



KONICA MINOLTA

KONICA MINOLTA, INC.

Integrated Report 2020



KONICA MINOLTA



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Giving Shape to Ideas

Konica Minolta Philosophy

Konica Minolta has formulated "Imaging to the People," a long-term management vision that looks forward to 2030. In concert with these initiatives, we redeveloped our philosophy. Now, Konica Minolta Philosophy comprises Our Philosophy, unchanged since its formulation in 2003, Our Vision, which defines our aspirations for 2030, and 6 Values that guide the development of Konica Minolta's corporate culture as the wellspring of our value creation.



Introduction

Konica Minolta is embarking on a fresh start for the next 10 years in the post-COVID-19 world. We have redefined the Konica Minolta Philosophy and are pursuing the "DX 2022" medium-term business strategy for 2022 on our way to fulfilling our long-term management vision for 2030.

This report reviews the achievements and challenges laid out in the SHINKA 2019 medium-term management plan, which concludes in FY 2019, and is intended to plainly convey the company's long-term value creation story and value creation strategy to our stakeholders, with discussion centered on the newly-formulated long-term management vision and new medium-term business strategy, DX2022. Also discussed here are our efforts to improve corporate value through good corporate governance which is the foundation that supports our 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 of Japan.

Konica Minolta has prepared this integrated report to serve as a systematically-organized communication tool providing financial and non-financial information about Konica Minolta to the company's shareholders, investors, and other stakeholders. Konica Minolta has issued annual reports of an integrated nature since FY2015 (referred to as "integrated reports" since 2017). This is the sixth such report. Going forward, we intend to continue using the integrated report as a tool for dialogue while working to sustainably enhance our corporate value.

Shohei Yamana

President & CEO



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Chapter 1

Commitment



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We are accelerating the revision of our business portfolio through digital transformation with an eye to 2030.

Shoei Yamana
President & CEO

Message from the Chairman of the Board 13

Following the principle that "a company evolves 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



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

Chikatomo Kenneth Hodo
Outside Director

Taketsugu Fujiwara
Outside Director



Message from the CEO



We are accelerating the revision of our business portfolio through digital transformation with an eye to 2030.

Shoei Yamana
President & CEO

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

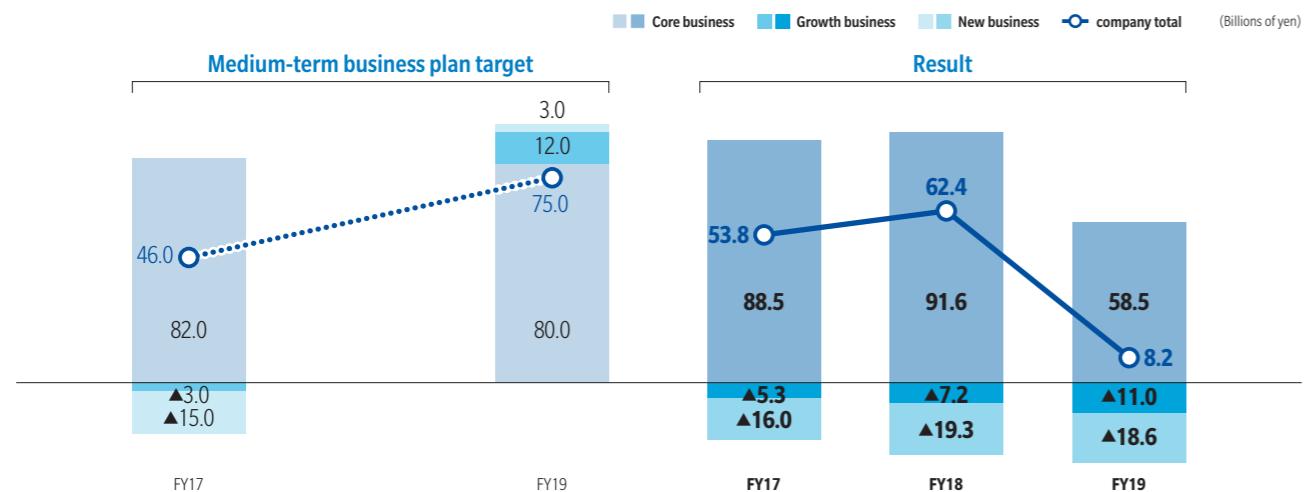
Factor 1: The changing external environment

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.

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



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

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.

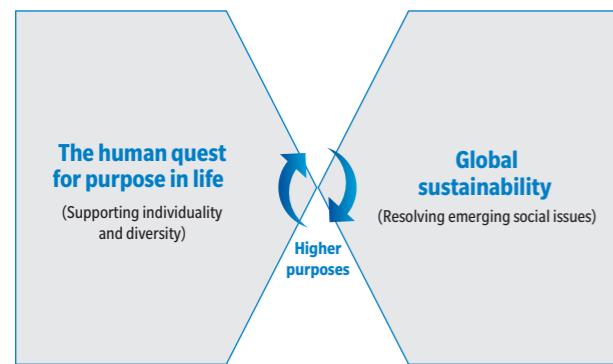
To form the vision, we held deep discussions on the question "What will be the Company's reason for existence 10 years from now?"

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)



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



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.

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.

Positioning of the DX2022 medium-term business strategy



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 firms, 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.

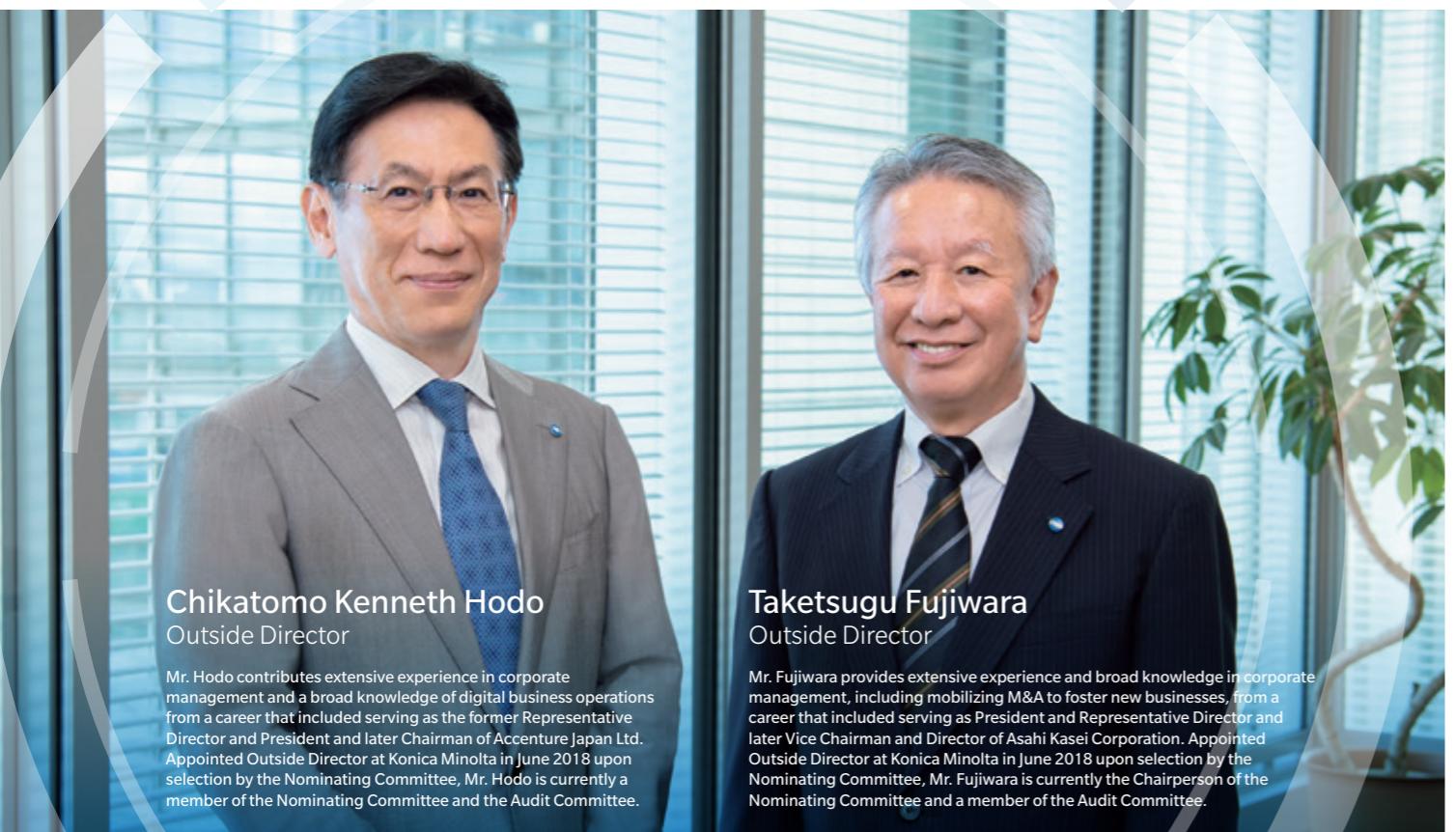
ESG practices are essential to realizing our management vision to be a global company that is vital to society. In addition to being a fundamental part of our management activities, SHINKA 2019 calls for strengthening ESG to bolster our corporate value in the medium and long terms. Our executive team 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.

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



Using limited resources effectively



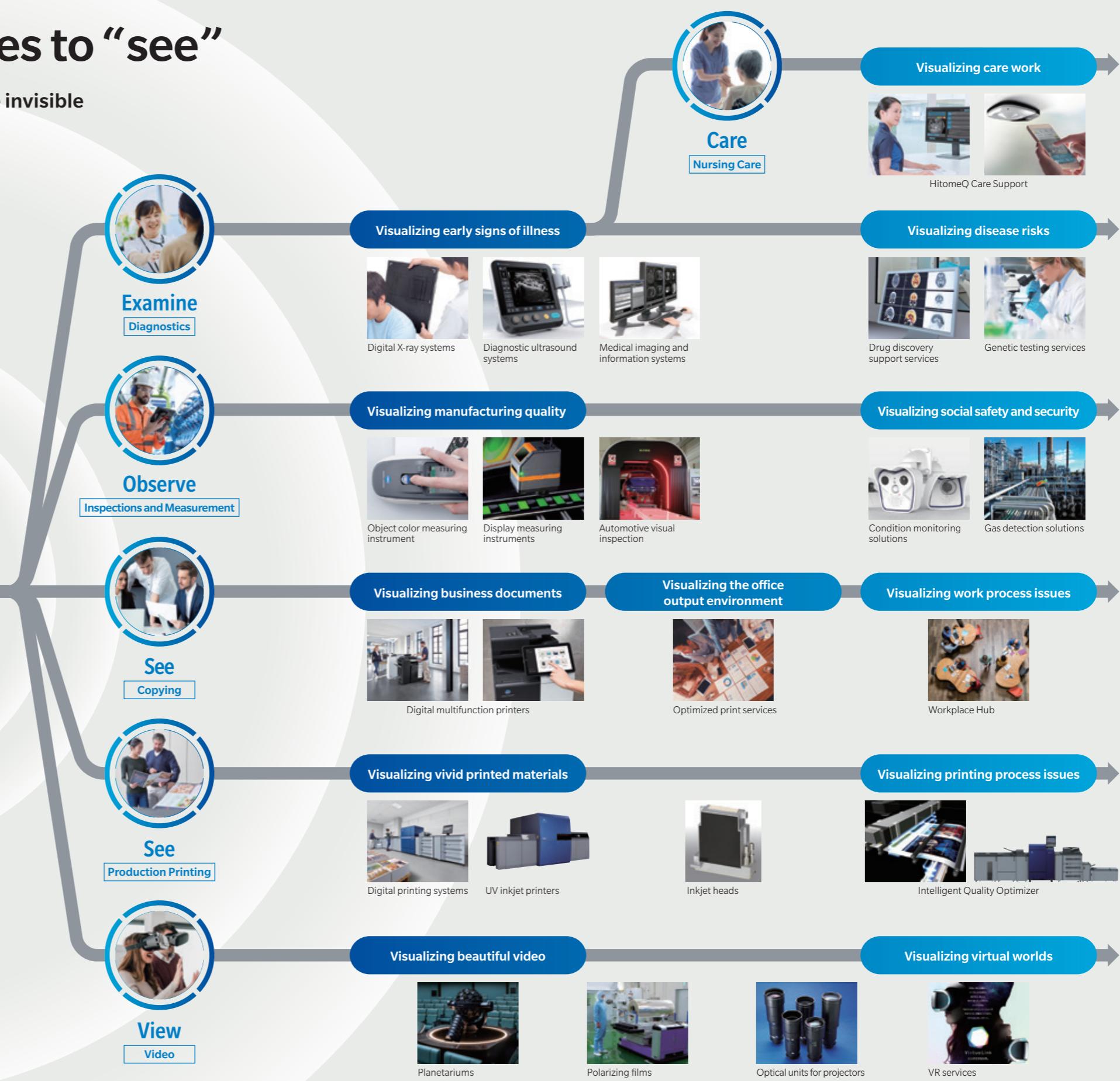
Addressing climate change

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.”



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 CO₂

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 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 limited resources

Material Issue 5

Using limited resources effectively

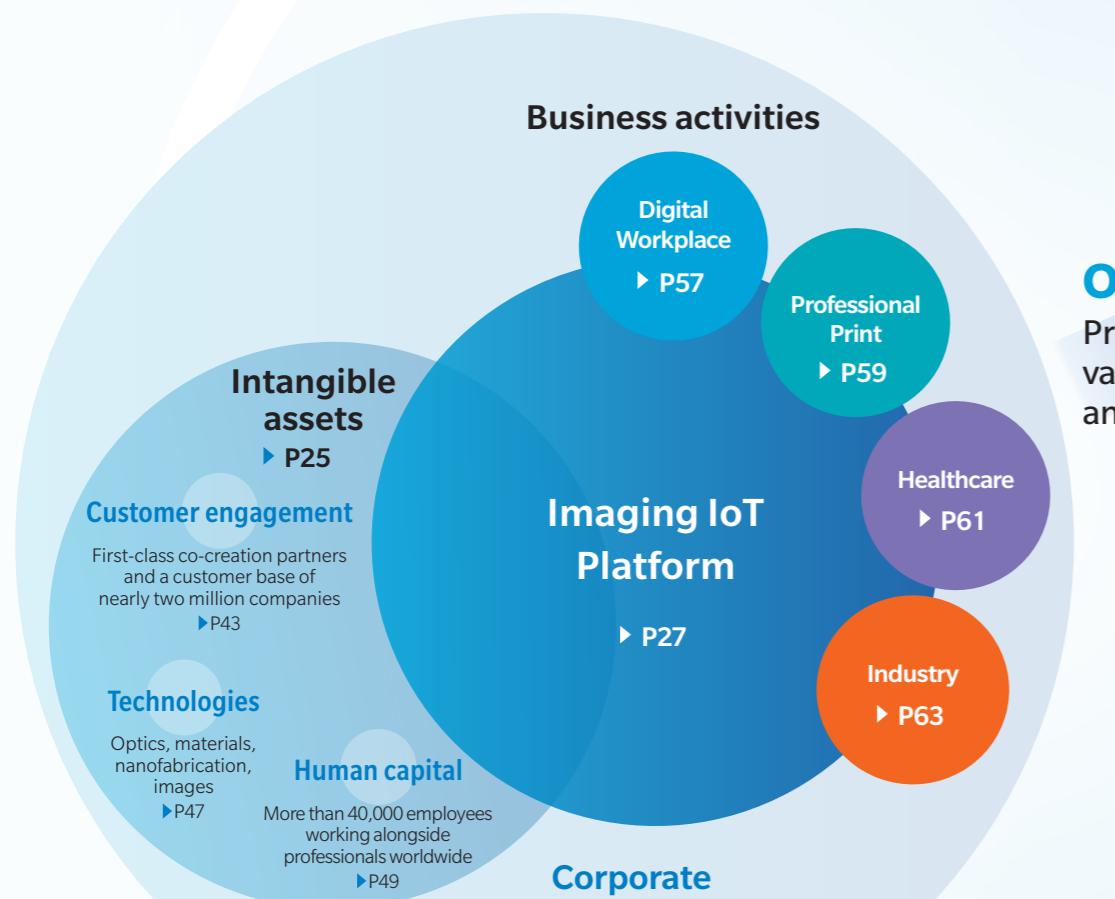
A growing population is causing greater resource consumption, threatening resource depletion. To address this, Konica Minolta will continue to promote the effective use of resources in our supply chain and by our customers and business partners.



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.



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.



Intangible assets

Konica Minolta's strengths



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 %

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

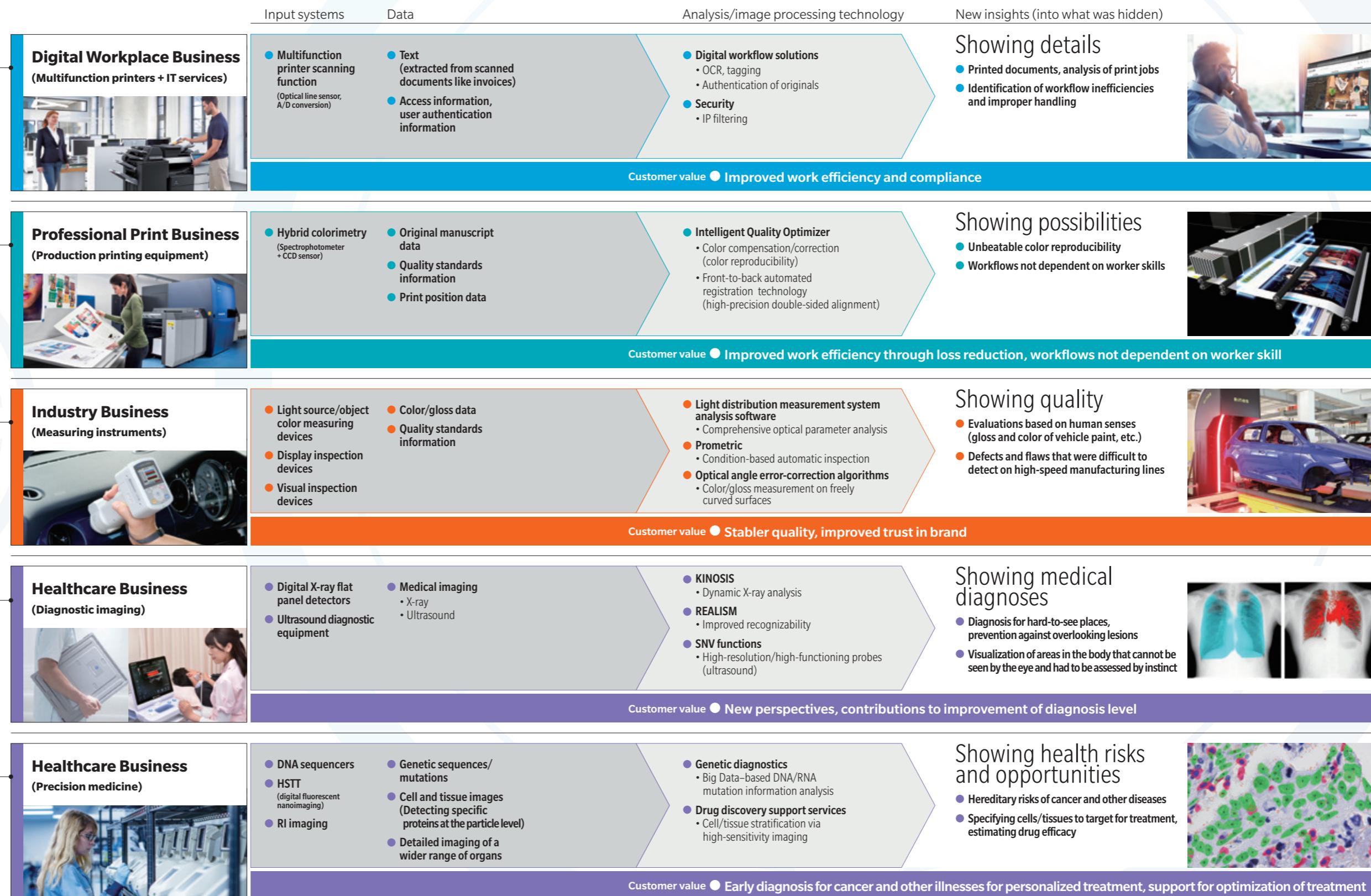
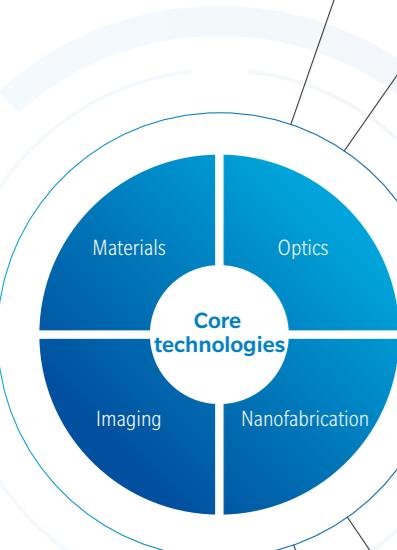
Building a unique IoT platform that leverages our strengths in imaging

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



Chapter 3

Value Creation Strategy

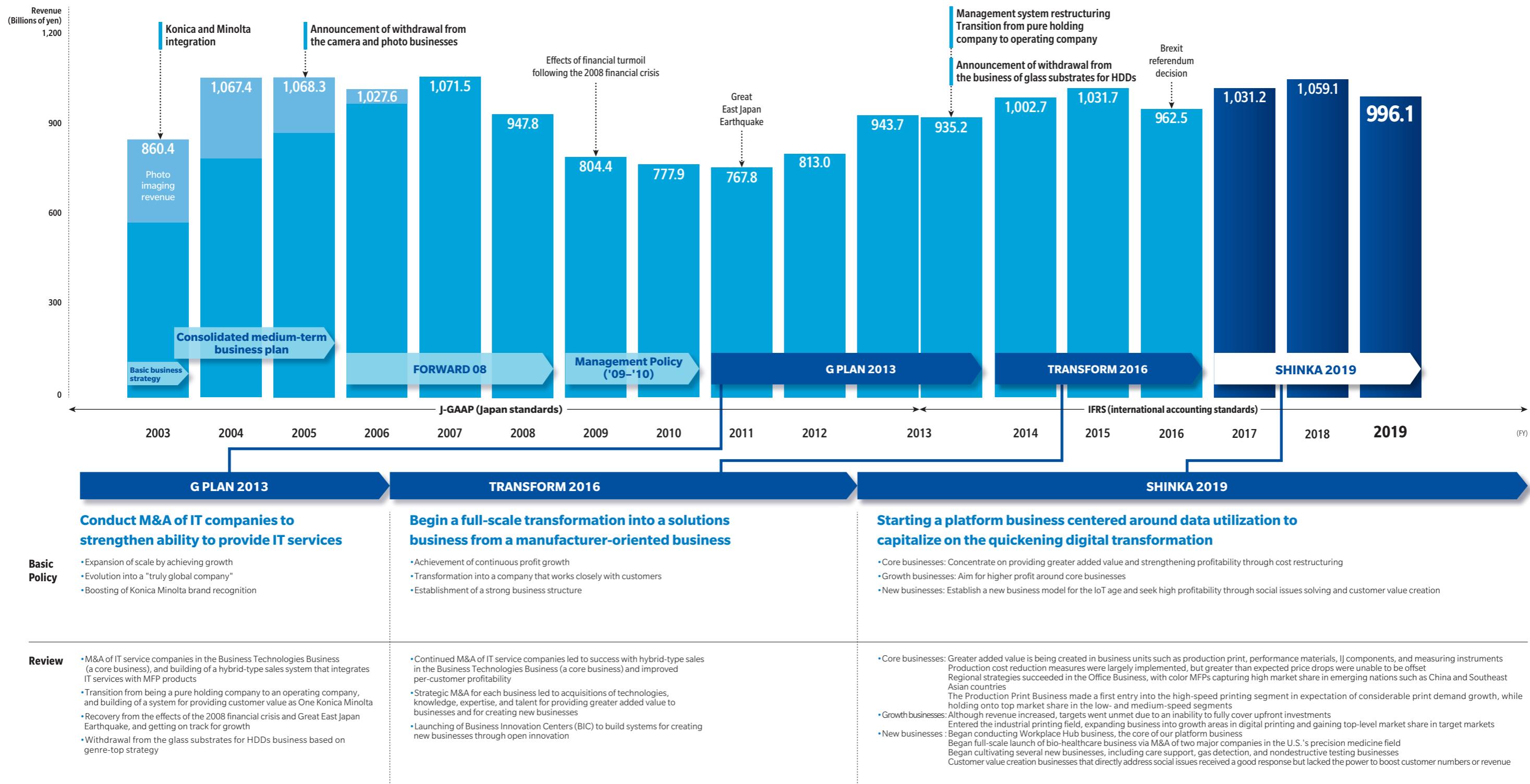
In fiscal 2020, Konica Minolta launched its new medium-term business strategy, "DX2022." Backcasting from our 2030 long-term management vision, this medium-term business strategy is a milestone for us and a strategy for the next three years of new value creation. Under SHINKA 2019, our previous medium-term business plan, we worked to transform our business portfolio with the aim of becoming a digital company with insight into implicit challenges, launched new businesses that leverage imaging IoT technologies, and laid the groundwork for future growth. Under DX2022, we will evolve basic strategies already begun and speed up portfolio transformation via a digital transformation (DX), while turning businesses nurtured under SHINKA 2019 into high-profit businesses and evolving into a company truly centered on solving social issues.



