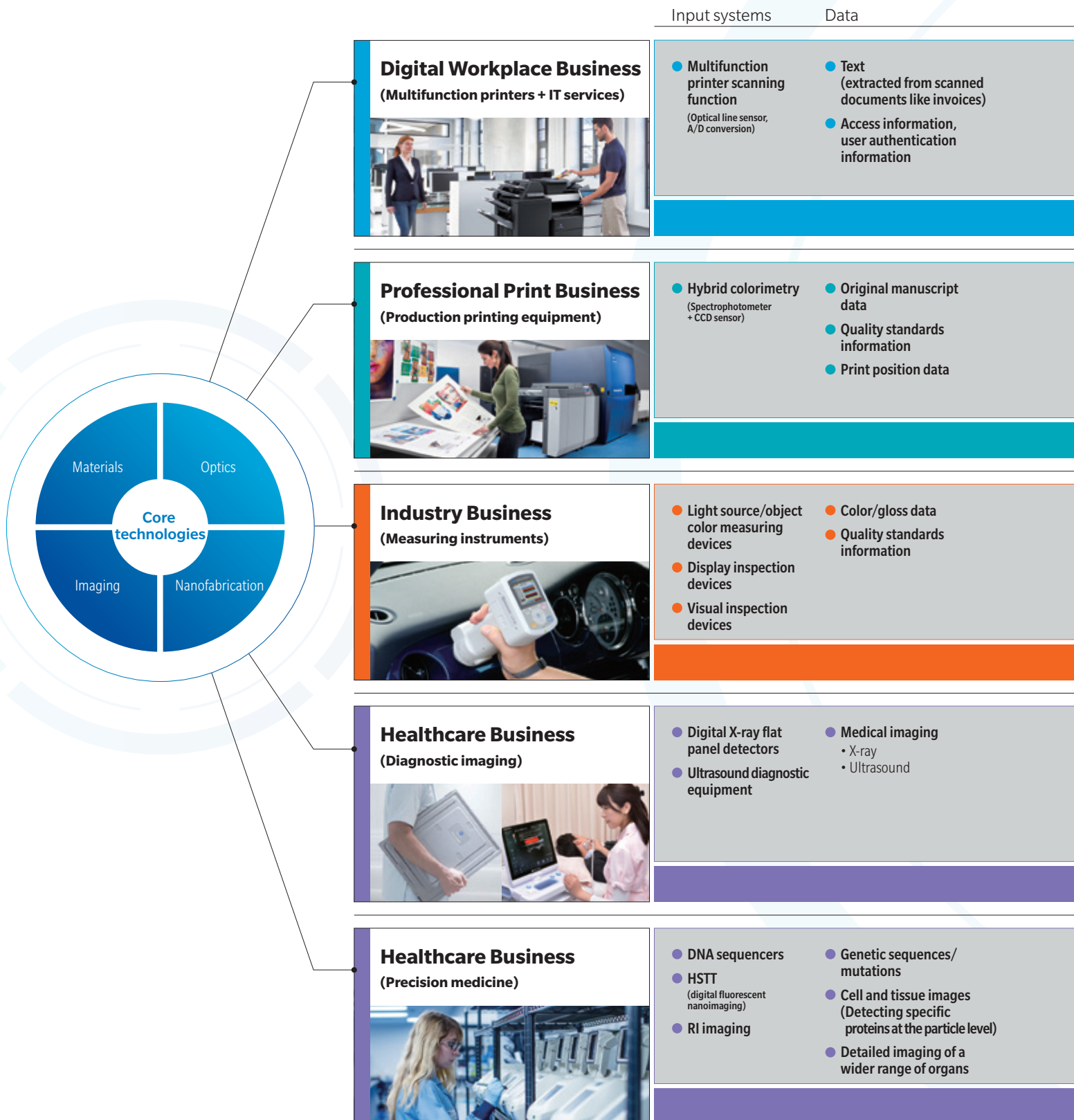
Konica Minolta is building a business model centered around imaging technologies we have developed throughout our long history and our imaging IoT platform, which combines state-of-the-art IoT and AI technologies. We leverage this platform to solve issues faced by professionals working in a wide range of industries and lines of business, and to assist them in exercising their full potential and creativity. Through these efforts, we contribute to building a rewarding society for as many people as possible, including consumers and end users. Through this "B to B to P for P" approach, we aim to achieve growth for many years to come.





A Business Model for Creating Value

Creating value through imaging IoT platforms: Case studies by field



Analysis/image processing technology

New insights (into what was hidden)

- **Digital workflow solutions**
 - OCR, tagging
 - Authentication of originals
- **Security**
 - IP filtering

Showing details

- **Printed documents, analysis of print jobs**
- **Identification of workflow inefficiencies and improper handling**

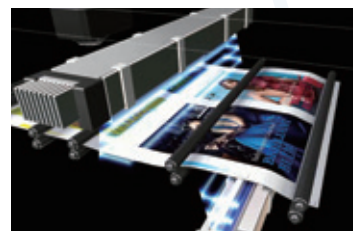


Customer value ● Improved work efficiency and compliance

- **Intelligent Quality Optimizer**
 - Color compensation/correction (color reproducibility)
 - Front-to-back automated registration technology (high-precision double-sided alignment)

Showing possibilities

- **Unbeatable color reproducibility**
- **Workflows not dependent on worker skills**



Customer value ● Improved work efficiency through loss reduction, workflows not dependent on worker skill

- **Light distribution measurement system analysis software**
 - Comprehensive optical parameter analysis
- **Prometric**
 - Condition-based automatic inspection
- **Optical angle error-correction algorithms**
 - Color/gloss measurement on freely curved surfaces

Showing quality

- **Evaluations based on human senses (gloss and color of vehicle paint, etc.)**
- **Defects and flaws that were difficult to detect on high-speed manufacturing lines**

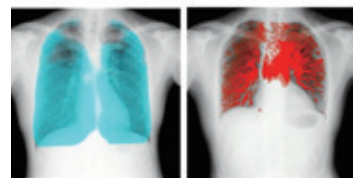


Customer value ● Stabler quality, improved trust in brand

- **KINOSIS**
 - Dynamic X-ray analysis
- **REALISM**
 - Improved recognizability
- **SNV functions**
 - High-resolution/high-functioning probes (ultrasound)

Showing medical diagnoses

- **Diagnosis for hard-to-see places, prevention against overlooking lesions**
- **Visualization of areas in the body that cannot be seen by the eye and had to be assessed by instinct**

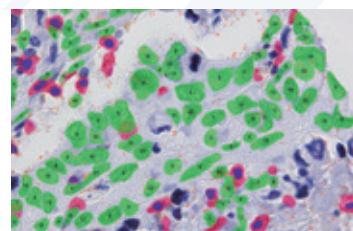


Customer value ● New perspectives, contributions to improvement of diagnosis level

- **Genetic diagnostics**
 - Big Data-based DNA/RNA mutation information analysis
- **Drug discovery support services**
 - Cell/tissue stratification via high-sensitivity imaging

Showing health risks and opportunities

- **Hereditary risks of cancer and other diseases**
- **Specifying cells/tissues to target for treatment, estimating drug efficacy**



Customer value ● Early diagnosis for cancer and other illnesses for personalized treatment, support for optimization of treatment