2030
Long-term management vision

- Support people to achieve their purpose in life
- Realizing a sustainable society

Medium-term Business Plan Review



Amount Invested in M&A and Representative Acquisitions

About **¥35 billion** in investments

Office Business
2011 Acquired All Covered (U.S.)
2012 Acquired Serians (France)
2013 Acquired Raber+Märcker (Germany)

Professional Print Business
2012 Acquired Charterhouse (UK)

Healthcare Business
2013 Took over diagnostic ultrasound business from Panasonic Healthcare
Industrial Business
2012 Acquired Instrument Systems (Germany)

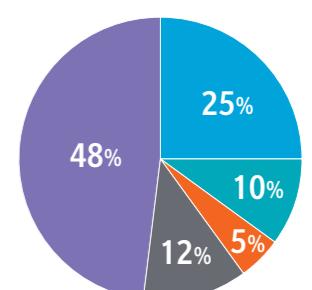
About **¥120 billion** in investments

Office Business
2016 Acquired ProcessFlows Holdings (UK)
Professional Print Business
2014 Invested in 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 (condition monitoring solutions)
2016 Acquired shares of MOBOTIX (Germany)

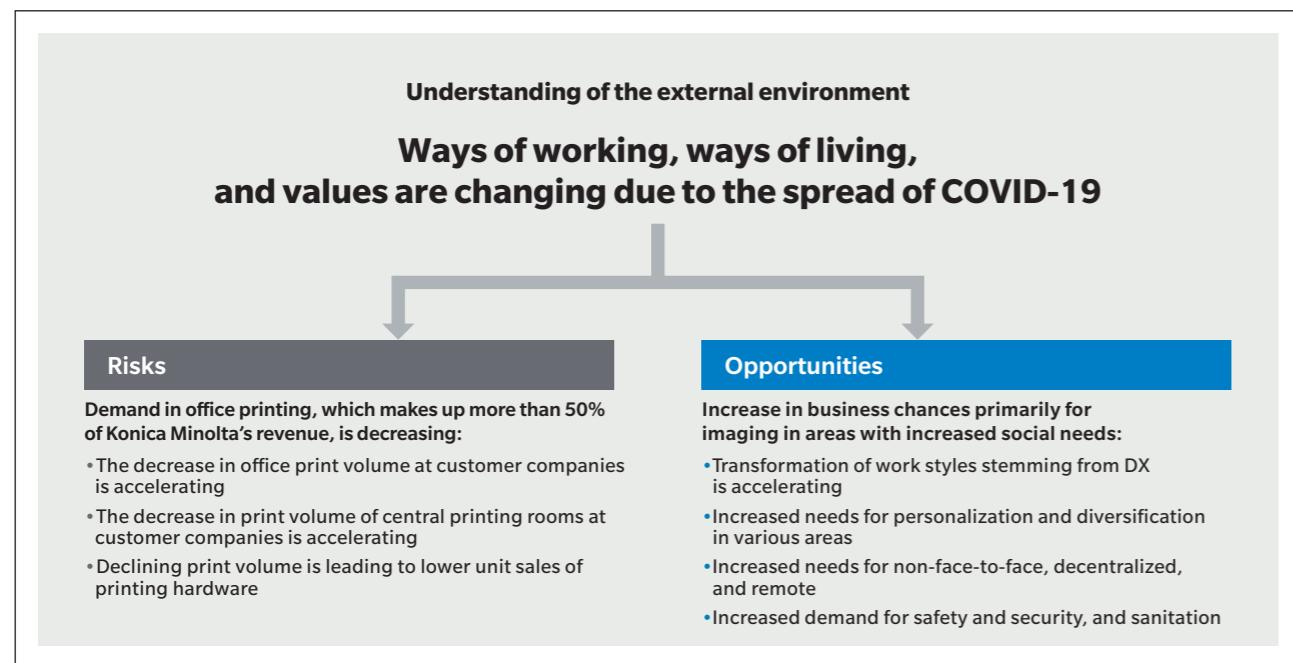
About **¥140 billion** in investments

New businesses (bio-healthcare)
2017 Acquired Ambry Genetics (U.S.)
2017 Acquired Invicro (U.S.)
Healthcare Business
2017 Acquired Panasonic Medical Solutions
2017 Took over Siemens Healthcare's domestic transvaginal ultrasound business
Industrial Business
2019 Acquired Eines Systems (Spain)

M&A investment by business (FY 2011-2019)



New Medium-term Business Strategy “DX2022”



Basic Policy 1 Leap to highly profitable businesses through DX

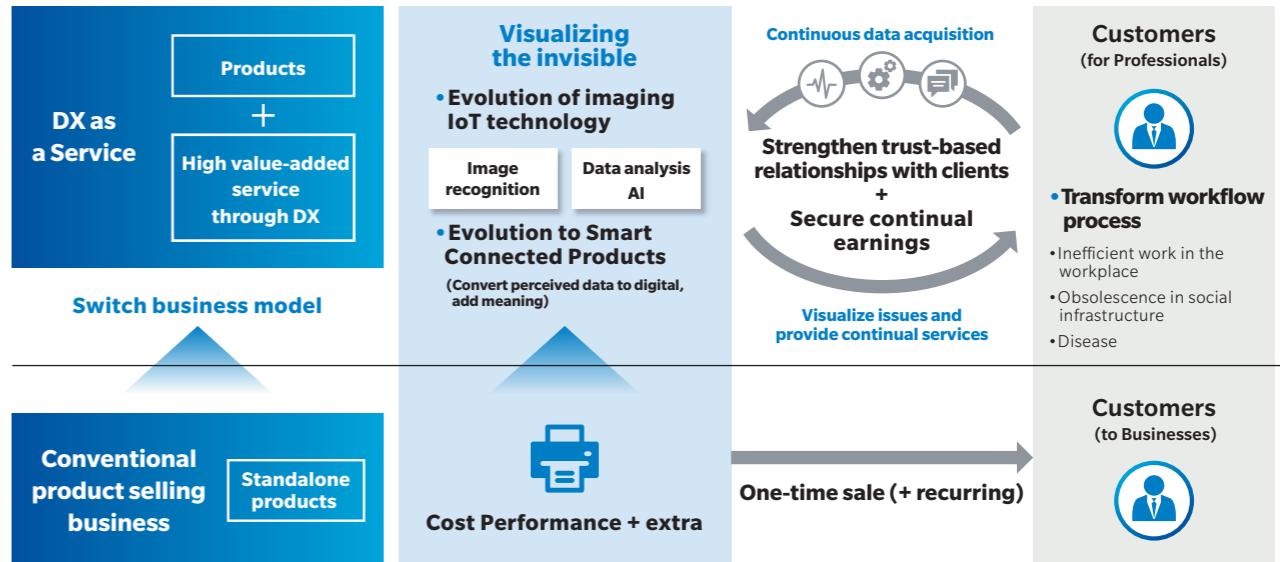
Konica Minolta will switch its business from one centered on selling products, to one centered on high value-added service: DX as a Service.

To do this, we will evolve our products into Smart Connected Products that can be connected to various equipment and through networks, and convert information from the client's workplaces into digital data. In addition, we

will leverage our strength, which is imaging IoT technology, analyze data continually taken from the workplace, and provide service that contributes to solving the client's issues.

By establishing this type of business model, we will aim to become highly profitable by securing stable, continuous earnings by providing services, in addition to the profits from products.

Evolution to a Model that Continually Provides Value (DX as a Service)



Evolve Customer Value with Product × DX

	Products		High Value-Added Services through DX	
	Evolve to Smart Connected Products		Evolution of Workflow	Expansion of Value through an Eco-System
Digital Workplace	MFP	Workplace Hub	Workstyle Reform + Assistance in Decision-making	Marketplace
Professional Print	Production printing	Industrial printing	Visualization of the printing workflow and management assistance	Design support + consulting on printing management
Healthcare	X-rays	Ultrasound	Assistance with diagnosis and treatment using AI	Unification of clinical information + imaging data + full genome information
Industry	Color measuring	Visual inspection	Expansion of the wavelength range	Optimizing the manufacturing value chain
	TAC film		Expansion of new materials and applications	
	Inkjet components	Optical components		Enhancing value of customer products
	IP cameras	LiDAR		Safety of labor, monitoring of gases, safety of the local community
	Imaging solutions			Opening up of imaging IoT platform
New	Providing contents and enhancement of value of facilities			Distributing contents
	Transformation of nursing care workflow			
	Care through collaboration with stakeholders			

New Medium-term Business Strategy “DX2022”

Basic Policy 2 Evolve into a company clearly committed to solving social issues

Konica Minolta will work to shift to highly profitable business through DX and, at the same time, contribute to solving social issues. This will depend on five material issues. We formulated the measures for our Vision for 2030 and DX2022 for each of these five material issues. We will promote creating value through our business and creating value through our

company's activities, and will create social, environmental, and economic value.

We will make both solving the impact of environmental and social issues, and contribution to profits as KPIs for each material issue, and manage progress on initiatives.

Vision and Medium-term strategy for Each Material Issue

Back casting



Material issues	FY2022 Medium-term strategy		Vision for 2030	Related SDGs
Improving fulfillment in work and corporate dynamism	Business	Raise the customer's productivity and bring forth creative time	Raise productivity at Konica Minolta, the customer, and in society, bring forth creative time, make an environment where each individual can shine	5 GENDER EQUALITY 7 INDUSTRY, INNOVATION AND INFRASTRUCTURE 8 Decent work and economic growth 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 INCLUSIVE AND SUSTAINABLE INDUSTRIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
	Within Konica Minolta	Create an environment so we are a company that employees want to continue working at, transform the culture	Provide a healthy, high-quality life at Konica Minolta, the customer, and in society, bringing about a rich life for each individual	3 GOOD HEALTH AND WELL-BEING 8 Decent work and economic growth 17 PARTNERSHIPS FOR THE GOALS
Supporting healthy, high-quality living	Business	Raise QOL in healthcare and nursing care field, and lower healthcare costs	Raise safety and security in labor and life at customers and in society while also minimizing the risk of our products and services	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
	Within Konica Minolta	Bring about a workplace (company) that is pleasant and safe, where employees can work energetically	While reducing our CO ₂ emissions, expand CO ₂ emissions reductions at customers and suppliers, making society's carbon emissions negative	7 INDUSTRY, INNOVATION AND INFRASTRUCTURE 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS
Addressing climate change	Business	Improve customers' information security and safety of labor	While advancing effective use of our resources, create contributions in effective use of resources at customers and suppliers	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE below water 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
	Within Konica Minolta	Minimize risk related to safety and security of our products and services	While advancing effective use of our resources, create contributions in effective use of resources at customers and suppliers	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE below water 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
Ensuring social safety and security	Business	Reduce energy usage and CO₂ emissions with transformation of work processes at customers	While advancing effective use of our resources, create contributions in effective use of resources at customers and suppliers	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE below water 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
	Within Konica Minolta	Reduce energy usage and CO₂ emissions of our sites, suppliers, and our products and services	While advancing effective use of our resources, create contributions in effective use of resources at customers and suppliers	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE below water 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
Using limited resources effectively	Business	Use resources effectively by transforming customers' work processes	While advancing effective use of our resources, create contributions in effective use of resources at customers and suppliers	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE below water 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS
	Within Konica Minolta	Use resources effectively at our sites, suppliers, and in our products and services	While advancing effective use of our resources, create contributions in effective use of resources at customers and suppliers	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE below water 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS

The Process for Identifying Material Issues

Social and environmental issues in 2030 were assumed based on the Sustainable Development Goals (SDGs) and macro trends, then a materiality analysis was done considering social and environmental issues that should be solved and the Company's growth, and five new material issues that Konica Minolta should work on were established.

Step 1

List Issues

Environmental, social and economic issues were listed up while referring to international frameworks and guidelines, such as the GRI Standards and the SDGs, and macro trends from various areas of specialization. In listing them up, the Stockholm Resilience Centre's¹¹ wedding cake model for the SDGs was used as a base. This model is a structural depiction of the concepts of the SDGs and shows the relationship of the 17 goals. These goals are divided into three layers, Economy, Society, and Biosphere. The Biosphere is the foundation and supports a sustainable society and economy. By attaining the Society goals, it is possible to create the base of a sustainable Economy. Our five issues were extracted with this relationship in mind. In extracting issues in business areas that Konica Minolta is related to, or that it might be related to, with the supply chains and value chains for those areas as the focus, Konica Minolta will proceed with giving consideration to social and environmental changes, regulation and policy trends, and stakeholder requirements.

*1. Stockholm Resilience Centre: <https://www.stockholmresilience.org/research/research-news/2016-06-14-how-food-connects-all-the-sdgs.html>

Frameworks and Guidelines referred to:

- GRI Standards • SASB Standards • ISO26000 • Sustainable Development Goals (SDGs) • The Ten Principles of the UN Global Compact
- OECD Guidelines for Multinational Enterprises • Task Force on Climate-related Financial Disclosure (TCFD)
- Macro trends in various specialties starting with climate change (the Paris Accord, the European circular economy, etc.)
- International Integrated Reporting Council (IIRC), International Integrated Reporting Framework
- Stockholm Resilience Center's wedding cake model for the SDGs

Step 2

Extract Issues and Assess Materiality

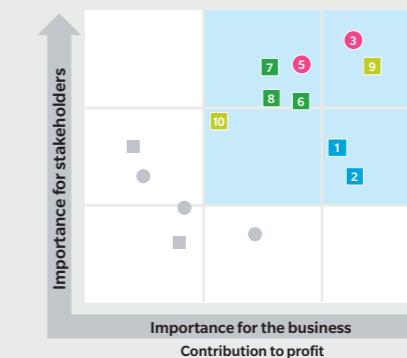
From among the issues listed up, those with particularly high relevancy to Konica Minolta were extracted and an analysis of materiality (importance) was done. Konica Minolta's materiality analysis is characteristic in that it evaluates both risks and opportunities. By evaluating both risks and opportunities and advancing the SDGs, it is possible to put in practice the growth expected of businesses by taking social issues as opportunities and solving them through business. Materiality analysis put 1 of 5 levels of importance for stakeholders (customers, suppliers, shareholders and investors, employees, etc.) and the business (amount of financial impact), and assigned priority to each issue.

Opportunities



- 1 Raise the customer's productivity and bring forth creative time
- 2 Raise productivity and meaning of work in the customer's supply chain
- 3 Raise the employee engagement, increase the company's attractiveness to improve talent acquisition
- 4 Solve shortage of labor at small- to medium-sized businesses and strengthen cyber security
- 5 Create manpower in the nursing care industry
- 6 Reduce healthcare costs
- 7 Improve efficiency of drug development
- 8 Improve access to healthcare in developing countries
- 9 Improve safety and security in customer workplaces and society
- 10 Ensure the quality of customers
- 11 Reduce energy and CO₂ impact of customers and society
- 12 Support work style reform in a paperless and ubiquitous computing society
- 13 Reduce CO₂ emissions and costs of suppliers
- 14 Build customer supply chains that have no waste
- 15 Reduce loss in customer workflows and supply chains

Risks



- 1 Work and skill mismatches within the Company
- 2 Reduction of employee diversity and independence

- Improving fulfillment in work and corporate dynamism
- Supporting healthy, high-quality living
- Ensuring social safety and security
- Addressing climate change
- Using limited resources effectively
- Create Value through the Business
- Create Value through the Company's Activities

Validate and Identify

The person responsible for group sustainability (the director who is responsible for sustainability), who works as the chair of the Group Sustainability Promotion Committee verifies the appropriateness of these material issue processes and evaluation results, and identifies the material issues that should be given priority in being dealt with. The identified material issues are approved by the Board of Directors after being discussed by management. Going forward, material issues will be periodically reviewed and reconsidered as necessary, guaranteeing the appropriateness of issue identification and the plan.

Financial Strategy

Message from the CFO

We are in the progress of transforming our business portfolio to improve capital efficiency for the medium and long term.

Seiji Hatano

Senior Executive Officer

Responsible for Business Management, Accounting, Finance, and Risk Management



Management focused on cost of capital

Capital policies for an optimal balance of growth investment, shareholder return, and strong financial foundation

Our objective is to use the imaging technology that we have cultivated since our foundation to help people achieve their purpose and well-being, and to realize a sustainable society. To fulfill that objective, my greatest mission as CFO is to execute the most effective long-term capital policy (financial strategy) for generating sustained growth in our corporate value by providing a combination of new value for human society (social value) and business growth (economic value). In our capital policy, I am particularly focused on boosting our ability to generate cash flow and improving our capital efficiency, as represented by ROE and ROIC. My aim is to establish the optimal capital and debt composition by improving our capital efficiency and controlling our capital costs while preserving the right balance of growth investment, shareholder return, and a strong financial foundation.

Improving capital efficiency guided by KM-ROIC and return from invested capital

In fiscal 2019, ROE and ROIC declined significantly due to Workplace Hub and the bio-healthcare business, and other new businesses taking longer to gain traction than we initially anticipated along with the inevitable impacts on both revenue and profit owing to the worldwide spread of the COVID-19 pandemic, which constrained our sales activities, particularly in

Europe and the United States where we have competitive presence.

The present status of the COVID-19 pandemic suggests fiscal 2020 could be even more challenging for our business. Our plan is to intently focus on raising ROE and ROIC back above our capital costs by building our business momentum and maximizing business profit in relation to business assets (return from invested capital).

Specifically, beginning in fiscal 2020, we will use KM-ROIC¹ and return from invested capital² as our primary management indicators for raising capital efficiency. We are using KM-ROIC as a benchmark as we transform our business portfolio, and return from invested capital will be integrated to the performance assessments used to determine manager bonus payments and to gauge the management of our group subsidiaries companies.

We are therefore shifting our performance management from centering on earnings to focusing on the efficiency of our capital investments. We will engage the whole company in activities to improve capital efficiency by using e-learning to provide examples of ways to improve capital efficiency and to raise awareness about capital costs among all employees and managers. We will also deepen and strengthen our operations and broaden their range of application in the medium term, while constructing a flexible financial base that is resilient to severe market conditions and will enable us to maximize our corporate value.

*1 KM-ROIC is business profit divided by invested capital. It indicates the rate that business investment is generating business profit.

*2 Return from invested capital is business profit minus the cost of invested capital. It indicates how much value has been created above the cost of invested capital.

■ Capital expenditure and investment and loans to generate cash flow

As we transform the Group's business portfolio, we are focusing on generating operating cash flow by improving the profitability of the core business and the efficiency of our working capital. At the same time, we plan to use effectively use capital expenditure and investment and loans to maximize free cash flow.

In fiscal 2019, our capital expenditure totaled ¥50.8 billion. Principal investments were for machinery and equipment, molding 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 company-wide use. Investment and lending totaling ¥7.9 billion, which was mainly used to acquire a Spanish company developing an automotive visual inspection business in the Industrial Business. We used our own resources to fund the majority of our investments during the year.

Our investment plans for fiscal 2020 center on the Digital Workplace Business, Professional Print Business, and Industry Business. We plan to execute judiciously selected strategic investment to expand our production capacity, prepare to manufacture new products, retool our domestic production sites, strengthen our development capabilities globally, and execute judiciously selected strategic investment to optimize the efficiency of our operating sites in the Kansai area.

■ Enhancing shareholder return

Our basic policy on shareholder return is to actively return profit to shareholders while taking into account the overall status of the Company, including our consolidated performance and our ability to conduct the strategic investment in growth fields. We also seek to enhance shareholder return through higher dividends and by flexibly repurchasing company shares.

Despite recording a net loss in fiscal 2019, the Company distributed interim dividends per share of ¥15 at September 30, 2020, and ¥10 at the year end for a total annual dividend payment of ¥25 per share. We forecast posting a net loss again in fiscal 2020 owing to the impact of the COVID-19 pandemic. However, we believe measures to improve profits in the Office Business and new businesses and steps to maintain the reduced level of fixed costs give us a strong probability of regaining the pre-pandemic profit levels in fiscal 2021 and 2022. Based on this outlook, we plan to maintain the fiscal 2019 dividend payment rate and forecast providing a total annual dividend payment of ¥25 per share in fiscal 2020.

■ Solidifying our financial foundation

We are creating a solid financial foundation to support our aggressive investment in growth by strengthening our financial governance, minimizing financial risk, improving capital efficiency, and enhancing shareholders' equity.

The main source of funds needed to ensure smooth business activities is the cash flow generated by our operating activities, and we supplement this by securing ready liquidity through short- and long-term loans from financial institutions

and by issuing corporate bonds while maintaining our financial soundness and stability. Financial risk associated with long-term financing is reduced by dispersing the periods for redemption and repayment. In addition, the procurement of funds is centralized and made more efficient by having the Company be the primary arranger for the Group and supplying the necessary funds to affiliated companies through a cash management system.

The Company maintained a cash and cash equivalents balance of approximately ¥90 billion at the end of fiscal 2019 and in April 2020 secured an additional ¥85 billion in loans from financial institutions as a precaution due to the uncertainty associated with the COVID-19 pandemic. We additionally have unused commitment lines from multiple financial institutions totaling ¥300 billion (as of end-May 2020). We believe these preparations will ensure sufficient liquidity to deal with any impacts on our businesses from the coronavirus.

The Rating Investment Information Center (R&I) and Japan Credit Rating Agency (JCR) have given ratings of A to the Company's corporate bonds and preliminary ratings of A to future bond issues by the Company.

Business Portfolio Management

Strengthening our business portfolio management guided by KM-ROIC

The proliferation of tablet computers, smartphones, and other electronic equipment coupled with workstyle changes has accelerated the shift in offices from paper to digital data in recent years. We are responding to this fundamental change in the office environment by overhauling our business content, particularly in our core Office Business, with an outlook for the medium and long term. During the two medium-term management plans over the past six years, we have transformed our business composition through aggressive investment in Workplace Hub, industrial printing, bio-healthcare, visual inspection, and the new field of status monitoring solutions.

The new DX2022 medium-term business strategy starting in fiscal 2020 calls for continuing with the selective upfront investment in the domains essential to our future growth, specifically the Digital Workplace Business and the precision medicine and measurement instruments business units, while also improving capital efficiency and maximizing corporate value by putting greater emphasis on maximizing the return from past investments and optimizing the business portfolio to improve capital efficiency.

Optimizing our business portfolio is being executed by assessing each of our businesses in terms of business attractiveness, sustainable competitiveness, and adaptability of the corporate strategy. One of the main indicators we are using to assess business attractiveness is the KM-ROIC mentioned above. Taking into account the actual invested capital efficiency

at each business unit level along with the average in the industry, we are setting medium-term hurdle rates for the KM-ROIC expected of each business and will gear our business strategies and operations toward surpassing those minimum targets. The ability to meet hurdle rates for investment return will also be a criteria when starting new businesses and investments. We will also periodically review the KM-ROIC of investments with the aim of eliciting maximum return.

We will also consider withdrawing from or downsizing businesses following exit rules with specific baselines for business profitability, investment capital efficiency, and other items. If monitoring reveals a business has fallen below these baselines, the business will be deemed a withdrawal candidate, and we will commence a close examination of the benefits of withdrawing from the business. Cash acquired from selling a business will be added to our investment strategy for growth and to optimize the business portfolio, improve capital efficiency, and increase cash flow for the medium and long term.

We will continue aggressively overhauling our business portfolio guided by our objectives to improve the efficiency of our invested capital and to bring about our digital transformation.

Evaluating “business attractiveness” with an awareness of capital costs



Risk Management

Major risks identified by frequency and potential degree of impact

The Company's Risk Management Committee is charged with the overall and systematic management of the potential risks to the Group's businesses, including formulating and strengthening the risk management structures of each Group company. As the committee chair, I appoint corporate executives with positions of executive officer or higher to serve as committee members whose duties include executing the risk management associated with their corporate duties. At biannual meetings, the committee updates the Group Risk Map created based on our risk classification system to represent the potential impact and frequency for each department and discusses countermeasures. The chairman convenes a meeting of the committee as deemed necessary in the event an unforeseen risk circumstance arises. The committee reviews the status of countermeasures for risks assessed as high importance on a monthly and quarterly basis, and the committee chairman appoints an executive officer to supervise the Group response for risks considered of critical importance.

We consider risk to be any situation that presents “uncertainty” about a potential impact on the earnings of our organization. In that sense, risk management encompasses not just the negative side of risk but also the positive side for our sources of earnings. It is therefore essential for mitigating potential negative impact as well as for pursuing the maximum return from opportunities.

The COVID-19 pandemic is a case in point. Although it is substantially affecting our sales activities, early recognition of the potential risk led our CEO to activate the company's Temporary Crisis Management System in January 2020. This put first priority on the health and safety of our employees and their families, customers, business partners, and all stakeholders and that eventually enabled us to resume factory operations at a relatively early date.

We have also looked ahead to when economic activity returns and envision medical professionals needing more support than before and an overall change in people's values and work styles.

The business growth we have seen as we helped address such a major social issue as the coronavirus shows that such activities are positives for the Company. Our business has grown from assisting in AI diagnosis of chest X-rays and remote medical diagnosis, commercializing PCR testing in the United States, using Workplace Hub to facilitate multi-site collaboration and new work styles, providing expertise gained from our in-house teleworking system, and providing AI-integrated thermal cameras for body

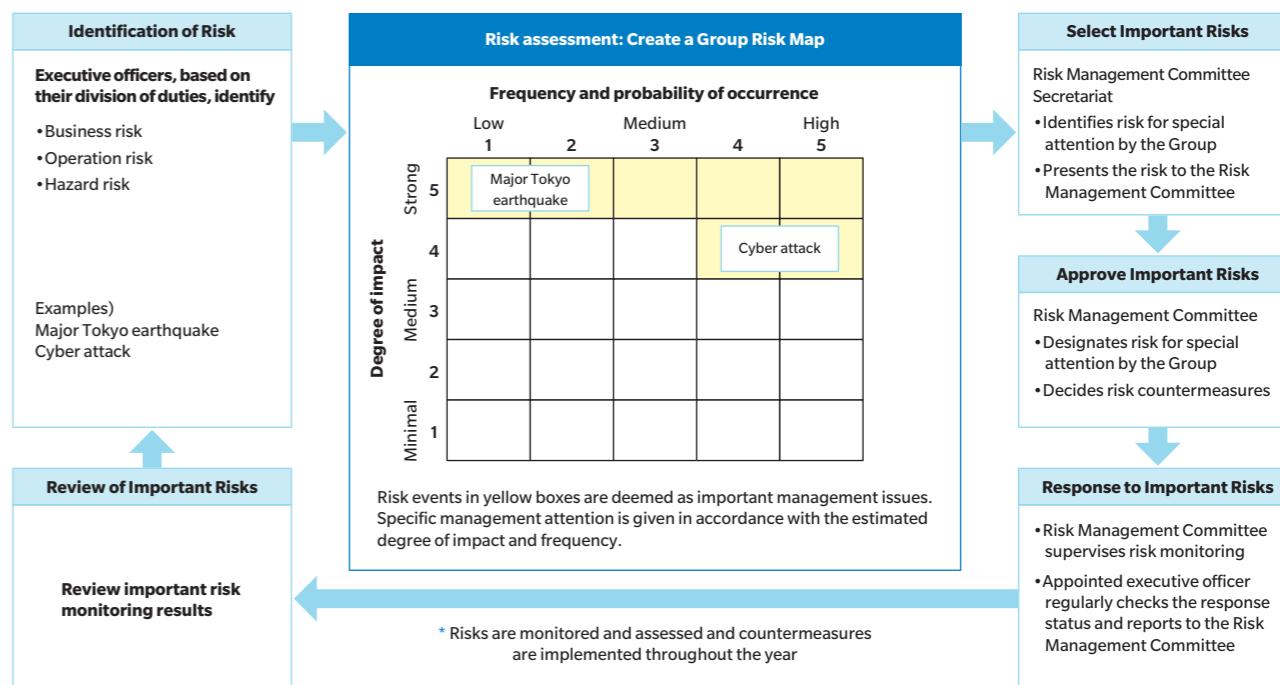
surface temperature readings.

The changes in the earth's environment is another risk as climate change and abnormal weather activity around the world threaten our business continuity and could impact our future earnings. Recognizing these risks, we are doing our part to mitigate global warming. The Group is committed to becoming “Carbon Minus” by lowering its CO₂ emissions below the levels of our customers, suppliers, and local communities. We have set ambitious targets to have reduced

the CO₂ emissions from our product lifecycles by 60% in 2030 and 80% in 2050 compared to fiscal 2005. Konica Minolta discloses information about its business risk and opportunity related to climate change in accordance with the framework of the Task Force on Climate-related Financial Disclosures. (Please see page 53 for details.)

Properly managing the various risks from a medium- and long-term perspective is a key part of our efforts to establish sustaining growth in corporate value.

Process of Identifying Important Risk for the Group



Business Risk

Risk	Probability	Potential Occurrence	Potential Impact
Economic environment risk			
Economic trends, market environment	High	Within 1 year	Strong
Forex fluctuations	High	Any time	Medium
Business risk			
Changes in the print environment	High	Within 1 year	Strong
National or regional regulations	High	Within 1 year	Medium
Technology developments	Medium	Within 3 years	Medium
Shift to new products	Low	Within 3 years	Strong
Collaborations, company acquisitions	Medium	Any time	Medium
Procurement, production	Medium	Within 1 year	Medium
Product liability and quality assurance	Low	Any time	Medium
Other risk			
Major earthquake, disaster, epidemic	Medium	Any time	Strong
Environmental regulations, climate change	Medium	Any time	Medium
Intellectual property rights	Low	Any time	Minimal
Human resource availability	Medium	Within 3 years	Medium
Information security	Medium	Any time	Strong
COVID-19 risk			
Impact from further spread	High	Within 1 year	Strong

Strategies for Strengthening Customer Engagement



Message from the Executive Officer

We will create value as One Konica Minolta, leveraging customer contact with nearly two million companies in 150 countries.

Toshimitsu Taiko

Senior Vice President and Executive Officer
Lead Officer responsible for Business Technologies and
Responsible for Corporate Planning, Investor Relations,
and Corporate Communications

however, we now provide suggestions to customers more often and have improved customer engagement. Through persistence in these efforts, we boosted the retention rate to 85% from what was once about 70% while increasing per-customer profit. Steady progress is being made.

During the period of the SHINKA 2019 medium-term business plan, we began rolling out the Workplace Hub next-generation platform with an eye to building a new business model not dependent on PV. Our direct connections with so many of our roughly two million customers will serve as a strength as we expand our business even further.

With regard to the Workplace Hub, we were unable to achieve the goals of the initial sales plan due to the time needed to complete a successful firmware version both in terms of customer satisfaction and expediency for us. However, fiscal 2020 will see us begin to bring together the Workplace Hub, MFPs, and IT services towards achieving the Intelligent Connected Workplace*, allowing us to expand the solutions and value we provide the specialized industries. Through this effort, we will continue contributing to better business efficiency and productivity.

* Intelligent Connected Workplace: A smart workplace environment that brings the necessary people and information together, and allows for creating value with anyone anywhere, and at any time.

Net Promoter Score (NPS), which assigns scores to how willing customers would be to recommend something to another customer. Now, we will take this to the next level and have our customers scored according to a standard of our own design—one which asks customers “do you plan to continue using Konica Minolta products or services?” We will then deploy our own evaluation system that will compile and analyze the assessments on a weekly basis, making use of our findings in sales activities.

Looking to create customer value through the One Konica Minolta approach

Through the connections we have with customers in a broad spectrum of industries, we are able to discern a diversity of undiscovered issues that our customers face—issues that present numerous business opportunities. We will capture every such opportunity and use them to expand our business. To this end, through One Konica Minolta, we go beyond business boundaries to provide unique solutions and create ever greater customer value.

For example, in response to the needs of schools looking to bolstering security, we provide IT-related security as well as solutions in the form of surveillance cameras that monitor for suspicious trespassers. We also seek to meet the needs of local governments interested in achieving operational reforms. In addition to document solutions that digitize and centrally manage large volumes of documents through the tracking and assessment of workflows, we even sometimes suggest healthcare-related solutions to improve operational efficiency at public health centers.

To carry out this multifaceted style of proposal making, we have consolidated each business's sales functions into a single sales subsidiary, replacing a sales system centered around specific business segments with one that can offer different solutions specific to our customers' industries and lines of business.

This gives us a deep understanding of the issues unique to each of our customer's industries and lines of business, and enables us to propose a variety of the best possible solutions. We also have the means to replicate elsewhere in the group successes achieved in one country or region.

In addition, Konica Minolta experts well-versed in security and other specific fields engage in talks with customers, creating opportunities to conduct assessments and implementations in the field. Going forward, in order to create even more of these opportunities, we will focus on cultivating experts in every business segment, for example, utilizing our European experts in a cross-border capacity by having them take part in deal negotiations with our Asian customers.

The extensive customer connections we have built up will drive our future growth, and I am confident that we can achieve greater growth by leveraging these connections across business borders. Under One Konica Minolta, we will continue upping the pace of our solutions proposals, one step at a time.

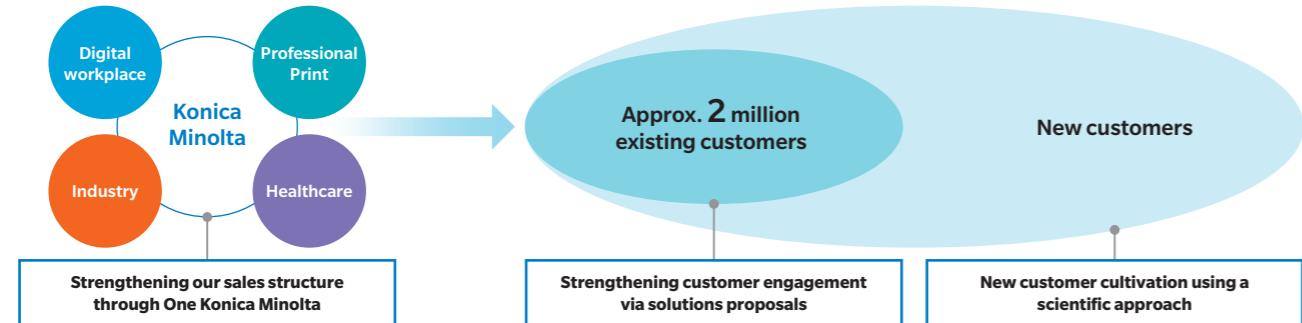
Leveraging our connection with customers to strengthen our solutions-oriented businesses

Konica Minolta has close to two million customers connected by a sales and service system that we have built up across 150 countries. This customer base is an asset that contributes greatly to our growth. With an emphasis on connecting with our customers directly at an early stage, we have built a direct-sales system that does not involve going through distributors. This allows us to get a keen sense of the issues our customers face in the workplace and to offer suggestions that meet their needs.

This extensive and profound connection with the customer is a strength unique to Konica Minolta. By making full use of this strength, we work to improve customer value and increase profitability by proposing not just standalone devices but solutions that include a variety of services.

In the Digital Workplace Business, for example, we have enhanced our ability to offer IT services by undertaking M&A and other moves beginning 10 years ago in anticipation of bearish print volume (PV) owing to offices going increasingly paperless. Meanwhile, we have also paired MFPs with IT services and conducted hybrid sales of solutions aimed at solving our customers' issues. We previously made sales calls every four or five years, coinciding with when our customers replaced their MFPs. Since we began providing IT services,

Measures to boost sales by leveraging connections with customers



Seeking to improve business efficiency through a scientific sales approach

While cultivating new customers is critical for further increasing connections with customers, traditional sales approaches involve a lot of wasted effort and are inefficient. To solve this issue, we employ a scientific sales approach for our Business Technologies Business in the U.S.

For some time now, Konica Minolta has been creating a database of customer profiles. By analyzing this data using AI, we can identify promising goods and services according to industry or company size, and can determine profit ratio trends. We then create a pipeline (a list of prospective customers) for cultivating new customers. Using this list as a starting point for sales activities has enabled us to provide more effective proposals from early on in deal negotiations, resulting in better sales efficiency and customer satisfaction.

Our vast customer base is what makes this sales approach possible. With COVID-19 complicating in-person negotiations, figuring out how to assess customer needs remotely is key. For that reason, as well, we believe it is important to cross-deploy our scientific approach from the U.S. to other regions and from the Business Technologies Business to other businesses, ensuring it is used effectively. In the three years of the new medium-term business strategy, DX2022, we lay out a new initiative aimed at taking this approach a step further by using an AI employed for analyzing data to automatically generate the most suitable proposals based on customer type.

In addition, we will be deploying a system for scientifically evaluating and verifying how well we are doing in engaging customers. Up until now, our source of reference has been the

Strategies for Strengthening Customer Engagement

An interview with top personnel

At Konica Minolta, we build strong connections with our customers in sales and marketing sites around the world.

Two senior marketing managers from Europe and the U.S. talk about their marketing strategies for a post-COVID-19-world.

Question 1:

How do you strengthen the connection with your customers?

Lorenz: We pride ourselves on building long-term, honest relationships of value with our customers, as opposed to many other companies who still adopt a transactional attitude towards their relationships. We create these deep partnerships by talking with them and finding out their needs and expectations. We then measure the customer experience at various instances of our interaction. To enhance our customer experience further, we are working closely with our talented marketing and sales team.

Kay Du Fernandez

Senior Vice President, Marketing,
Konica Minolta Business Solutions U.S.A.

Fernandez: In order to build good relationships with our customers, we need to get a deeper insight into their buying behavior. As a result, we have been utilizing a customer journey map for the past few years. All these customer touch points really help us to understand how we're interacting with customers at each stage of the awareness, consideration, acquisition, and adoption stage. By optimizing every single touch point, we can develop effortless, engaging, and relevant experiences. This has helped our digital transformation within our marketing department.

Question 2:

What do you focus on in your marketing activities?

Fernandez: In the US, we are very much focused on demand generation. Customer data is key to ensure our customer segmentation is effective. We utilize AI to identify optimal and higher profit ratio groups, narrow down the potential target sectors, and target the right customers, all of which helps us to provide efficient and accurate solutions to companies with similar needs. These digital approaches ensure we can forge strong, long-lasting relationships. That's one of the areas of our strategy in the US, and we're very much focused on channel marketing as well. We readily share these tried and tested approaches with our 300 partners and support their sales activities, digital marketing, and social media strategy.

Lorenz: Much like the US, we have a scientific sales approach in Europe, whereby automated marketing and data analytics are crucial to understand our customers' needs. This helps uncover potential new customers and further bolsters existing relationships. For instance, we are a favored supplier of a major global automobile company because we have continued to add new product features based on customer analytics, ensuring their needs are met and they have a competitive edge. As a result of our productive partnership, they have continued to renew their contract with us for over ten years now.

Fernandez: Persona is very important for us, which is why we conduct a lot of data research to implement accurate customer segmentation in order to target a specific vertical or role within

an organization—whether it's a CEO, CIO, or a specific business department—with the right messages to suit particular business needs.

Question 3:

How would you enforce the business looking towards a post-COVID-19 era?

Fernandez: It's important to maintain a close connection with people during the current situation, despite having much less opportunity for face-to-face interaction. Consequently, we have adjusted our communication and marketing by promptly creating virtual events and webinars. These engaging events provide virtual demonstrations of our innovative products, such as the AccurioPress C14000. We have had upwards of 350 people attending these events since its launch, so they have been successful in getting people to interact with Konica Minolta, and converting active participants into customers.

Now, we are coming up with new ways to further improve this virtual experience. For example, we recently combined the physical and virtual, by mailing sample materials to attendees before a virtual demonstration of our group company MGI's innovative spot varnish printing device. In these changing times, e-commerce is now a top priority for us. As a result, we are working on automated transactions, as well as the most effective ways to sell online. This is a global project, which everyone on our team is working enthusiastically on.

Lorenz: Even before COVID-19, we transformed our business model from a transaction to a solution provider. If we take a look at the current office business environment, it is constantly evolving. We already offer our customers an Intelligent Connected Workplace solution as one of our major services, but the pandemic has now accelerated the need for further digitalization in the wider business society. Our solution would suit a post-COVID-19 world because it connects dispersed and variable workplaces, ensuring productive collaboration continues whatever the location. This demonstrates we are a company that is at the forefront of teleworking solutions and shaping the future workplace through our innovative digitization practices.



Olaf Lorenz

Senior General Manager,
Digital Transformation Division,
Konica Minolta Business Solutions Europe

Fernandez: We have also started a new initiative called Return to Work, which supports going back to the office with virtual health checks. This solution was put into practice within eight weeks, and was achieved through close collaboration between our enterprise management team, engineering team, and marketing team. Our quick deployment of this solution was due to understanding market needs under the current situation. We also collaborated with our group company, Ambry Genetics, who provided state-of-the-art genetic testing services to help us compliment our Return to Work solution. All of which shows we are practicing One Konica Minolta to its full potential.

Lorenz: Another example of us enacting One Konica Minolta is with our Box Defect Detection system, which is currently being developed in Europe. This sensing system uses video analytics, and has the potential to completely automatize manual processes by combining our camera technology, sensing technology, and other multiple equipment. This solution contributes to the manufacturing and logistic industries, and helps accelerate automated and remote work processes, which would be very useful in the current climate. We will continue to provide solutions demanded in the post-COVID-19 world, by concentrating resources from our different businesses to holistically provide necessary solutions for our valued customers.



Technology Strategy



Message from the Executive Officer

We will enhance our imaging IoT technologies to accelerate our platform-based business expansion

Toshiya Eguchi

Executive Officer

Responsible for IoT Service Platform Development, Imaging-IoT Solution Business and Visual Solutions Business

Creating a new platform business with visualization technologies at the core

By combining state-of-the-art IoT and AI technologies with the imaging technologies we have refined over our long history, we are taking aim at changing ourselves into a service provider that excels in data utilization supported by imaging technologies. "Imaging IoT technologies" is the collective term we have given to these core technologies, and the "imaging IoT platform" is the entire environment surrounding business centered on imaging IoT technologies.

The imaging IoT platform is a vehicle for providing services that facilitate better workflows in wide-ranging workplaces such as production, healthcare, and caregiving, and visualization is the driving concept behind it. Image data is captured from a Konica Minolta measuring instrument, sensor, or other input devices. Then, based on the data, we add in our own processing, visualizing the previously invisible. This can create customer value in many ways. For example, we can automatically ascertain a person's physical condition, discover invisible gas leaks, and automatically detect the position and number of cells in a pathological exam. Our efforts to create ever higher added-value services by utilizing accumulated data is what we believe will lead to high-profit data services enabled by imaging IoT technologies.

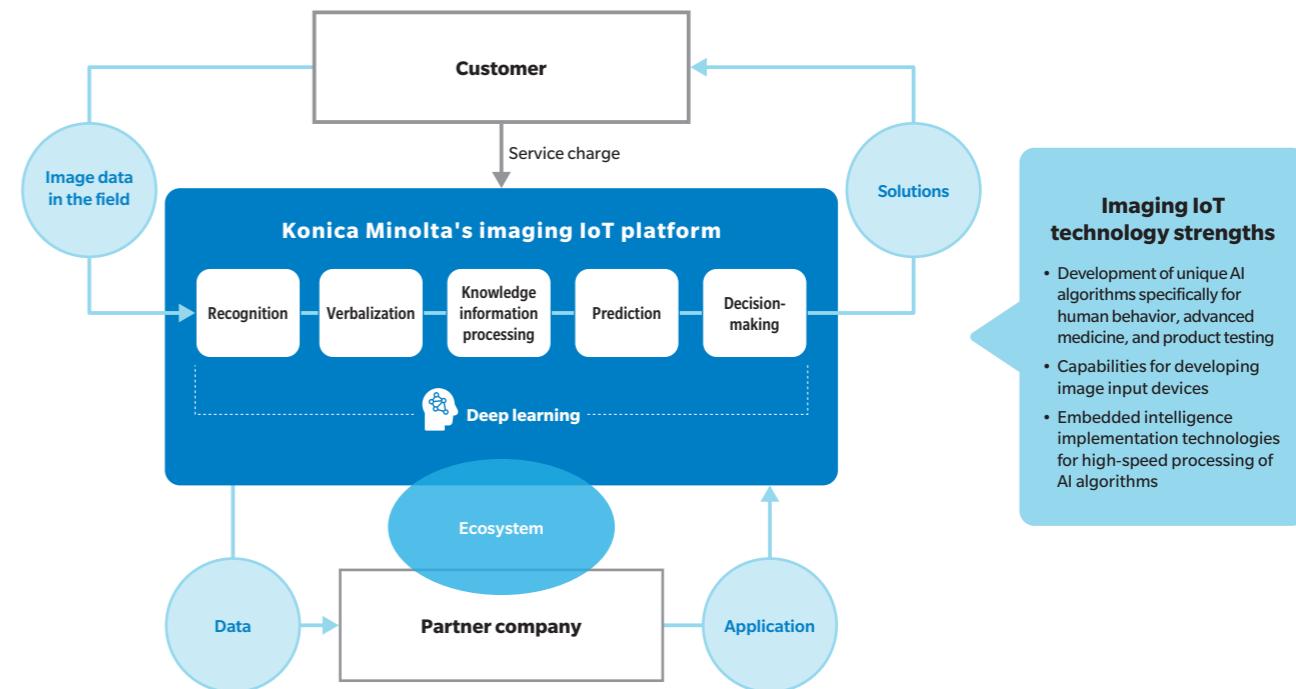
Creating new businesses by evolving imaging IoT technologies

The rapid advance of AI technologies in recent years has seen many companies, including IT giants, focusing on development. Konica Minolta has established three areas of unrivaled competitiveness—human behavior, advanced medicine, and product testing—and have built an environment specialized in these areas and focused on developing unique AI algorithms. We also have strengths in imaging IoT technologies, one of which is our capabilities for developing image input devices, which we have honed through our imaging business, as well as our embedded AI technologies, which we have developed through our MFP development and which process AI algorithms at high-speed.

Our efforts to improve with regard to such technology development have seen us rise to the top echelon globally when it comes to image recognition technologies that enable faster, more precise human behavior recognition and object detection. Going forward, we believe that even the partner companies with which we collaborate will view us as possessing a level of technology that provides ample Konica Minolta value.

During the period of the previous medium-term business plan, SHINKA 2019, we used these technologies to build new functions that include the Intelligent Quality Optimizer Unit IQ-501, an automated color and registration adjustment for digital printers, along with new businesses such as the HitomeQ Care Support services for caregiving facilities and our gas monitoring solution service for plants. At the same time, we finished building a foundation for conducting a full-scale rollout of imaging IoT businesses, which included an ecosystem with a partner company and a service payment system.

Konica Minolta's imaging IoT platform business



Imaging IoT technology strengths

- Development of unique AI algorithms specifically for human behavior, advanced medicine, and product testing
- Capabilities for developing image input devices
- Embedded intelligence implementation technologies for high-speed processing of AI algorithms

Furthering collaboration with partner companies in order to grow the imaging IoT business

The further expansion of our imaging IoT business will be a major theme over the three-year period of the next medium-term business strategy, DX2022. We are now considering what new service model to adopt—whether to provide customers with applications from our partner companies over a platform, generate new value by sharing data accumulated on the platform with partner companies, or create service packages and provide them to a wide range of customers. We plan to expand our business by providing prepared technologies together with a platform environment.

Expanding our imaging IoT business in such a way will require combining a variety of technologies, so we will be ramping up collaboration with partner companies. Along with completing a new development annex at our Takatsuki Site in Osaka, in August 2020 we also established an R&D facility in North America (Canada) and commenced joint research into advanced AI technologies with a university.

We will bring together imaging IoT development functions and talent at these sites, where they will advance open innovation with partner companies.

Since an IoT business cannot succeed through the efforts of one company alone, few have achieved success anywhere in the world. It is amid these circumstances that Konica Minolta, with its strength in imaging IoT and a customer base of two million companies, will build an open platform for partner companies to use. Then, as a result of friendly competition between these companies, we will provide high-value services that put the customer first. We will be the first in the world to create such an environment.

Increasing imaging IoT and AI talent to 1,000 people

In preparation for a future business portfolio transformation, Konica Minolta has spent nearly the last 10 years focused on developing imaging AI engineers, data scientists, and system architects, among others, to build businesses centered on developing imaging IoT technologies. Additionally, as in-house training programs, we have also established skill level-specific certification and registration programs for three levels: "entry," "standard," and "expert."

We currently have close to 500 imaging IoT and AI talent, including outside hires. Further increasing the number of internally-developed personnel will give us an advantage both in terms of speed and development skill, and will also be advantageous in our collaborations with partner companies.

To this end, we aim to double our talent pool to 1,000 people over the period of DX2022. As part of this effort, and in order to grow our IoT-related business in the future, we want to increase our number of data engineers, who solve problems primarily using data analysis, and the product engineers that build applications and services packages. More and more of these people have been working with sales staff around the world as experts, helping to cement business deals. Developing engineers like this who can create services and expand our business will be a focus going forward.

In the future, we will use our imaging IoT development facilities in Europe and newly-built R&D facilities in Japan and North America as bases for fortifying our talent as we accelerate efforts to cultivate and recruit people for imaging IoT business in our three business regions of Japan, the U.S., and Europe.

Human Capital Strategy



Message from the Executive Officer

We aim to become a company that brings out the best in every individual, and that is looked to by society in this digital age.

Shinichiro Oka

Executive Officer
Responsible for Human Resources

Human capital is the most important asset

At a time of rapid digital transformation (DX) at the global level, Konica Minolta aims to achieve sustainable growth as a company that is vital to society. To this end, we have taken steps to transform our business portfolio from being product-centric to being focused on services that leverage images and data. And I strongly believe that human capital is the most important asset to achieving resounding success in this endeavor.

Assets under our previously product-centered business consisted of production facilities and other possessions of the Company, and what we sought from our employees was the ability and skill to utilize these assets effectively. But now, to carry out a service-centered business that leverages our digital capabilities, we need each and every employee to identify customers' individual needs and find out-of-the-box solutions.

Towards our goal of besting the competition at a global level amid this worldwide digital transformation, our "DX2022" medium-term business strategy, which began in fiscal 2020, calls for a human capital strategy that gives top priority to bringing out every Konica Minolta employee's individuality.

From optimizing at the country and region level to harnessing diversity in a borderless world

To win in today's world, a company must discover new ways of thinking and innovative ideas by engendering healthy conflicts between people of different views. In other words, leveraging people's diversity is essential for organizational growth. Therefore, it goes without saying that to make the

best use of our people going forward, we need to go beyond optimizing at the country and region level and come together at the global level, making doubly sure the right people are in the right positions—regardless of their nationality, gender, or years of service.

One of our greatest competitive advantages is the extent of our diversity: the Konica Minolta Group is more than 40,000 people, and roughly 75% of them work outside Japan. Through active M&A efforts over the past 10 years, we have recruited a profusion of people who have brought new identities, knowledge, and experience to the company. To make the most of this advantage, we are developing HR programs shared throughout the Group, as well as making personal transfers easier, with the goal of providing every conceivable kind of opportunity for all employees, wherever they are in the world.

Regarding women's participation and advancement, women hold roughly 18% of management positions Group-wide but only 7% at headquarters in Japan. To promote diversity, we need to vigorously promote women's participation as a focus of our business management, especially in Japan. For some time, we have used the percentage of female managers as an indicator to engender a corporate culture conducive to female participation, while providing training and education as well as actively expanding and improving related systems. The managers of our businesses are strongly committed to producing female leaders, getting involved directly in their development planning and focusing our efforts on strengthening our process for cultivating female leaders. Alongside these initiatives, we will continue to identify and systematically train high-potential female talent to enable women to exercise their influence in the upper levels of management. Through these efforts, we will institute reforms aimed at bringing our percentage of female managers to 8% at our Japan headquarters by the end of fiscal 2021.

Policy for strengthening talent in "DX2022"

Strengthening the talent that will bring about "DX as a Service"

- Developing training and evaluation programs for strengthening core engineers and high-level specialists
- Cultivating leaders who will promote DX

Leveraging the talent that will build a strong business portfolio

- Cultivate high-level professionals through Re-skill & Up-skill programs, as well as programs to support autonomous growth

Strengthen employee engagement

- Conduct Global Engagement Survey and following-up
- Promote diversity and inclusion
- Establish a "new normal" in working styles
- Foster a challenge-seeking culture



Building a value creation process to achieve DX

We have established two themes for strengthening our talent capabilities toward the achievement of DX.

The first involves cultivating leadership talent capable of achieving business growth through DX and one day becoming the CEO or an executive officer. So far, our cultivation of next-generation leaders has been done according to plans at the departmental, regional, and national levels. In the future, however, we will view each of these leaders as common assets of the entire Group, rotating them based on what is best for the Group as a whole. Assigning them tougher work and providing better training programs to support them will be crucial. Achieving this will require implementing a process for regularly reviewing and following up with organizations and employees, then having top managers continually identify those who show promise within each department, assess how far they could go, and make these high-potential people fully aware of their potential. At the same time, managers will help us achieve sustainable business growth by communicating how they intend to develop leader candidates as companywide human assets and enable them to be utilized strategically.

The other theme is recruiting and cultivating people who can lead digital experts working closely with our customers. These people will be extremely important for maintaining and strengthening our competitiveness as we advance DX, and for this purpose I estimate we will need about 200 people by the end of fiscal 2022. We have developed systems to select possible candidates at the global level and from outside the Company and train them. We have so far selected 500 candidates from around the world. Now we are conducting assessments to narrow down the list. Going forward, the Global Talent Committee will formulate a training plan tailored to each individual, provide various opportunities to hone their skills on the global stage, and accelerate their growth.

Strengthening engagement

With the outbreak of COVID-19, employee engagement and the strength of the bond between employees and the Company has become more important than ever before. With the exception of essential employees who must come into the office, we have transitioned to having all Konica Minolta employees working from home at all business sites worldwide, beginning as soon as COVID-19 began to spread. This transition proceeded smoothly thanks to teleworking programs and IT infrastructure put in place before the outbreak. Many people still work from home, and teleworking has become a new normal. Because of the circumstances, we will all need to make a more conscientious effort to build the relationships between supervisors and subordinates, and with our fellow coworkers, that we used to naturally foster at the office. Moreover, it is becoming more difficult to get the kinds of novel insights and ideas that used to arise from chance encounters and chats — we must reach out more proactively, now.

To strengthen engagement at a time like this, we urgently need to redefine what type of people Konica Minolta needs both now and post COVID-19, to develop the infrastructure and re-examine programs needed for these people to succeed, and to select and develop managers who can manage according to the circumstances.

We will take these steps based on a corporate culture that puts employee health first and that will form a foundation for winning at the global level, which is part of the "healthy management" policy we have been focused on. Meanwhile, we will strengthen engagement by conducting employee satisfaction surveys worldwide to gauge our progress, and thoroughly follow up on efforts to address issues at the national, regional, and company level that have been identified through these surveys.

Environment Strategy



Message from the Group Executive

We aim to go carbon minus as a path to sustainable growth.

Takenori Takahashi

General Manager,
Corporate Sustainability Operations

Seeking to be carbon minus by 2030

Climate change and other environmental problems are drawing increasing concern as an issue that impacts corporate sustainability. In 2009, Konica Minolta formulated the Eco Vision 2050 long-term environment plan, which looks forward to 2050. Since then, we have been preparing for future risks from environmental problems and have been undertaking environmental activities under the theme of achieving business growth by solving environmental issues.

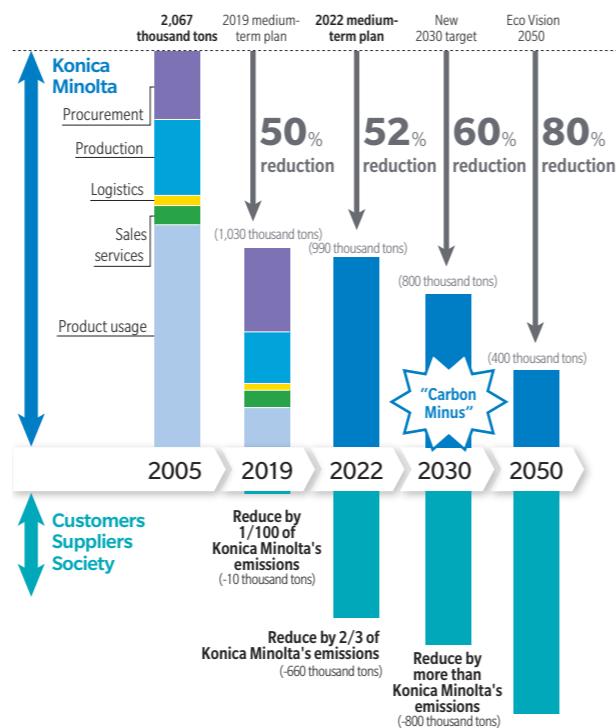
In 2017, we took a step forward when we established a new goal in the form of Eco Vision 2050, which aims to see us become carbon minus by 2050. "Carbon Minus" means reducing our CO₂ emissions by 80% compared to fiscal 2005 over the lifecycle of Konica Minolta's products, and it will require providing support for environmental problem-solving to our customers and suppliers to reduce CO₂ emissions to the extent that our product lifecycles are not affected. In reducing CO₂ emissions beyond the emissions for which we ourselves are responsible, we aim to become carbon minus.

In fiscal 2020, at the same time that we drafted our long-term management vision, which looks forward to 2030, and the DX2022 medium-term business strategy, we made the decision to push forward our timeline for achieving carbon minus status to 2030. This was prompted by an achievement we made during the previous medium-term business plan. Fiscal 2019 saw us reduce CO₂ emissions by 50% compared to 2005 throughout the entire lifecycle of our products. In conjunction with the reduction of CO₂ emissions and resource usage, we also reduced energy and resource costs by approximately ¥1.8 billion over three years. Furthermore, we saw an increase in product and service sales owing to our green marketing activities, through which we provide customers with our environmental expertise. These factors increased our top line by ¥780 million in fiscal 2019. We see this outcome as having succeeded in achieving increased profits through our efforts to

address environmental issues during the period of the previous medium-term business plan.

Based on this achievement, by accelerating efforts to reduce CO₂ emissions, we will now focus on promoting business growth and meeting our challenging goal of becoming carbon minus by 2030. We will do this by building an environmental ecosystem for coordinating with many companies through the use of our digital technologies.

Moving the carbon minus goalpost up to 2030

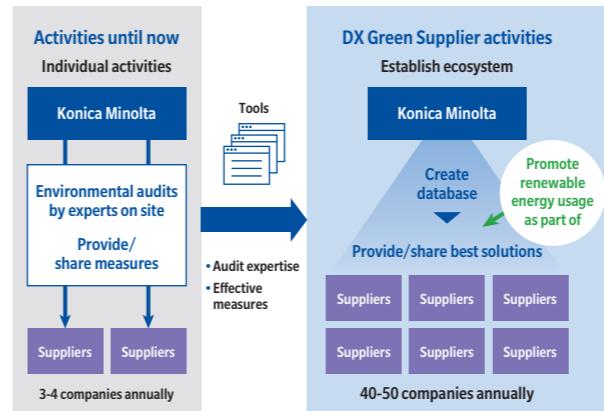


Further reducing our environmental footprint through DX

Beginning in fiscal 2020, we will utilize DX to enhance coordination with more customers and suppliers in order to further reduce our environmental footprint.

One such effort is the digitalization of our "green supplier activities," through which we provide our suppliers with our environmental expertise. Over the years, Konica Minolta experts have visited our suppliers' factories and provided support in conducting energy audits and executing plans. We have now digitized and automated our expertise and developed a system that suppliers can use to conduct self-audits and execute plans. With this, we expect to be able to dramatically

DX Green Supplier activities



broaden the range of those benefiting from these activities, while further reducing our environmental impact and costs.

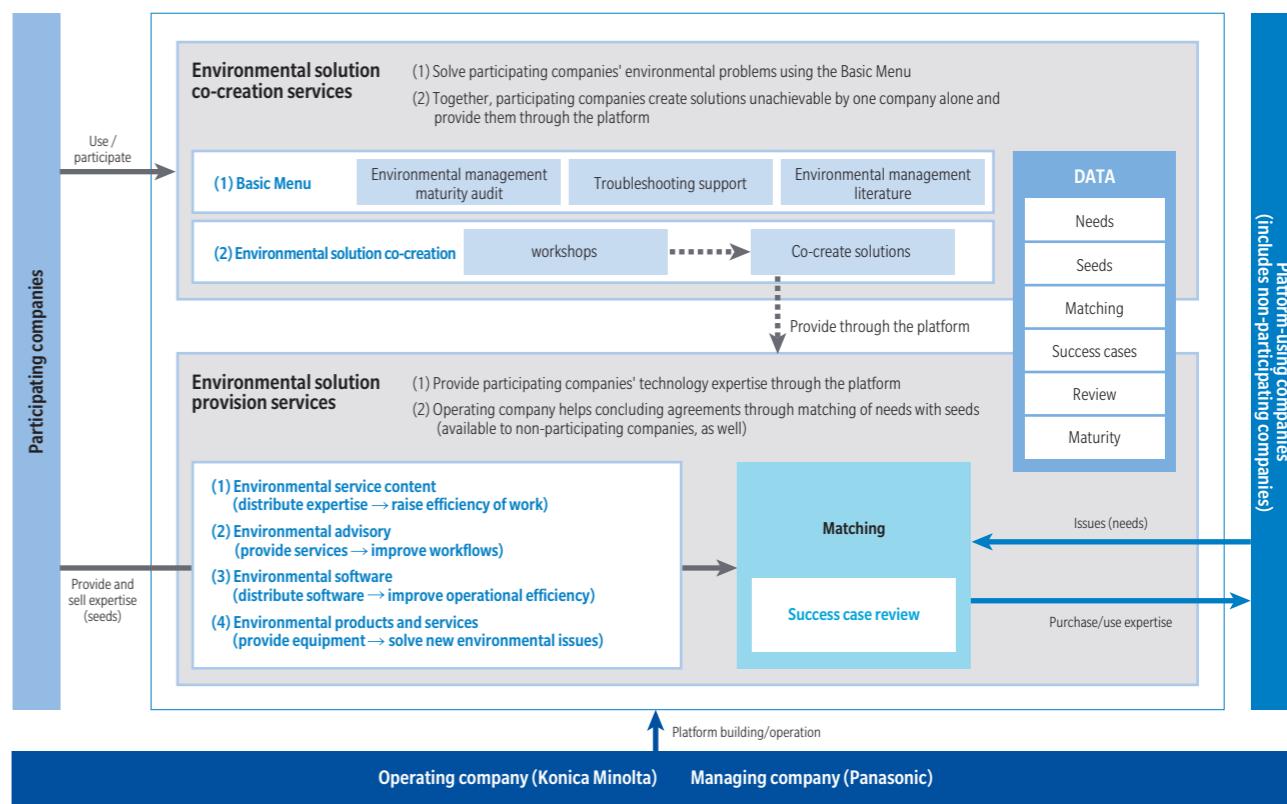
Another new initiative is the Environmental Digital Platform we launched in June 2020. This is an ecosystem that will improve environmental management efficiency by enabling Konica Minolta and participating companies to share knowledge and expertise and create new value together. Panasonic Corporation, a company with extensive expertise and global solutions, provides support as the managing company, with Konica Minolta in charge of operations. We began with 15 participating companies, and will expand the circle of co-creation by gradually bringing in more.

This platform consists of "solution co-creation opportunities," which involve participating companies pooling their technologies and expertise to create new solutions for problems difficult for individual companies to solve on their own, and "solution provision opportunities," which involve sharing and utilizing the environmental technologies and expertise that participating companies have developed through years of practice.

Through these two types of opportunities, we will solve environmental problems more quickly through inter-company coordination, speed up efforts to achieve innovation through co-creation, and contribute to environmental problem-solving at a global scale.

Over the three-year period of DX2022, we will achieve sustainable corporate growth by launching cooperative efforts such as these with many companies, through which we will significantly reduce our environmental footprint and contribute to a stronger bottom line.

Environmental Digital Platform



Environmental Strategy

Introducing a New Framework for Climate-related Financial Disclosures (TCFD)

For a company to grow sustainably, Konica Minolta believes it is critical to accurately assess climate-related risks and opportunities concerning business management, and to actively disclose information to a broad range of stakeholders, including investors. In line with this idea, we disclose our efforts to address

climate change problems through the TCFD framework, with endorsement for the Recommendations of the Task Force on Climate-related Financial Disclosures, the final report from the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the G20's Financial Stability Board.

Subject	Activities
Governance	<p>In 2008, Konica Minolta set, and received approval from the Board of Directors for, an ambitious target: to "achieve an 80% CO₂ emissions reduction throughout the entire lifecycle of its products by 2050 compared to 2005." Then in 2017, we added a "Carbon Minus" target that represents our commitment to working with partner companies to achieve negative CO₂ emissions in society. Now, in 2020, the Board of Directors has approved a decision to push our target year for achieving carbon minus status forward to 2030.</p> <p>At Konica Minolta, the president has ultimate responsibility for and authority over the company's efforts to combat climate change, and is also accountable for the effectiveness of environmental management, including with respect to climate change. A group executive (Group Sustainability Officer) appointed by the president is in charge of environmental management operations. Along with formulating medium-term plans, the Group Sustainability Officer issues monthly reports to the president and the Audit Committee of the Board of Directors on issues that include environmental management progress and problems related to climate change.</p>
Strategy	<p>The effects of climate change are becoming clear, and environmental destruction will usher in economic and financial turmoil. Konica Minolta sees this situation as posing risks for its own business, as well. However, the situation will also present opportunities to solve environmental issues through our business activities, which will contribute to sustainable growth for the company.</p> <p>Konica Minolta works hard to adopt cutting-edge technologies and integrate them with our formidable digital input and output technologies. These efforts drive our transformation into a digital company that creates solutions for solving social problems, including climate change. Alongside these efforts, in the long-term management vision we formulated in fiscal 2020, we established "Address climate change" as a material issue and set a target to become "Carbon Minus" by 2030. Through our business, we seek to achieve our "Carbon Minus" target by aligning our medium-term goals and fiscal year plans concerning climate change countermeasures with our medium-term business plans on things like product planning, development, production, procurement, and sales.</p>
Risk Management	<p>Konica Minolta assesses risk from a medium- to long-term perspective, viewing risk management as "activities that minimize the negative effects of risk while pursuing maximum returns."</p> <p>In the short to medium term, the Risk Management Committee manages climate change and other environmental risks as business risks that impact the entire Group.</p> <p>From a medium- to long-term perspective, we assess and manage climate change risk severity and uncertainty for two possible scenarios: that we transition to a low-carbon society or that the effects of climate change are realized. Along with deliberating on plans and measures to address climate change at quarterly Group Sustainability Promotion Committee, we reevaluate risks through biannual rolling reviews at these meetings where we look back on how much risks have changed. Every month, the Group Sustainability Officer reports to the president on progress made towards the plan.</p>
Indicators and Targets	<p>In Eco Vision 2050, Konica Minolta lays out product lifecycle CO₂ emissions and "Carbon Minus" targets as indicators for managing the risks and opportunities posed by climate change. Our Carbon minus target represents a commitment to reducing CO₂ emissions throughout our business activities to a level exceeding the CO₂ emissions of the entire lifecycle of our products. With respect to CO₂ emissions in society, we aim to reduce CO₂ emissions by at least 830,000 tons, which is beyond the total emissions from Scopes 1, 2, and 3.</p> <p>Based on a forecast that predicts fossil fuels will become unusable in the future, we seek to address climate-related risk by achieving 30% renewable energy usage by 2030 and 100% by 2050 using strictly renewable energy sources for all power used in our business activities.</p>

*More information is available on our Sustainability site (<https://www.konicaminolta.jp/about/csr/environment/vision/2050.html>)

Climate-related Risks and Opportunities for Konica Minolta

The signing of the Paris Agreement suggests the possibility of mankind successfully transitioning to a low-carbon world with speed and ambition. Unfortunately, a failure to make the intended headway with this transition may result in the striking effects of climate change becoming manifest.

Konica Minolta is preparing for both scenarios, identifying business risks that will adversely impact the Group's performance into the future and business opportunities that could come from taking swift action toward solving problems concerning climate change.

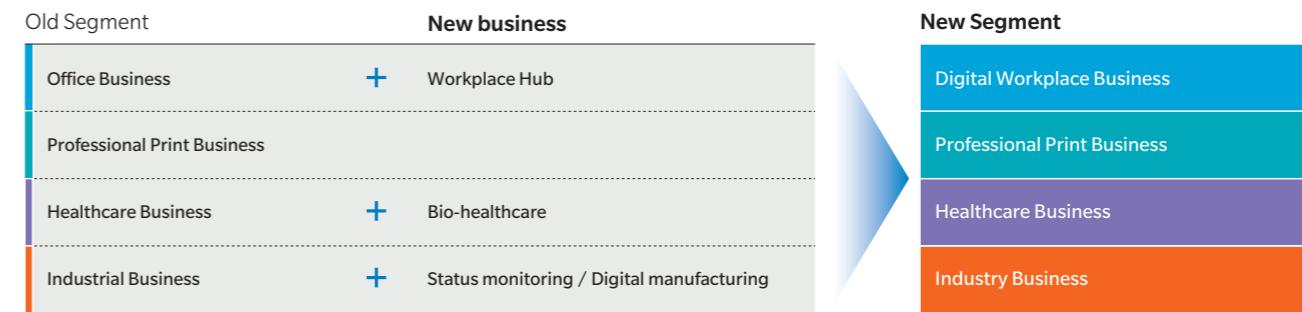
Risks Opportunities

	Impact on procurement	Impact on direct operations	Impact on product and service demand
Transition risks and opportunities	<p>Higher procurement and manufacturing costs</p> <ul style="list-style-type: none"> Alternatives to fossil resources and fossil fuels Long term Compliance with new emissions regulations and tax codes in line with measures to mitigate the impact of climate change Medium term Short term Temporary suspension of production due to restrictions on electric power supply Medium term 	<p>Higher product development costs</p> <ul style="list-style-type: none"> Compliance with new regulations on product energy efficiency and the market in line with measures to mitigate the impact of climate change Short term <p>Lower revenue</p> <ul style="list-style-type: none"> Decline in office demand due to an accelerating shift towards a paperless society Medium term Decline in product competitiveness due to unsustainable use of resources and non-reusable design Medium term 	<p>Higher revenue</p> <ul style="list-style-type: none"> Edge computing, which does not require a data center Long term Digital workplaces to support a paperless society Medium term Technology for upgrading recycled plastics Medium term Digital on-demand printing and production to curb wasteful production Medium term Materials processing reform solutions to reduce energy usage Medium term Shale gas and other pipeline leak test systems Medium term Ecosystem to support corporate environment and sustainability management Medium term
Physical risks and opportunities	<p>Lower revenue arising from reduced production capacity</p> <ul style="list-style-type: none"> Shortages and suspensions of natural resource supply due to weather pattern changes Long term Supply chain interruptions following large-scale natural disasters Medium term Depletion of water resources and restrictions on water intake Long term 	<p>Higher revenue</p> <ul style="list-style-type: none"> Testing for unexpected illnesses (including infectious diseases), and drug discovery support services Medium term DX solutions to support healthcare providers (diagnosis, clinical jobs, coordination) Medium term Safe, secure imaging IoT solutions to respond to abnormal weather Medium term 	

Business Strategies

At a Glance

Konica Minolta had been using three business lines, namely core businesses, growth businesses, and new businesses. However, in order to enhance customer value by conducting these businesses as a single unit, reportable segment classifications were changed in 2Q 2020. By executing and achieving for projects and plans implemented or ongoing during the previous medium-term business plan, we will accelerate the speed of growth.



Digital Workplace Business

- Office
- IT Service Solutions
- Workplace Hub



Professional Print Business

- Production Print
- Industrial Print
- Marketing Services



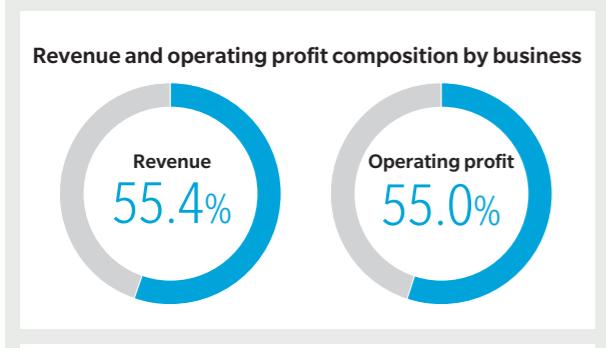
Healthcare Business

- Healthcare
 - Precision medicine
- * Bio-healthcare is called Precision medicine in the new segments.

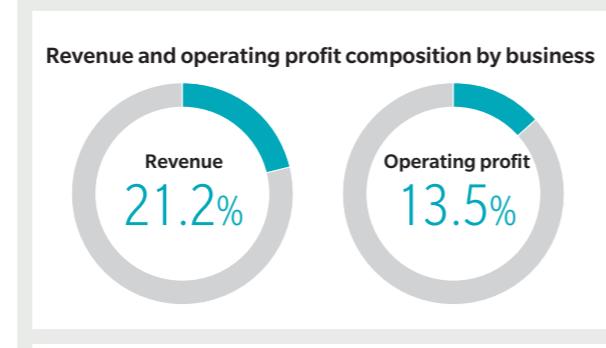


Industry Business

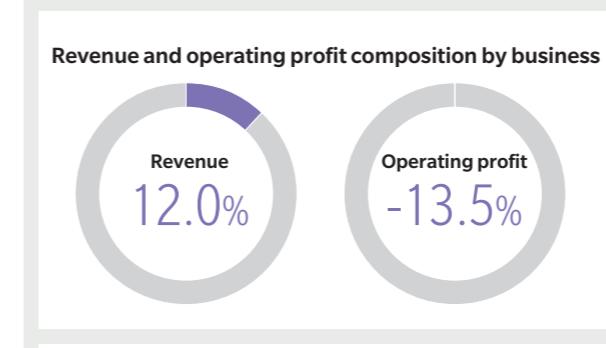
- Sensing Field
- Measuring Instruments
- Materials and Components Field
- Performance Materials
- Optical Components
- IJ (inkjet) Components
- Imaging-IoT Solutions Field
- Imaging-IoT Solutions
- Visual Solutions



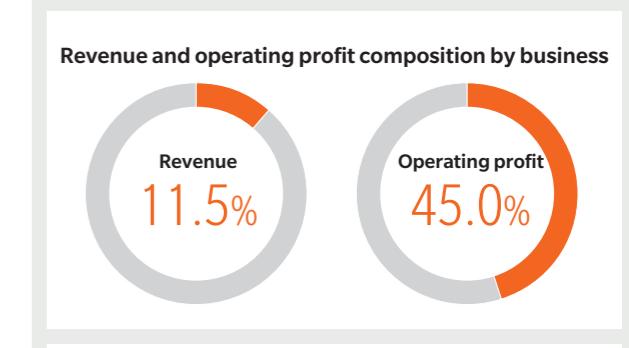
	2018	2019	2020 (Forecast)
Revenue	587.9	549.0	465.0
Operating profit	40.1	17.7	0
Operating profit ratio (%)	6.8	3.2	-



	2018	2019	2020 (Forecast)
Revenue	227.7	210.0	180.0
Operating profit	13.8	4.3	-2.5
Operating profit ratio (%)	6.1	2.0	-



	2018	2019	2020 (Forecast)
Revenue	116.8	118.5	107.5
Operating profit	-1.3	-4.3	-5.5
Operating profit ratio (%)	-	-	-



	2018	2019	2020 (Forecast)
Revenue	125.1	117.1	117.5
Operating profit	15.1	14.4	11.5
Operating profit ratio (%)	12.1	12.3	9.8

Business Strategies

Digital Workplace Business

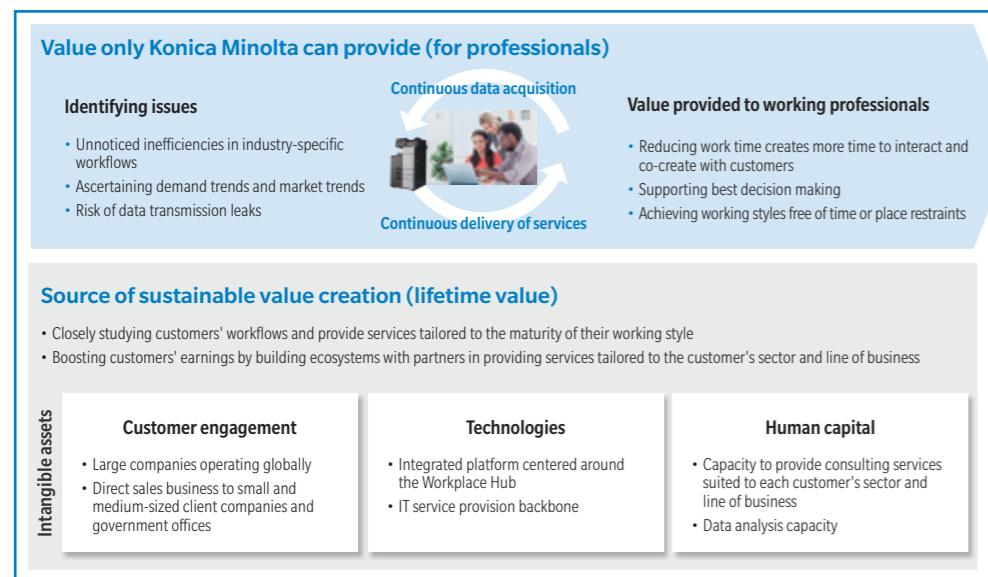


Value Creation Process

The Digital Workplace Business has put at the center of its customer base the SMEs that have established genre-top strategies in the Office Business. At the same time, it has met the needs of global companies and leveraged its accumulated expertise to improve service quality. Moreover, for close to 10 years, it has built up its capability for providing IT services and recruiting talent by acquiring close to 40 IT service providers that provide services tailored to SMEs in primarily the U.S. and Europe, or that excel in specific solutions and lines of business. Bringing these intangible assets together, in 2018 we began providing all manner of IT infrastructure, including MFPs, through the Workplace Hub platform service. Through this

business, we help customers achieve DX and use data and IT to visualize data internal and external to customers, including previously unnoticed inefficiencies and risks in each industry and business's processes. This enables us to provide services that facilitate better productivity and decision-making. By providing support aimed at enabling professionals working at our client companies to use their limited time in creative ways, we contribute to productivity improvement and business growth for our customers. We will continue to promote IT at SMEs as we strive to create social value by boosting customer satisfaction through the support we provide.

Supporting our customers' DX as the Intelligent Connected Workplace platform provider



Market Environment

Companies, particularly those in developed countries, are increasingly using digital devices such as tablets and smartphones, replacing paper as a means to share information. At the same time, there is a risk that opportunities for printing things out on paper in offices will gradually decrease as working styles change. Moreover, the proliferation of teleworking due to the spread of COVID-19 is also likely to exacerbate this risk.

Given this environment, we anticipate increased demand

for managed IT services that include IT environment development to support teleworking, in addition to demand for business process improvement through content management services that support security, management, and information editing on top of MFPs.

In countries like China and India where color printing adoption is still low, we expect to see a continued increase in opportunities for color MFP sales.

Basic Strategy of DX2022

By leveraging customer contacts that extend across a wide variety of regions and lines of business, we aim to share with our customers the goal of helping them achieve business success while providing timely and ongoing support for achieving the digital transformation that will make the goal possible. Through these efforts, we aim to increase our sales per customer and boost recurring revenue. We devised four levels of maturity with regard to our customers' working styles, and provide services according to each level to support our customers' business success. Level 0 companies are fettered by paper and ledgers, with restrictions on where people can work. At Level 1 companies, processes are connected via IT, digitalization has begun, and employees can work at any time. Level 2 companies have workplaces connected to one another digitally and employees can work from anywhere. Level 3 companies have established connections between all necessary talent and knowledge, with employees able to create value anytime, anywhere, with anyone. These level 3 workplaces are what we call "intelligent connected workplaces", and we will help all our customers to reach this level.

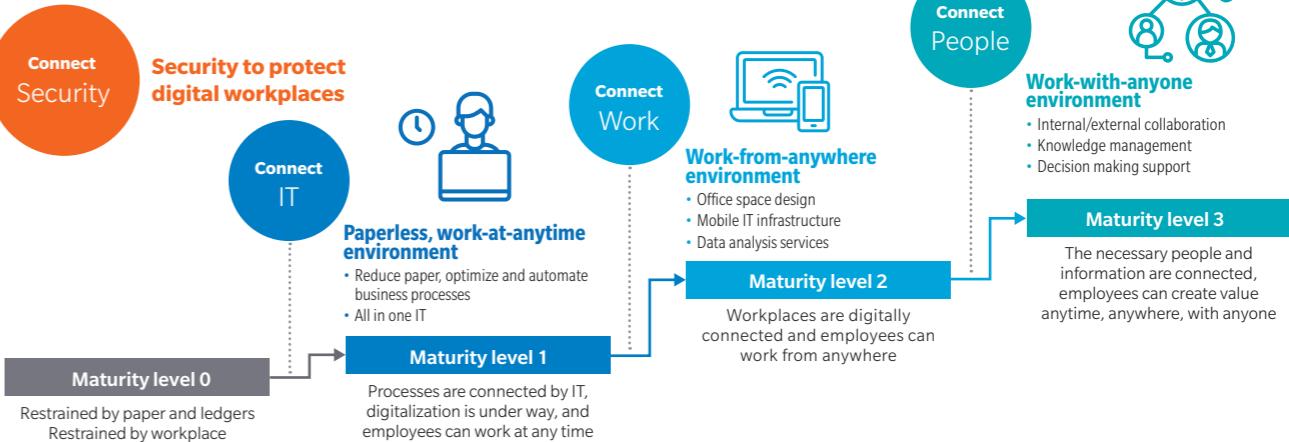
In concrete terms, we will conduct proprietary assessments to gauge each company's maturity level. For level 0 customers, we will optimize and automate business processes (Connect IT), and will build paperless, work-at-anytime environments. Level 1 companies will receive service solutions for building work-from-anywhere environments, which includes

Mobile IT (Connect Work). For level 2 companies we will provide data analysis services to prepare for attaining level 3, and to build an environment where it is possible to work with anyone (Connect People), we will furnish these companies with knowledge management solutions that utilize internal and external data and the cooperative base we share with organizations inside and outside the company. By providing these together with service solutions to facilitate good decision-making, we will boost customers' productivity and creativity. On top of this, we will help customers build businesses using data gathered through these activities.

Based on this customer strategy, we will also seamlessly combine our lineup of MFPs, which have undergone a full model change for the first time in seven years, with the Workplace Hub to provide IT services and a hybrid solution consisting of cloud and edge servers. By building ecosystems with our partners, we will provide application packages that include high-level security features.

At the same time, in countries and regions that show promise for greater color MFP sales, we will be expanding sales while holding onto our market leader status. To this end, we will continue decreasing manufacturing costs while engaging our scientific sales approach utilizing data and digitalizing customer touchpoint. We will also promote business process automation while putting people in the right positions and better utilizing their capabilities.

Approach to realizing an intelligently connected digital workplace



Business Strategies

Professional Print Business

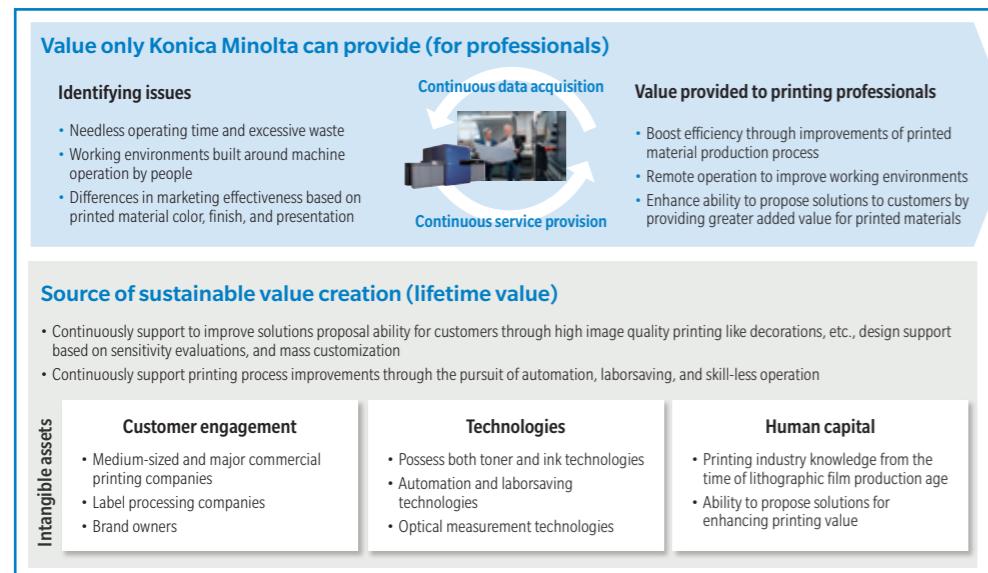


Value Creation Process

In the Professional Print Business, we combine toner and ink material technologies and image processing technologies with electrophotography and inkjet technologies, and staff well-versed in the printing business grasp the essence of customer needs accurately. We have also built a market by being able to provide products which enable small lots diversified printing with high quality.

During the period of the previous medium-term business plan, along with focusing on proposals concerning such things as value-added decoration printing, we worked to improve business efficiency at the printing companies we serve through efforts that include preventing printing errors and double-sided print position errors via automatic measurement of printed materials using optical measurement technologies.

Supporting printing companies' supply chain reforms and their transitioning into value-added businesses



Market Environment

Both the commercial and industrial printing fields are transitioning from conventional analog printing to digital printing. In commercial printing, industry participants are looking for ways to address the declining number of people skilled in analog printing, as well as environmental problems, the personalization and diversification of printing needs, the need to decrease shipping costs, and the COVID-19 pandemic. Thus, the pace is quickening with regard to the shift to digital on-demand printing, which will save energy and minimize

printed material inventories.

In industrial printing, we see promise of stable growth in label, package, and other types of printing common in everyday life. Printing companies are making improvements to their design capabilities with an eye to building trusting relations with clients. They are also working to simultaneously streamline production and achieve attractive printed materials that meet individual customer's needs, all while decreasing their environmental footprint.

Basic Strategy of DX2022

In order to accommodate the growing field of digital printing, Konica Minolta plans to market high-speed digital printers in the commercial printing industry. In the industrial printing field, we will expand on and improve our lineup of inkjet printers and other products to meet the customer needs to print on labels, paper cartons, and other such media. At the same time, we will upgrade and build out our post-press system lineup for helping customers enable wide range of processing with printed materials.

We provide a combination of digital printers for specific applications, post-press machines, and testing systems, enabling us to help printing companies curtail laboring and eliminate the need for skilled operation – from printing to post-press operations – and transition from on-demand printing to on-demand production. We will also use a cloud-based color management system that ensures they achieve consistent print quality among different worksites and among their partners. In addition, we will rebuild our supply chain to enable printing that provides "what is needed, when and where it is needed, and the needed amount," minimizing waste disposal, transport, and other such costs. We provide environmental value to printing companies and their clients through efforts to reduce ink usage, water usage, waste products, and CO₂ emissions.

Furthermore, by applying to printing processes our digital

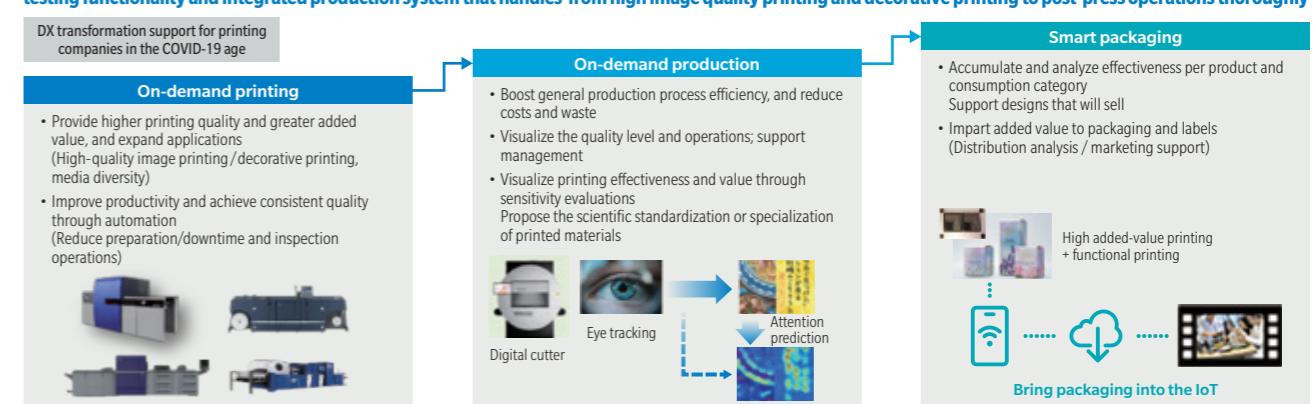
manufacturing know-how, which includes data utilization, we facilitate process standardization and better efficiency, visualize quality and equipment utilization, and support printing companies' sales operations and management activities.

Along with these efforts, we conduct sensitivity evaluations that incorporate behavioral economics knowledge into technologies such as image analysis and biometry, helping to create attractive packaging and labels in terms of qualities such as color, finish, and presentation. This involves applying the customer behavior analysis techniques developed through our marketing services business to gauge the effectiveness of printed materials, i.e., the impact of printed material designs on users' consumption behavior, and provide continued marketing proposals. This will give further added value to printed materials and facilitate better proposals by printing companies, allowing them to build trusting relations with clients and increase orders. At the same time, we accumulate data on design effectiveness and provide our Smart Package Service, which gives added value to printed materials.

Going forward, our goal will be to build a services business that brings together digital technologies with the product strength we have developed as a printer manufacturer to support printing companies' sales operations and management activities.

Assisting printing companies in transforming into value-added businesses in addition to automating work, reducing labor, and eliminating the need for special skills.

Propose solutions that bring a combination of Konica Minolta process improvement expertise and high added-value solutions for marketing with genre-top automated testing functionality and integrated production system that handles from high image quality printing and decorative printing to post-press operations thoroughly



Business Strategies

Healthcare Business



Value Creation Process

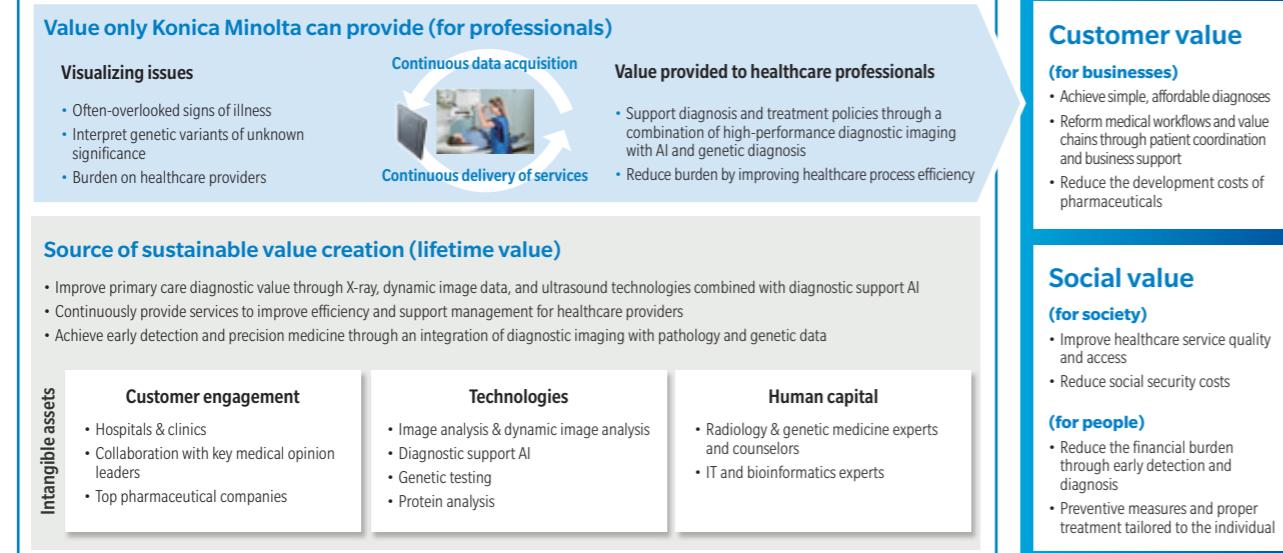
In the Healthcare Business, we have provided healthcare professionals with diagnostic imaging services consisting mainly of X-ray and ultrasound devices, as well as IT services to go along with them, earning us the trust of many customers primarily in Japan and the U.S. Through diagnostic support that combines these diagnostic imaging techniques with AI, we contribute to more accurate diagnoses for clinics and other healthcare providers and will improve healthcare access for people in emerging nations. Currently, in the field of hereditary genetic disease testing, we aim to expand into precision medicine for specific diseases such as cancer. Offering these genetic testing services along with cancer screenings and occupational health checkups will bring about appropriate prevention, and furthermore, early detection of cancer,

therefore contributing to improved quality of life.

In the field of drug discovery support services, we are focused on central nervous system disorders and cancer-related drug development, and excel particularly in analyzing biomarker image data together with pathological and radiological data. By identifying new biomarkers using Q-cells and SPFS* analysis techniques, we help improve detection accuracy and enhance the efficiency of customers' clinical trials. In the future, we will integrate our accumulated clinical data, image data, and genetic data to support further improvement of therapeutic efficacy and the development of more effective pharmaceuticals while contributing to both better quality of life and lower medical expenses.

Please refer to the Glossary (p. 98)

Raising productivity of healthcare providers and contributing to the prevention, early detection, and early diagnosis of people's diseases



Market Environment

In developed nations, while diagnostic imaging is maturing in terms of performance, people seek auxiliary functions that use AI and other technologies due to the high-level skills needed to achieve accurate and quick image interpretation. Using medical resources effectively entails greater primary care significance and requires better coordination among medical facilities. Emerging nations are seeing the demand for healthcare rise to the level of developed nations as their economies develop.

Active drug development is underway for diseases currently difficult to treat, such as cancer. However, due to the long time needed to develop revolutionary drugs and to the low success rate for doing so, these drugs end up being very expensive. Moreover, these drugs sometimes only work well for patients with limited kinds of cancer, and it is not always possible with current technology to determine the patients, so there is the issue that they incur medical expenses and physical burden.

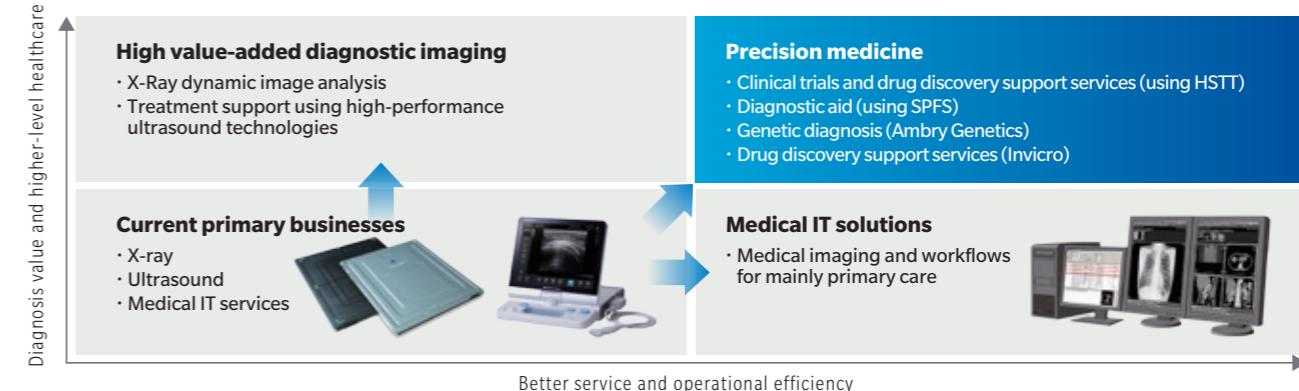
Basic Strategy of DX2022

In the field of primary care and coordination among healthcare facilities, our first priority is to support initial diagnoses provided by doctors through X-ray and ultrasound imaging integrated with AI technologies. For X-ray imaging, using dynamic X-ray analysis launched during the period of the previous medium-term business plan, we will be conducting clinical research aimed at making it easier to detect diseases that have traditionally been difficult to detect. For the second priority, we will be focusing on the healthcare IT field, offering systems in Japan that facilitate cooperation between regional clinics and hospitals and provide remote diagnosis. In the U.S., meanwhile, we will be working to improve efficiency for healthcare providers as well as those in related industries through coordinating with insurance systems and other efforts.

In the area of genetic diagnosis, the deployment of simultaneous DNA and RNA tests has let us achieve peerless testing accuracy. Furthermore, concerning disease risk determination and early diagnosis, in the U.S. market we have been rolling out the CARE Program, which allows non-patients to receive genetic testing when they go in for cancer screening. Going forward, we will roll the program out in more locations in the U.S., as well as in Japan and other countries, with the goal of identifying specific disease risks and contributing to proper prevention and treatment.

As contributions to advanced medicine, we will work with pharmaceutical manufacturers to shed light on drugs' mechanisms of action as a means to support drug discovery for serious diseases

Strategic policy for deploying Healthcare Business



Business Strategies

Industry Business



Value Creation Process

In the industry business, we have used the technologies in which we excel, namely materials, optics, nano fabrication, and images, to provide high value-added materials and key devices, along with measuring instruments for assessment and testing, to companies dealing in the input and output of images and information that are becoming increasingly sophisticated through digitalization. In numerous industries, we get deeply involved in the key processes at every stage of the supply chain and value chain, providing greater value based on high-quality information we glean from these processes. This allows us to support quality improvements for customers' products, better safety and security in workplaces, and innovation in each industry. Using such approaches, this business has greatly contributed to Konica Minolta's profit growth.

Facilitating manufacturing optimization, safety, and security by providing value throughout the entire value and supply chains



In our materials and components businesses, with products such as functional films for displays, inkjet printer heads, and lenses for projectors and lasers, we are building trusting relationships with customers by creating high added value of the sort that only our products can provide. Meanwhile, our measuring instruments business is developing products that demonstrate peerless levels of functionality and performance, especially products for displays, and is promoting industry standardization as the far and away top market share holder. In imaging IoT solutions, we are providing customers with new value in security for protecting people, which involves identifying changes and indications that are "invisible" or difficult for people to detect, in addition to value in the safety monitoring and product testing fields.

Market Environment

In recent years, it has become clear that society is in need of solutions to optimize manufacturing and ensure equipment security and safety. In response, input and output devices are becoming increasingly diverse, and ideas are needed for how to achieve things like better performance. In the field of displays, which is one type of input/output device, this growing diversity is seeing more and more start-up companies enter the market in different places in the supply chain. Continuous

technological innovation is therefore being sought with regard to different components to answer the multitude of needs.

Meanwhile, the domain of testing and monitoring technologies at factories and plants is seeing many companies embark on R&D and standardization for software that can use AI to quantify and visualize such things as work safety. Enterprising collaborative projects among government, industry, and academia are also under way.

Basic Strategy of DX2022

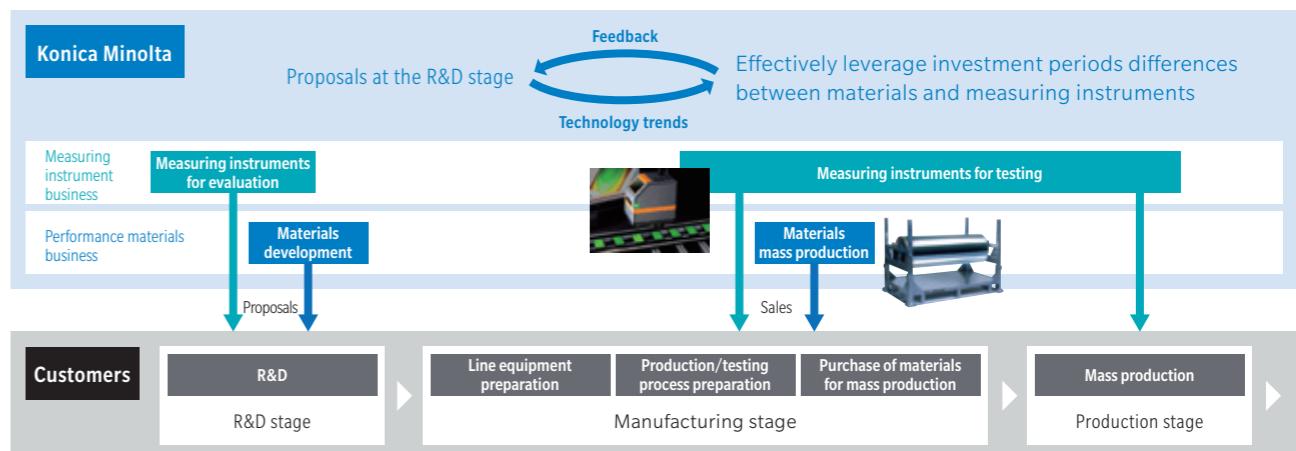
For measuring instruments, we have been achieving growth on the back of numerous innovations. This includes developing new technologies, among which has been accommodating changes in the materials used to make automobiles and the shift from LCD to OLED for displays, increasing production facilities and lines in the supply chain, and process improvements. Going forward, we will provide solutions to facilitate technological innovation and a greater range of applications in the display industry, while also providing more appearance measurement solutions to fully automate testing processes that currently rely on human visual inspection in the automobile industry. We will also further strengthen our formidable spectral imaging technologies and promote their application in the field of invisible light technologies in light of the evolution and increasing diversity of input and output devices, while at the same time expanding the range of the tests they are used for. This will see us provide greater value in the value chain and achieve further profitability. Through these efforts, we aim to make greater strides in an expansion from high-quality manufacturing to the business fields of health and safety to expand our business.

For materials and components, we will boost profitability by leveraging our core technologies and shifting to more high value-added products. For the few large customers of ours who have outsized influence in the supply chain and value chain,

personnel well acquainted with our customers' workflows will visualize unnoticed issues in their business processes and allow for providing components tailored to their various needs and seeds. In this way, we will help increase value in our customers' product roadmaps and contribute to input and output device evolution. In performance materials, along with TAC films, we will roll out new resin films such as the evolutionary COP-based SANUQI and acrylic-based SAZMA, while differentiating film functions using proprietary production methods. These efforts will see us strengthen our superiority in the evolving display industry. For IJ components, we will apply MEMS technology to industrial applications by utilizing them in high-definition heads and special inks. Efforts concerning optical components will focus on leveraging nano fabrication technologies to further visualize microscopic regions and wider wavelength regions.

The imaging IoT solutions field will see us make a number of efforts to expand our monitoring business. This will include strengthening sales of MOBOTIX's status monitoring cameras in Europe (our core market), along with other markets, and marketing products with AI functionality using a new platform. Meanwhile, we will utilize the imaging IoT platform we developed to offer even better solutions for ensuring safety and security for energy and production sites, and will expand our business globally in cooperation with our collaborative partners.

Top value provider of the genre in a large industry supply chain



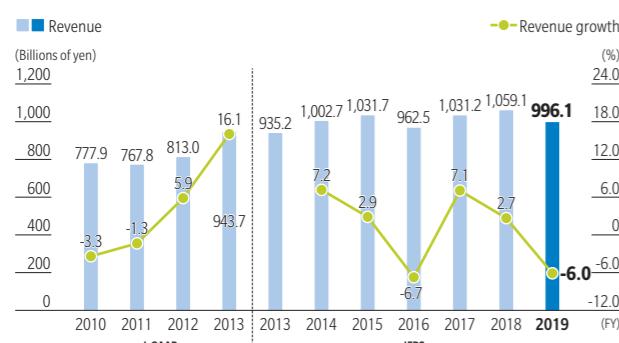
Financial and Non-Financial Highlights

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

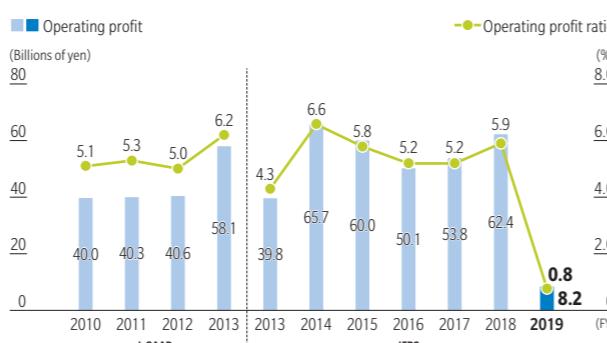
Profitability

Fiscal 2019 continued fiscal 2018's trend towards economic stagnation in Europe and a stronger yen. Along with additional tariffs arising from trade friction between the U.S. and China, economic activity slowed significantly on the back of worldwide lockdowns implemented to prevent the spread of COVID-19. Amid this environment, revenue amounted to ¥996.1 billion (down 6.0% year on year) and operating profit was ¥8.2 billion (down 86.8% year on year), due in part to restructuring expenses, while the net loss attributable to owners of the company was ¥3.0 billion (fiscal 2018 profit was ¥41.7 billion).

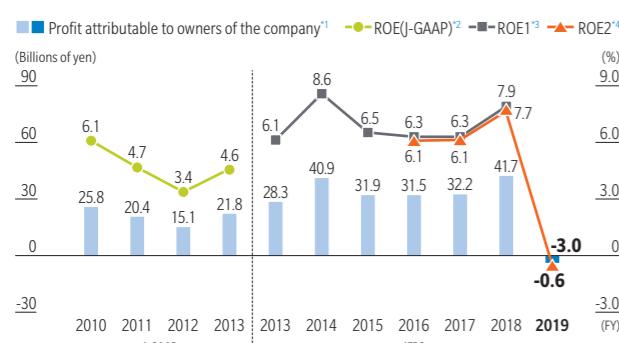
Revenue, Revenue growth



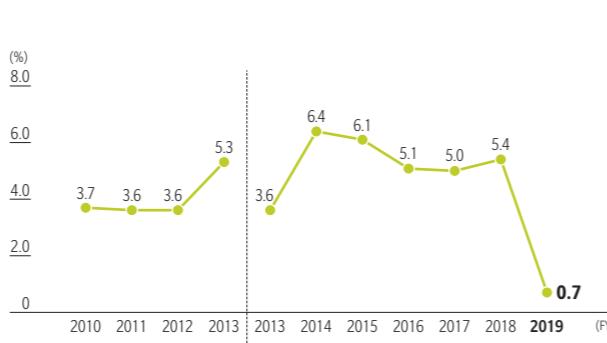
Operating profit, Operating profit ratio



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



ROIC^{*5}



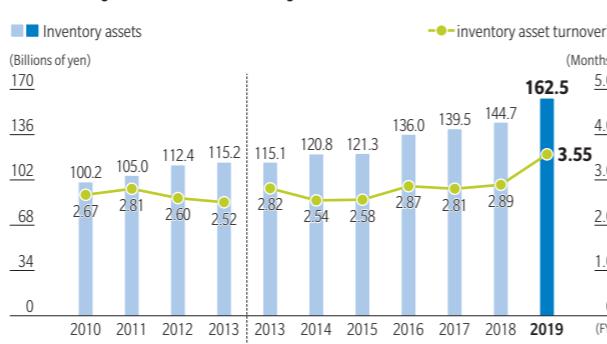
Efficiency

Total assets at the end of fiscal 2019 increased by ¥57.7 billion, or 4.7%, over last fiscal year end to ¥1,276.7 billion. This mainly owes to an increase in tangible fixed assets attributable to the adoption of IFRS 16 Leases ("IFRS 16"). Inventory assets increased, especially for office equipment, due to a sudden drop in revenues up until period end due to COVID-19. These factors resulted in a temporary inventory asset turnover periods increase of 3.55 months.

Total assets / total asset turnover ratio^{*6}



Inventory assets, inventory asset turnover^{*7}



*1 Fiscal 2010–2013 (J-GAAP) = Profit for the year

Fiscal 2013–2019 (IFRS) = Profit attributable to owners of the company

*2 ROE (J-GAAP) = Profit for the year (cumulative total) / Average shareholders' equity x 100%

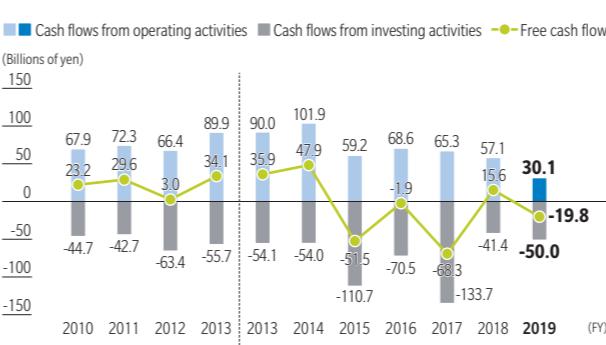
*3 ROE 1 (IFRS) = Profit attributable to owners of the company / (Share capital + Share premium + Retained earnings + Treasury shares (average at start of fiscal year and end of fiscal year)) x 100%

*4 ROE 2 (IFRS) = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances) x 100%

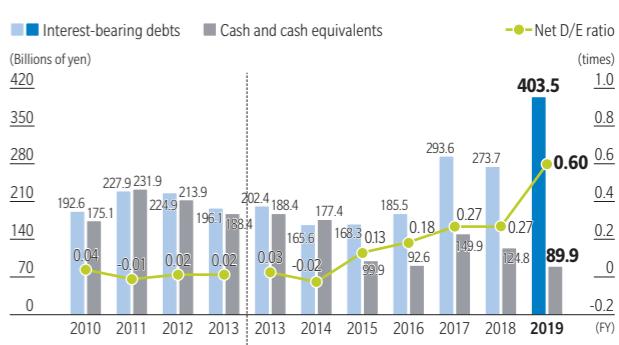
Stability

Concerning fiscal 2019 cash flows, net cash provided by operating activities was ¥30.1 billion. Net cash used in investing activities was ¥50.0 billion (expenses of 50 billion, consisting of capital investment for new product molds, etc., as well as investment-related expenses concerning technology enhancement and distributor acquisition). This resulted in a free cash flow decrease of ¥19.8 billion. Interest-bearing debt increased to ¥403.5 billion over FY 2018 due to the adoption of IFRS 16 and other factors. Cash reserves decreased to ¥89.9 billion as a result of lower revenues toward the end of the period. The net debt-to-equity ratio stood at 0.60 (0.38 if excepting the effects of IFRS 16).

Cash flows



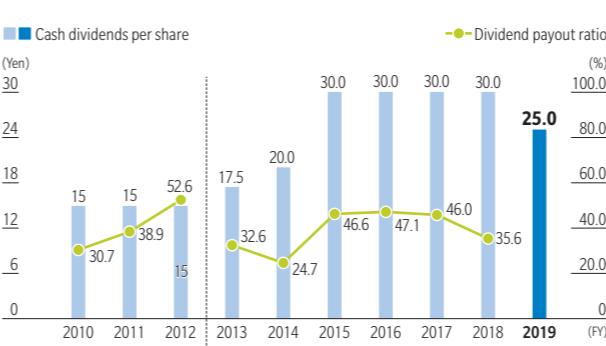
Interest-bearing debts, Cash and cash equivalents, Net D/E ratio



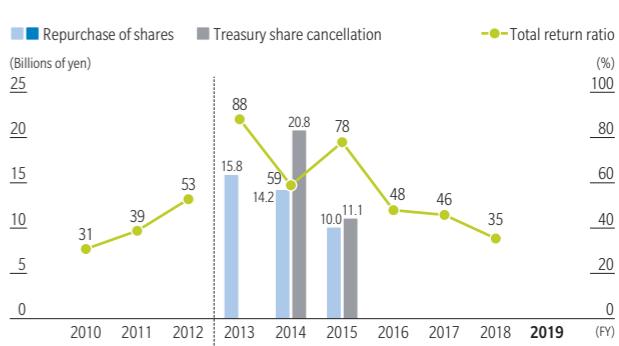
Shareholder Return/Investment Indicators

The Company's basic policy regarding shareholder return is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. Regrettably, however, due to the effects of COVID-19, the year-end dividend paid for fiscal 2019 was ¥10 per share. Combined with the dividend of ¥15 per share already paid at the end of the second quarter, the total annual dividend was ¥25 per share.

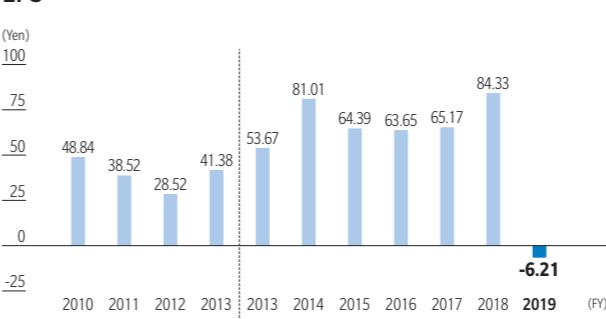
Cash dividends, Dividend payout ratio (%)



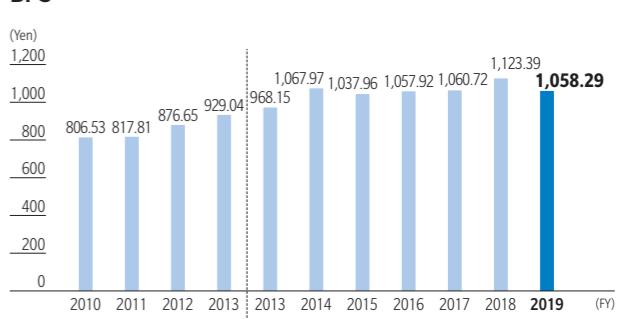
Repurchase of shares and Treasury share cancellation, Total return ratio (%)



EPS^{*8}



BPS^{*9}



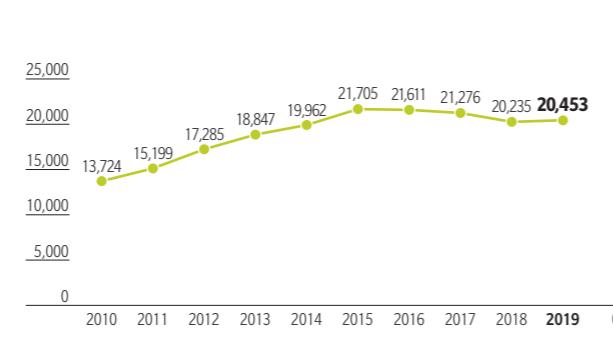
Financial and Non-Financial Highlights

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)



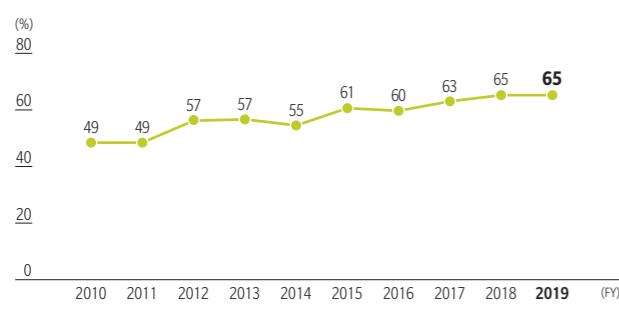
Percentage of management positions held by women



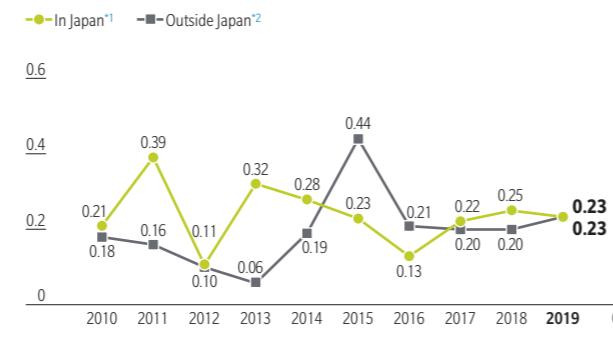
¹ Includes employees seconded to Group companies. Figures are as of April 1, the day after the end of each fiscal year.

² Konica Minolta, Inc. and consolidated subsidiaries representing at least 89% of the total workforce of the Group through fiscal 2015, at least 93% in fiscal 2016 and 2017, and at least 92% in fiscal 2018 and 2019. Figures are as of March 31 of each fiscal year.

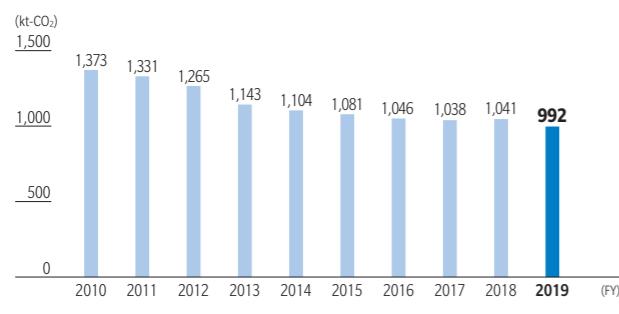
Local/foreign president ratio at foreign subsidiaries



Frequency rate of accidents causing absence from work



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.

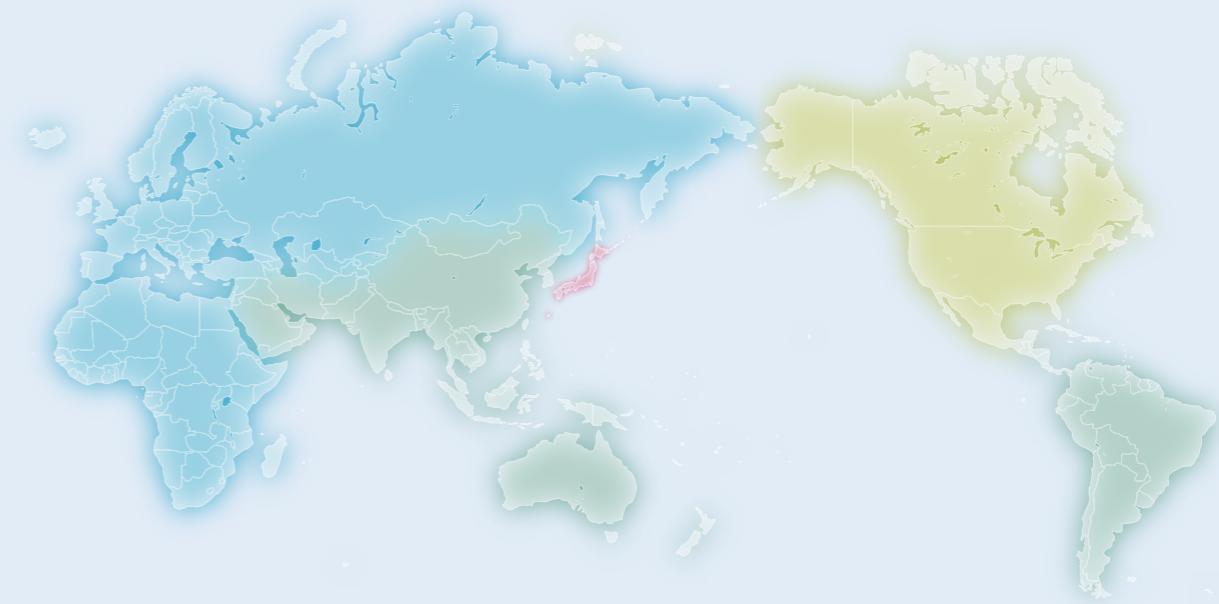
CO₂ emissions throughout product life cycle*

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

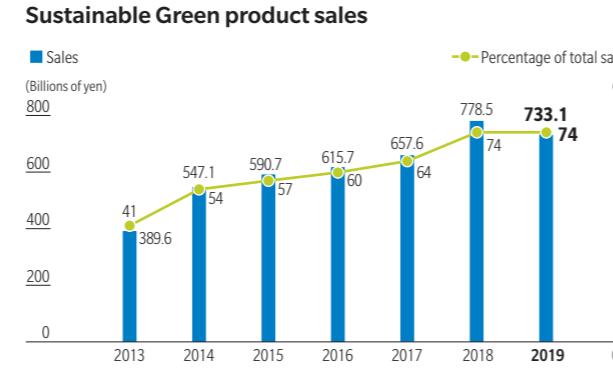
Regional Overview

Consolidated Subsidiaries*	Global Sites* (countries)	In Sales and Service (countries) approximately	Employees*
170	51	150	43,961

* Data is compiled on a consolidated basis (as of March 31, 2020)



	Revenue ¹ (Billions of yen)	Employees	Consolidated subsidiaries	CO ₂ emissions (kt-CO ₂)	Total energy inputs (TJ)	Water consumption (km ³)
Europe	2017	324.7	10,706	72	29	562
	2018	318.5	11,275	81	29	582
	2019	294.2	11,020	78	29	542
North America	2017	271.5	9,266	26	39	636
	2018	293.7	9,270	29	39	643
	2019	279.7	9,227	29	35	572
Japan	2017	196.3	11,291	17	229	4,871
	2018	197.6	11,278	18	229	4,859
	2019	191.7	11,046	15	224	4,746
Others	2017	238.4	12,036	48	80	1,107
	2018	249.1	12,537	46	69	977
	2019	230.2	12,668	48	57	924



Chapter 4

Platform Supporting Value Creation

Basic Policy on Corporate Governance

Basic Views

- Ensuring 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.

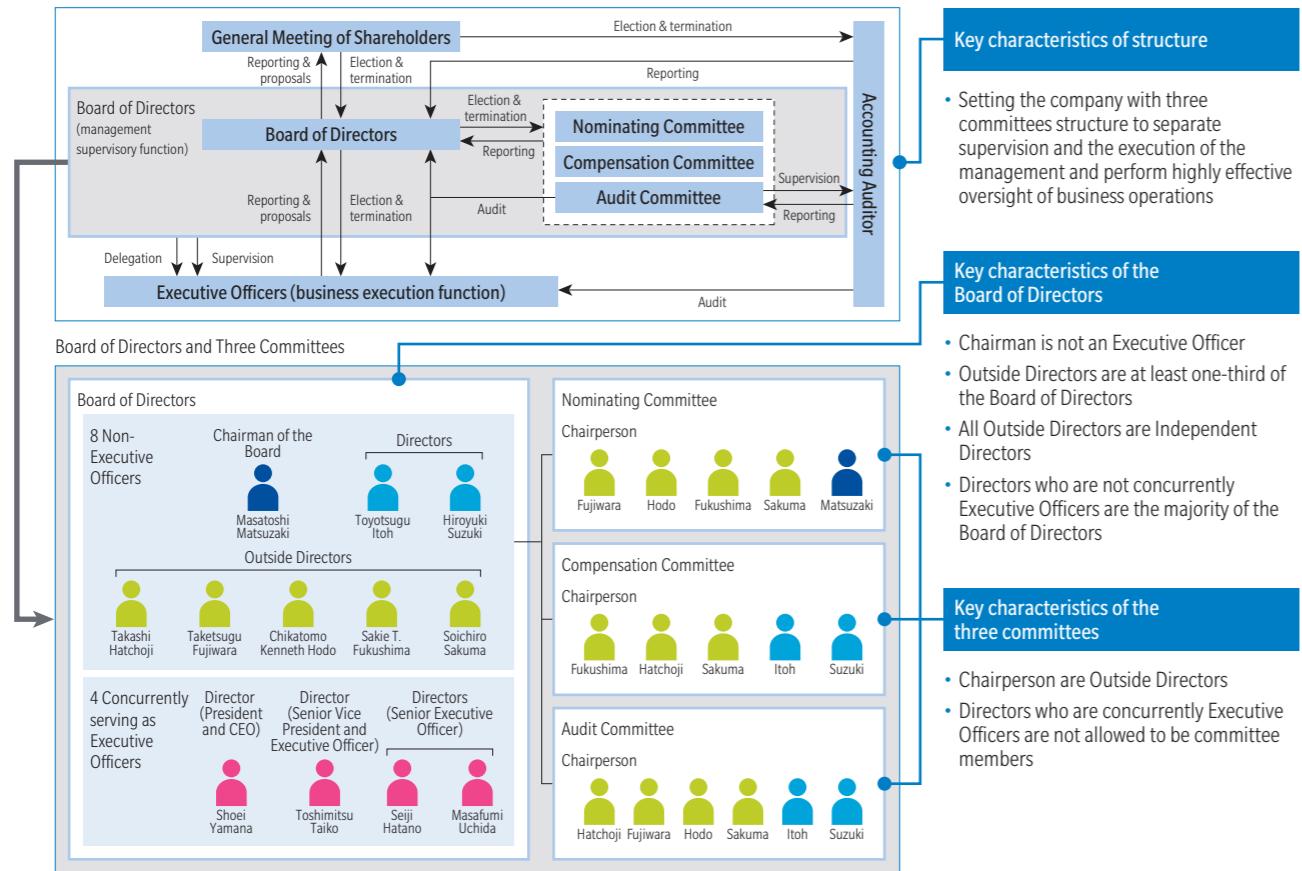
1) Board of Directors

- 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 committee is composed of around five members, and a majority of its members is Independent Outside Directors.
- The chairperson of each committee is selected from among the Outside Directors.
- The President & CEO is not selected as a member of the Nominating, Audit or Compensation committee.

Structure of Corporate Governance Systems (As of June 30, 2020)



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

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

Compliance with the Corporate Governance Code
Konica Minolta complies with every principle of Japan's Corporate Governance Code (revised on June 1, 2018) based on the above Basic Views, with the following exception.

Principle 4-11 Preconditions for Board of Directors and Kansayaku Board Effectiveness

<Regarding diversity, including gender and international aspects, and appropriate size>
The Company has paid due heed to "the board should be well balanced in knowledge, experience and skills in order to fulfil its roles and responsibilities," and "it should be constituted in a manner to achieve both diversity and appropriate size," as stipulated in the principle. However, while consideration of diversity naturally took into account gender and nationality, it was not realistic to commit to forming a Board of Directors that definitely realized the gender and nationality aspects while still achieving an appropriate size. In order to secure the effectiveness of the Board of Directors, the Company considers the credentials of a Director to be more important than their demographic characteristics.

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

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

	FY2000-	FY2010-	FY2020-
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 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	2003 Number of Independent Outside Directors increased from two to four 2018 Increased the number of Independent Outside Directors from four to five	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 2018 Revised some of the Board of Directors Rules 2015 Established the Basic Policy on Corporate Governance	
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 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 & 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	2020 Revised part of the terms for performance-linked compensation in the compensation determination policy 2020 Implemented a long-term stock bonus in addition to the medium-term stock bonus
Other	2006 Ended the senior adviser position		2019 Issued tablet devices to Outside Directors and commenced digital delivery of Board of Directors meeting materials

* Our Basic Policy on Corporate Governance and Corporate Governance Report are available on our website.
<https://www.konicaminolta.com/us-en/investors/management/governance/index.html>

Corporate 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 selection 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.

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 Chairperson asks for a broad range of recommendations for candidates, based on information from Nominating Committee members, other Outside Directors and the President & CEO. To provide reference information, the Board of Directors Office distributes to Nominating Committee members etc. a candidate database, centered on "chairmen" 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, from the recommended individuals obtained through the preceding process in order to determine an order of priority.
 - Selection standards for Directors
 - Standard for independence of Outside Directors
 - Balance of career and skill required for Outside Directors and diversity
- 6) Using the order of priority for candidates, the Nominating Committee Chairperson and Chairman of the Board 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 and the President & 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.

* Specific details regarding the policies and procedures for selecting Director candidates are on our website.
<https://www.konicaminolta.com/us-en/investors/management/governance/01-01.html#anc-02>

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
Takashi Hatchojo*	At Hitachi, Ltd., Mr. Takashi Hatchojo 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. Hatchojo can contribute to the maintenance and upgrading of corporate governance.
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 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.
Sakie Tachibana Fukushima*	Ms. Sakie Tachibana Fukushima served as Member of the Board of Korn/Ferry International (Global Headquarters) and head of its Japanese subsidiary for many years. She also served as outside director of many Japanese companies. In addition to extensive experience as a corporate executive and a broad range of experience and knowledge about the management of human resources, she has an extensive range of knowledge about corporate governance. Therefore, the Company believes that Ms. Fukushima can contribute to the maintenance and upgrading of corporate governance through her activities at the Board of Directors and the committees.
Soichiro Sakuma*	At Nippon Steel Corporation and Nippon Steel & Sumitomo Metal Corporation (currently Nippon Steel Corporation), Mr. Soichiro Sakuma was involved for many years in management in the manufacturing sector and was in charge of main head office functions, including general administration, human resources, environment, and IT, handling primarily legal, internal control, and auditing operations. He has extensive experience and a broad range of knowledge as a corporate executive. Therefore, the Company believes that Mr. Sakuma can contribute to the maintenance and enhancement of corporate governance through his activities on 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 & CEO, in an effort to encourage communication among board members and enliven the proceedings.

1) FY2019 Board of Directors and the Three Committees

Meetings held in fiscal 2019 by the Board of Directors and the three committees, as well as attendance rates* for each, are given below. As of the end of fiscal 2019, 100% of Board of Directors meetings and meetings of the three committees were attended by five Outside Directors: Kimikazu Noumi, Takashi Hatchojo, Taketsugu Fujiwara, Chikatomo Kenneth Hodo and Sakie T Fukushima.

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

Board of Directors and Three Committees meetings held

	Board of Directors	Nominating Committee	Audit Committee	Compensation Committee	Total
Times held	12	6	13	7	38
Participation by all Directors (%)	100	100	100	100	100
Participation by Outside Directors (%)	100	100	100	100	100

2) Major Agenda Items Discussed by the Board of Directors in FY2019

- Situation report and review concerning progress made by business divisions and the corporate departments' towards the final year of the medium-term business plan (FY2017-2019)
- Situation report on discussions concerning the next medium-term business plan (FY2020-2022)
- Situation report on efforts concerning the bio-healthcare business
- Report on the status of efforts and progress concerning new businesses
- Review report on the concept for and review of cross-shareholdings
- Report on approach to preparing securities reports
- Report on risks material to management and business
- Fiscal 2020 management plan outline approval and baseline budget report
- Operating policy report for the fiscal 2020 ordinary general meeting of shareholders

* Status of efforts concerning sustainability, talent management, IR, etc.

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. These new Directors also receive basic information about the Company's businesses and corporate-level 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.

• New Inside Directors were provided opportunities to attend governance training held by external institutions. Additionally, Outside Directors and Inside Directors were given information on various seminars and given opportunities to attend.

Board of Directors activities in fiscal 2019

- Field trips in Japan (factories and sales offices, including at subsidiaries) Two trips with the cumulative participation of three Outside Directors
- Field trips outside Japan (factories and sales offices, including at subsidiaries) One trip with the participation of two Outside Directors
- Internal presentations (Value Creation Forums) Seven Outside Directors participated in internal presentations (Value Creation Forums) across four business domains
- Executive Officer conference (discussions concerning strategy and issues) All five Outside Directors participated as observers (one conference)
- Outside trade show A total of three Outside Directors participated in two outside trade shows

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 Selection of Executive Officers". These standards

Corporate Governance

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 selection 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 & 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 & 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 selection 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.

4) Prior to the submission of this proposal to the Board of Directors, the Nominating Committee performs oversight of the whole process, including a confirmation that a suitable process was used.

5) The Nominating Committee considers observing the character of Executive Officer candidates is an important matter and utilizes opportunities such as attending meetings of the Board of Directors and reporting to informal gatherings of Directors. After receiving the proposal for the selection of Executive Officers mentioned above from the President & CEO, the Nominating Committee discusses the content of the proposal, creates a summary of its conclusions regarding matters such as the appropriateness of candidates and training issues, and provides these as feedback to the President & CEO.

6) The Board of Directors takes the "Standards for the Selection of Executive Officers" into full consideration when deciding whether or not to dismiss an Executive Officer.

2. Executive Officers

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.

Evaluation of Effectiveness of the Board of Directors

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. In fiscal 2016, the Company outsourced interviews and questionnaires to an external organization to enhance objectivity by incorporating the viewpoints of third parties and to clarify issues not noticed in the existing self-evaluations.

The Company now has a PDCA cycle that covers assessments, 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, while the Company reviews the details of the self-evaluation questionnaire yearly. The PDCA is used as a tool to continuously improve the effectiveness of the Board of Directors.

In fiscal 2019, in order to confirm whether or not the Company's corporate governance is realizing sustainable corporate growth and increased corporate value over the medium to long term, which are its goals, the Company went back to the basics and endeavored to ascertain the status of the practical response towards and issues concerning each principle of the Corporate Governance Code (hereinafter, the "CG Code").

Survey schedule

The fiscal 2019 evaluation of effectiveness was performed as follows.

April 2020	Distribution and return of self-evaluation questionnaires
May 2020	Processing of questionnaire results Holding of informal gatherings of Directors, exchanging of opinions based on details after processing
June 2020	Explanation of Board of Directors Operations Policy (Fiscal 2020) by the Chairman of the Board (at the Board of Directors meeting immediately after the Ordinary General Meeting of Shareholders)

Results of Board of Directors Effectiveness Assessment

Directors were given an opportunity to exchange opinions, after which their answers to multiple choice and free response questions were processed and analyzed. They were then evaluated as follows.

a) Rules and responsibilities of the Board of Directors

The attendance rate of each Director at the meetings of the Board of Directors and the meetings of the three committees shall be 100%. As indicated in General Principle 4 of the CG Code, the Board of Directors recognizes fiduciary responsibility from shareholders and accountability to shareholders, and takes appropriate action for the common interests of the Company and its shareholders. Specifically, in achieving balance regarding Executive Officers and Directors concurrently serving as Executive Officers (primarily the Board of Directors and CEO, who provide supervision), the Board of Directors is able to have constructive discussions regarding the overall direction of management (corporate strategy, etc.).

However, further action is needed to support the Board of Directors regarding swift and resolute decision-making by Executive Officers and Directors concurrently serving as Executive Officers. This includes support for further enhancing risk analysis to ensure appropriate risk-taking by Executive Officers and Directors concurrently serving as Executive Officers.

b) Roles and responsibilities of Independent Outside Directors and other items

The Board of Directors prizes being able to have constructive discussions in an open and unrestricted manner. Independent Outside Directors carry out highly effective supervision of Executive Officers and Directors concurrently serving as Executive Officers and Directors, while also giving advice from the viewpoint of sustainable corporate growth and increased corporate value based on their personal knowledge. It has been confirmed that a trial run of the "Meeting of Independent Outside Directors," which the Company's Basic Policy on Corporate Governance stipulates must be held when deemed necessary, will be held.

c) Information acquisition, support systems and training to vitalize deliberations

The advance distribution of materials pertaining to meetings of the Board of Directors was improved with regard to timing and digitization, but further improvements are anticipated. Support for information provision is being provided, such as through participation at factory inspections in Japan and overseas, the "Value Creation Forum" (an internal announcement event for each business), and individual follow-up meetings with the responsible Executive Officer in response to requests from Directors.

d) Roles and responsibilities of the three committees

In addition to deciding the details of proposals to select Directors, the Nominating Committee oversees the CEO's succession plan. The Board of Directors and Nominating Committee evaluate Executive Officers and Directors concurrently serving as Executive Officers, and human resources affairs in general. However, a suggestion was made to re-examine CEO dismissal standards in the interest of objectivity, transparency, and timeliness.

The Audit Committee oversees the building of the Company's internal control system and risk management system, as well as these systems' operational status, serving a protective role.

The Compensation Committee designs and revises the remuneration system for Executive Officers and Directors concurrently serving as Executive Officers as a sound incentive, and determines remuneration amounts. However, a suggestion was made to re-examine these areas of oversight in light of significant changes to the management environment.

e) Composition and operation of the Board of Directors

The number of Board of Directors members and the broad diversity among them are appropriate for the goals of the Company's governance. The Chairman of the Board's agenda item selection is generally appropriate, and open discussions are facilitated. Furthermore, the secretariat's support system was confirmed to be generally appropriate. In order to enhance the oversight of global management by the Board of Directors going forward, the Company will consider creating opportunities to report to those responsible for overseas subsidiaries.

(f) Governance in general [Ensure the rights and equality of shareholders; Proper cooperation with stakeholders other than shareholders; Ensure proper information disclosure and transparency; and Dialogue with shareholders]

Ensuring the rights and equality of shareholders, proper cooperation with stakeholders other than shareholders, ensuring proper information disclosure and transparency, and dialogue with shareholders have all, to a certain extent, been evaluated as appropriate. However, the Company will further enhance oversight concerning efforts aimed at "diversity that reflects people's experience, skills, and attributes, which differ throughout the Group," "sound ethics in business activities in addition to the corporate culture we wish to create," "the disclosure of non-financial information and the provision of information beyond that required by laws and regulations," and "expectations from shareholders about the Company" as they are regarded as matters of discussion for the meetings of the Board of Directors.

(g) Tackling of matters stipulated in the fiscal 2019 Board of Directors policies

Implementation was confirmed for matters stipulated in the operation policies, such as the deepening of strategy discussion regarding the process for formulating the next medium-term business plan. Furthermore, the improvement of explanations and materials at meetings of the Board of Directors by Executive Officers and Directors concurrently serving as Executive Officers led to substantial discussions.

Outline of Board of Directors Management Policies for Fiscal 2020

Based on the assessment of the Board of Directors' effectiveness and discussions held during informal gatherings of Directors, the Chairman of the Board established a management policy for the Board's activities in fiscal 2020 and explained the following main points of the policy immediately after the Ordinary General Meeting of Shareholders.

- Maintain and improve the quality of questions at Board of Directors meetings
- Support the executive team's endeavors and facilitate swift and resolute decision-making
- Further the Board of Directors' agenda
- Supplement the Board of Directors and take measures to enhance the Board's effectiveness
- Translate opinions aimed at improving Board effectiveness into official measures

Compensation for Directors and Executive Officers

Compensation Policy and Directors' Compensation System

The Company, which has adopted a "company with three committees" system, has established a Compensation Committee. Outside Directors account for the majority of members of the committee, which 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

Corporate Governance

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

In keeping with these aims, the Compensation Committee has established a policy for determining the individual compensation entitlement of Directors and Executive Officers as set out below, and determines the amount, etc. of individual compensation entitlement of Directors and Executive Officers in line with this policy.

Revised Compensation Policy

- 1) Compensation system
 - Compensation packages for Directors (excluding Directors concurrently serving as Executive Officers) 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 stock bonus. The stock bonus consists of the medium-term stock bonus (non-performance-linked) and long-term stock bonus. Also, Outside Directors only receive a base salary, inclusive of a remuneration according to their roles.
 - Compensation packages for Executive Officers consist of a base salary, an annual performance-based cash bonus, which reflects the performance, and a stock bonus. The stock bonus consists of a medium-term stock bonus (performance-linked) and long-term stock bonus.
- 2) The total amount of individual compensation entitlement and base salary are set at a level appropriate to each individual's position, with that 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 individual's level of performance for the fiscal year (consolidated operating profit) and the degree of attainment of annual performance targets, as well as on the 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 200% range of the standard amount of compensation. The targets are major consolidated performance indicators (operating profit, operating profit ratio operating cash flows and KMCC-ROIC*) associated with results of operations. Executive officers' key operational measures include those related to non-financial indicators, such as ESG (environmental, social and governance).
- * KMCC-ROIC is ROIC to calculate annual performance-based cash bonus, defining invested capital as assets that can be separately managed and improved by each business segment.
- 4) Details of the stock bonus plan are as follows:
 - In the medium-term stock bonus plan (non-performance-linked) for Directors, the Company's shares are distributed to Directors after the end of the medium-term business plan according to their roles and years of service. The plan is aimed at incentivizing efforts to improve shareholder value over the medium-term and promoting holdings of the Company's own shares.
 - In the medium-term stock bonus (performance-linked) for Executive Officers, the Company's shares are distributed to Executive Officers after the end of the medium-term business plan in the 0% to 200% range. The plan is aimed at incentivizing attainment of the targets in the medium-term business plan and promoting holdings of the Company's shares. The medium-term targets are major consolidated performance indicators (operating profit, operating cash flows and KMCC-ROIC) associated with the medium-term management policy.
 - In the long-term stock bonus plan for Directors (Non-executive Inside Directors) and Executive Officers, the Company's shares are distributed post-retirement according to individual position, role, and years of service. The plan is aimed at incentivizing efforts to improve shareholder value over the long-term.
 - 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.
 - Company shares obtained as stock bonuses shall in principle be held for one (1) year after the date of retirement.
- 5) The standard for compensation to the President & CEO is a 50:25:25 mix of "base salary," "annual performance-based cash bonus" and "stock bonus." For the Executive Officers other than the President & CEO, the "base salary" ratio is set higher than that for the President & CEO. In addition, the ratio of "medium-term stock bonus" (performance-linked) and "long-term stock bonus" in "stock bonus" is 60:40.
- 6) Compensation for non-Japan residents may be handled in different ways from the above-mentioned treatment according to legal and other circumstances.
- 7) When the Board of Directors determines that corrections must be made to financial statements after their release due to a material accounting error or fraud, the Compensation Committee considers corrections to performance-based bonuses and limits payment or requests the return of said bonuses when necessary.
- 8) The Company reviews levels, composition, and other matters concerning compensation in a timely and proper manner in accordance with changes in the management environment.

At Compensation Committee meetings on March 24 and May 25, 2020, resolutions were passed to partially revise policies for determining individual-based compensation for Directors and Executive Officers. These resolutions went into effect in FY 2020.

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.

Amount of compensation paid to Directors and Executive Officers for the fiscal 2019

		Total (million yen)	Base salary		Performance-based cash bonus		Stock bonus	
Directors	Outside		Persons	Amount (million yen)	Persons	Amount (million yen)	Persons	Amount (million yen)
	Internal	159	4	127	-	-	4	31
	Total	222	10	190	-	-	4	31
Executive Officers		615	24	525	24	55	24	34

Notes

1. The number above includes one Outside Director and one Inside Director, both of whom resigned at the date of the 115th Ordinary General Meeting of Shareholders held on June 18, 2019. At the end of the period (March 31, 2020), the Company has five (5) Outside Directors, three (3) Inside Directors (not concurrently holding Executive Officer posts) and twenty-four (24) Executive Officers.
2. In addition to the four (4) Inside Directors shown above, the Company has another four (4) Inside Directors who concurrently hold Executive Officer posts, and the compensation to these Directors is included in compensation to Executive Officers. As to one (1) Executive Officer, who resigned at the date of the 115th Ordinary General Meeting of Shareholders and assumed the post of Director, was separately counted as Executive Officer and Director in the table and compensation was also set forth separately as the portion as Executive Officer and that as Director.
3. Regarding the performance-based cash bonus, the amounts which should be recorded as expense in fiscal 2019 are stated.
4. Regarding the stock bonus, the amounts which were recorded as expense in fiscal 2018 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.

The following individual received compensation of 100 million yen or more in fiscal 2019.

(Millions of yen)					
Position and name	Company classification	Total	Base salary	Performance-based cash bonus	Stock bonus
Executive Officer* Mr. Richard K. Taylor	Consolidated subsidiary Konica Minolta Business Solutions U.S.A., Inc.	147	91	56	-

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

Konica Minolta Executive compensation structure

Directors	Inside (not concurrently serving as Executive Officers)	Base Salary		Annual performance-based cash bonus	Medium-term stock bonus (non-performance-linked)	Long-term stock bonus
	Outside	Base Salary				
Executive Officers	President	Base Salary 50%		25%	Medium-term stock bonus (performance-linked) 15%	Long-term stock bonus 10%
	Vice president and Executive Officers, Senior Executive Officers, Executive Officers	Base Salary 51-55%		Annual performance-based cash bonus	29-25%	Medium-term stock bonus (performance-linked) 12%

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Indicators for performance-based bonuses, reasons for the selection of these indicators, and method for determining the amount of performance-based bonuses**Annual performance-based cash bonus**

(1) Overview of composition (items, evaluation indicators, etc.)

Item	Portion according to performance level	Portion according to attainment of performance targets				Portion according to personal appraisal	
		Corporate divisions / core business divisions					
		Operating Profit 25%	Operating profit ratio 25%	Operating cash flow 25%	KMCC-ROIC 25%		
Assessment index and others	Linked with Group consolidated performance result level	Linked with Annual performance target achievement rate		Linked with individual target attainment rate		Reflects progress of each Executive Officer's key measures	

* The corporate divisions include management affairs divisions of Konica Minolta, Inc. and those with group-wide horizontal functions.

(2) Indicators and the reasons for the selection of these indicators

- 1) The indicator for the level of performance results portion is the amount of Group consolidated operating profit. It was judged that operating profit is the most appropriate indicator for determining the responsibility for performance that should be taken on by Executive Officers with the aim of realizing sustainable growth and enhanced corporate value by achieving higher levels of operating profit.
- 2) For corporate departments and core business departments, operating profit, operating profit ratio, operating cash flows, and KMCC-ROIC are the indicators used to calculate the portion according to attainment of performance targets. These indicators attach strong significance to the Company's sustainable growth and the enhancement of medium- to long-term corporate value. Operating profit amounts are determined with the goal of strengthening the earning power of the core business, operating profit ratio for realizing a shift to a highly profitable system, operating cash flows for allowing timely and appropriate development of strategies and procurement of underlying capital, and KMCC-ROIC for improving the efficiency of invested capital. Each indicator is evenly weighted at 25%. For new business departments, the indicators are individual targets set by each business unit in light of the business's characteristics and fiscal key measures.
- 3) For the portion according to personal appraisal, factors such as progress of each Executive Officer's key operational measures are used as indicators. Matters are evaluated from a different perspective from the level of performance results portion and the portion according to attainment of performance targets.
- (3) Methods for determining the amount of compensation
 - 1) The amount paid for the level of performance results portion is calculated by multiplying a value determined according to the amount of Group consolidated operating profit by a number of points set for each position. Said value is decided in accordance with a table formulated in advance.
 - 2) For corporate departments and core business departments, the amount paid for the portion according to attainment of performance targets is calculated by multiplying the annual performance target attainment rate (calculated based on the weighting of each indicator) by a set amount for each position. The respective business's consolidated performance is factored into the payment for Executive Officers responsible for the core business department, and the Group's consolidated performance is factored into the payment for those responsible for the corporate department.
 - In addition, payment for Executive Officers responsible for new business departments is calculated by multiplying that business department's individual target attainment rate by a set amount according to position. The payment rate varies from 0% to 200% depending on target attainment level.
 - 3) The amount paid for the portion according to personal appraisal is calculated by multiplying the total of the standard amounts determined for the level of performance results portion and portion according to attainment of performance targets by an appraisal value (value in the range of -30% to +30%) for each Executive Officer stipulated in a proposal drafted by the President & CEO.
 - 4) The payment amounts in the three items listed above will be discussed and settled by the Compensation Committee.

Medium-term stock bonus (performance-linked)

(1) Overview of composition (items, evaluation indicators, etc.)

Item	Medium-term stock bonus (performance-linked)		
	Group consolidated operating profit	Group consolidated operating cash flow	Group consolidated ROIC
	(Cumulative total for 3 years from FY2020 to FY2022)		(3 year average from FY2020 to FY2022)
Assessment index	40%	30%	30%

Linked with attainment rate of medium-term business plan targets

(2) Indicators and the reasons for the selection of these indicators

Operating profit, operating cash flows, and ROIC are set as the indicators (all on a Group consolidated basis) with the aim of sustainable growth and enhancement of medium- to long-term corporate value. Operating profit is determined with the goal of strengthening the earning power of the core business, operating cash flows for allowing timely and appropriate development of strategies and procuring the underlying capital, and ROIC for improving the efficiency of invested capital over the medium to long term. These indicators have been weighted at 40%, 30% and 30%, respectively.

(3) Methods for determining compensation levels

- 1) Compensation levels are calculated by adding the cumulative operating profit target attainment rate over the period of the medium-term business plan multiplied by 40% to the cumulative operating cash flows target attainment rate for the same period multiplied by 30%, and adding that result to the average ROIC target attainment rate for the same period multiplied by 30%. This total is then multiplied by a number of points set per position accumulated over the same period, with one point equaling one share that will be transferred as compensation. The payment rate varies from 0% to 200% depending on target attainment rate. (Rather than a simple raising of the upper limit (previously 150%), this is done to create a more dynamic relationship between the target attainment rate and payment rate for the sake of further encouraging performance target attainment.)
- 2) Points set per position is calculated by dividing the amount of resources allocated per position by a reference stock price.
- 3) The reference stock price is the average price (weighted average) paid by the trustee entrusted by the Company, the trustor, when purchasing the number of shares in the Company required to pay the stock bonus on the stock market.
- 4) The number of shares transferred listed above will be discussed and settled by the Compensation Committee

Group Auditing System

As a company with three committees, the Company has an Audit Committee. Subsidiaries in Japan have Corporate Auditors. The Company also has a Corporate Audit Division, which performs internal audits of the entire Group.

The Company's Audit Committee, Corporate Audit Division, and the Corporate Auditors of subsidiaries in Japan each preserve their independence as auditors, while cooperating with each other to make audits more efficient and effective. The Company has signed an audit contract with KPMG AZSA LLC to make it the Accounting Auditor, and is being audited. The Audit Committee holds periodic meetings with the Accounting Auditor, and works so the Accounting Auditor can perform an appropriate and rigorous accounting audit, while confirming the system so the Accounting Auditor can perform its work appropriately, based on audit policies and audit plans.

Audit Committee System and Roles

The Audit Committee is comprised of six Directors, four of whom are Outside Directors. It has established its own office, the Audit Committee Office. Staffed with full-time employees, this is an independent office that assists with the activities of the Audit Committee.

The Audit Committee evaluates the legality and validity of management decisions made by Directors and Executive Officers, monitors and validates internal control systems, reviews the methods and results of Accounting Auditor audits, and determines the election, dismissal, or non-reappointment of 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 to increase operational effectiveness and efficiency, financial report reliability, 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.

Policy for Cross-shareholdings**Approach Towards Cross-shareholdings**

In principle, the Company will not hold listed stocks as cross-shareholdings except in cases where it recognizes there is significance or justification for ownership. Significance or justification for ownership will be judged from the results of yearly examinations conducted on each based on whether there are expectations of collaboration with the issuers and business synergies, as well as on whether the benefit and risk of holding said stock are appropriate to its capital cost. Consequently, stock where there is little significance or

justification for ownership will be sold while taking into account the proper stock price, market conditions, and other factors. Five stocks judged to be lacking in significance were sold in fiscal 2019 (proceeds were ¥1,411 million).

Standards for Exercising Voting Rights on Cross-Shareholdings

The execution of voting rights is an important means of communicating with investees, and the Company exercises its voting rights related to all cross-shareholdings. In exercising these rights, the Company checks each proposal and, rather than making a uniform judgement on whether to approve or reject it based on formulaic or short-term standards, makes a judgement from the perspective of whether the proposal will lead to continuous growth and a medium- to long-term increase in corporate value for the Company and the investee, based on sufficient consideration of said investee's management policy, strategies, and the like. Judgement on whether to approve or disapprove a proposal includes careful consideration of the following items that may have a significant impact on shareholder return in particular.

- Transfer of important assets
- Shareholdings structure change due to mergers or acquisition of 100% ownership
- Third-party allotments through favorable issuances
- Introduction of measures to defend against hostile takeovers

Investment shares held for purposes other than pure investment*

	Stocks (name)	Total carrying amount (million yen)
Unlisted shares	23	2,240
Shares other than unlisted shares	26	14,554

* Konica Minolta categorizes the investment stocks it holds as follows.
 • Stocks held for "pure investment": stocks held solely for share price fluctuation or dividends
 • Stocks held for "purposes other than pure investment": stocks held based on the judgment that so doing will, in addition to the above, help improve corporate value by strengthening corporate cooperation and business synergy with the stock issuer

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.

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Main Opportunities for Dialogue with Shareholders and Investors

	FY2019 Opportunities
General Meeting of Shareholders	•Attendants: 38 •Percentage of voting rights exercised: 81.27%
Institutional Investor Meetings	•Meetings held: 259 •Companies: 106
Analyst Meetings	•Meetings held: 80 •Analysts: 18 companies
Briefings for Investors and Analysts	•Briefings held: 10 •Visitors: 481
Individual Investor Briefings	•Briefings held: 2 •Visitors: 284

Compliance

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 & 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.

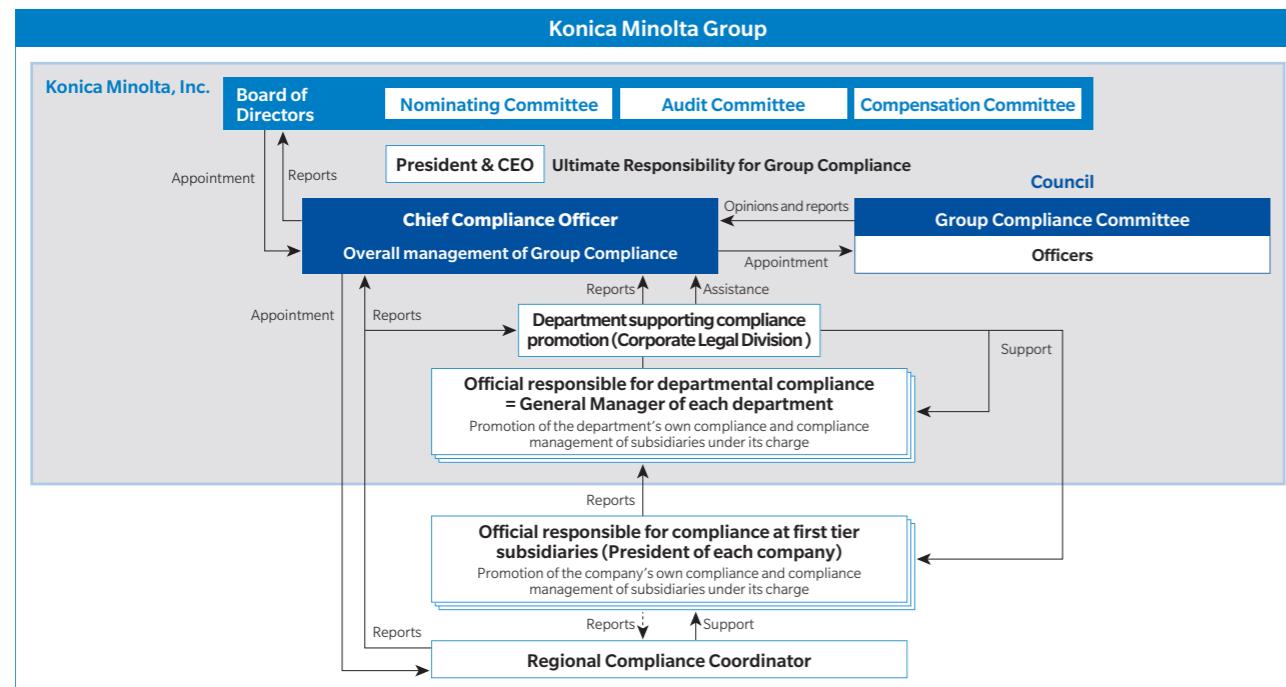
The Executive Officer in charge of compliance assigns a regional compliance coordinator in Europe, North America, China, and South East Asia, and each coordinator supports compliance promotion activities in each area, working with the presidents of subsidiaries on these activities according to the circumstances of each region.

Whistleblowing System

Konica Minolta works to maintain and improve upon its internal whistleblowing system. We have a support desk in Japan that allows group employees to inform or speak with the President & CEO, the Executive Officer and the General Manager of the Corporate Legal Division in charge of compliance, or an outside lawyer about compliance-related problems via various means such as telephone, email, and letters. We also have support desks for reporting and consultation that covers all regions in North America, Europe, China, and Southeast Asia. When a whistleblowing report is received, we investigate the claims and ask the department involved to take prompt action, taking care to cause no disadvantage to the reporter. The Group's Executive Officer in charge of compliance regularly reports the content of these whistleblowing reports to the Audit Committee.

In fiscal 2019, in recognition of our skillfulness in developing and administrating our internal reporting system, we were certified as a business of self-declaring conformity with the whistleblowing compliance management system under the jurisdiction of the Japanese Consumer Affairs Agency. In order to improve awareness of compliance, we obtain Compliance Promotion Declarations from all management members and employees at Konica Minolta and our Japanese and overseas subsidiaries. We also take this opportunity to inform everyone about our whistleblowing system.

Group Compliance Promotion System



Risk Management

Risk Management System

Konica Minolta, Inc. has established a management system in which the President & 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 and additionally as required. The Committee examines the risks identified, as well as the countermeasures in place, and checks to ensure that the risk management system is functioning effectively, making revisions where necessary. The activities of the Risk Management Committee are periodically reported to the Audit Committee.

To address crises capable of arising from a range of risks, we respond and release information with speed and accuracy, while building systems that minimize the impact on our business and society.

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.

At the same time, with an eye to assessing situations in times of crisis and facilitating prompt decision-making, we have put in place an emergency contact system alongside a system to enable the President & CEO to take leadership when serious incidents occur. A prime example of this is our efforts to

respond to COVID-19, which appeared in 2019. We swiftly established an internal provisional system headed with the Executive Officer in charge of crisis management as the Crisis Management Committee Chairperson, all under the President & CEO who has overall responsibility.

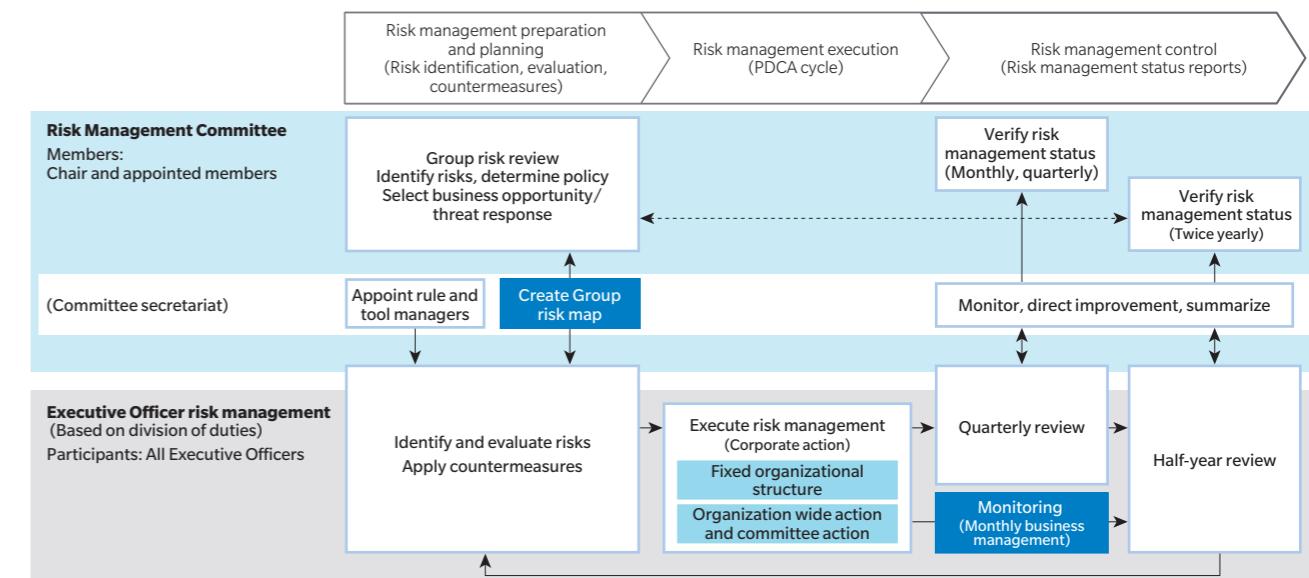
Risk Management Process

The Risk Management Committee reviews management risk items in seventeen categories, which include subcategories and further subcategories. It conducts monthly and quarterly monitoring, reviews the status of countermeasures, and applies the PDCA process to improve risk measures.

The Risk Management Committee also annually identifies specific material risks to the Group that it deems especially critical to management. The committee chair appoints committee members (Executive Officers) to lead the risk management of risks considered important to monitor from a companywide perspective and monitor the monthly progress of the Group's countermeasures.

All risks are plotted based on quantitative assessments of the potential degree of impact and occurrence frequency into a comprehensive Group Risk Map. These maps are updated and pertinent countermeasures are discussed twice a year, with the committee chair convening the committee as deemed necessary.

Risk Management Process



Corporate Governance

Management Members



Front row (from left): Fukushima, Fujiwara, Yamana, Matsuzaki, Hatchojo, and Hodo
Back row (from left): Uchida, Hatano, Taiko, Sakuma, Itoh, and Suzuki

Masatoshi Matsuzaki

Chairman of the Board

April 1976	Joined Konishiroku Photo Industry Co., Ltd.
November 1997	General Manager of Development Group No. 2, Color Business Machines Development Div., Business Machines Headquarters of Konica Corporation
May 1998	General Manager of Development Center No. 1, System Technology Development Div., Business Machines Headquarters of Konica Corporation
October 2003	Director of Konica Minolta Business Technologies, Inc.
April 2005	Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
April 2006	Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
June 2006	Director and Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Technology Center, Inc.
April 2009	Director, President & CEO, and Representative Executive Officer of the Company
April 2014	Director and Chairman of the Board (positions which he continues to hold)

Takashi Hatchojo

Director (Outside Director)

April 1970	Joined Hitachi, Ltd.
June 2003	Vice President and Executive Officer of Hitachi, Ltd.
April 2004	Senior Vice President and Executive Officer of Hitachi, Ltd.
April 2006	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.
April 2007	Director of Hitachi Research Institute
June 2007	President and Representative Director of Hitachi Research Institute
April 2009	Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd.
June 2011	Director of Hitachi, Ltd.
June 2015	Advisor of Hitachi, Ltd.
June 2016	Retired from Advisor of Hitachi, Ltd. (position which he continues to hold)
June 2017	Director of the Company (position which he continues to hold)

Shohei Yamana

Director (President & CEO)

April 1977	Joined Minolta Camera Co., Ltd.
July 1996	General Manager of Management Planning Div. of Minolta Co., Ltd.
January 2001	CEO of Minolta QMS Inc.
July 2002	Executive Officer, General Manager of Management Planning Div., Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd.
August 2003	Senior Executive Officer of the Company, and Executive Officer and General Manager of MFP Operations and Deputy General Manager of Image Information Products General Headquarters, Image Information Products Company of Minolta Co., Ltd.
October 2003	Senior Executive Officer of the Company, and Managing Director of Konica Minolta Business Technologies, Inc.
April 2006	Senior Executive Officer of the Company
June 2006	Director and Senior Executive Officer of the Company
April 2011	Director and Senior Executive Officer of the Company, and Representative Director and President of Konica Minolta Business Technologies, Inc.
April 2013	Director and Senior Managing Executive Officer of the Company
April 2014	Director, President & CEO, and Representative Executive Officer of the Company (positions which he continues to hold)

Taketsugu Fujiwara

Director (Outside Director)

April 1969	Joined Asahi Chemical Industry Co., Ltd.
June 1998	President and Representative Director of Asahi-Schwebel Co., Ltd.
June 2000	Director of Asahi Chemical Industry Co., Ltd.
June 2003	Senior Executive Officer of Asahi Kasei Corporation
October 2003	President of Asahi Kasei Chemicals Corporation
April 2009	Vice-Presidential Executive Officer of Asahi Kasei Corporation
June 2009	Director, Vice-Presidential Executive Officer of Asahi Kasei Corporation
April 2010	President and Representative Director of Asahi Kasei Corporation
April 2014	Vice Chairman and Director of Asahi Kasei Corporation
June 2014	Vice Chairman of Asahi Kasei Corporation
June 2015	Standing Counsellor of Asahi Kasei Corporation
June 2018	Counsellor of Asahi Kasei Corporation (position which he continues to hold)
June 2018	Director of the Company (position which he continues to hold)

Chikatomo Kenneth Hodo

Director (Outside Director)

September 1982	Joined Accenture Japan Ltd
September 2005	Representative Director of Accenture Japan Ltd
April 2006	Representative Director and President of Accenture Japan Ltd
September 2015	Director and Chairman of Accenture Japan Ltd
September 2017	Director and Senior Corporate Advisor of Accenture Japan Ltd
July 2018	Senior Corporate Advisor of Accenture Japan Ltd (position which he continues to hold)
June 2018	Director of the Company (position which he continues to hold)

Soichiro Sakuma

Director (Outside Director)

April 1978	Joined Nippon Steel Corporation
April 2009	Director (under the Executive Management System) of Nippon Steel Corporation
April 2012	Managing Director (under the Executive Management System) of Nippon Steel Corporation
June 2012	Managing Director (Member of the Board) of Nippon Steel Corporation
October 2012	Managing Director, Member of the Board of Nippon Steel & Sumitomo Metal Corporation
April 2014	Representative Director and Executive Vice President (in charge of General Administration, Legal, Internal Control & Audit, Business Process Innovation, Human Resources and Environment) of Nippon Steel & Sumitomo Metal Corporation
April 2018	Director of Nippon Steel & Sumitomo Metal Corporation
June 2018	Senior Advisor of Nippon Steel & Sumitomo Metal Corporation
April 2019	Senior Advisor of Nippon Steel Corporation (position which he continues to hold)

Hiroyuki Suzuki

Director

April 1979	Joined Minolta Camera Co., Ltd.
July 1997	Senior Managing Director, Minolta MBK Digital Studio, Inc.
April 2004	General Manager, China Sales Promotion Office, MFP Overseas Sales Department, Konica Minolta Business Technologies, Inc.
June 2006	General Manager in charge of Audit Committee Office of the Company
June 2009	General Manager, Corporate Audit Division of the Company
April 2012	Executive Officer, General Manager, Corporate Audit Division of the Company
June 2019	Director of the Company (position which he continues to hold)

Seiji Hatano

Director (Senior Executive Officer)

April 1982	Joined the Mitsubishi Bank, Ltd.
June 2011	Resigned the Bank of Tokyo-Mitsubishi UFJ, Ltd.
July 2011	Joined the Company
April 2013	Executive Officer and General Manager, Corporate Strategy Division of the Company
April 2014	Senior Executive Officer and General Manager, Corporate Strategy Division of the Company
June 2014	Director, Senior Executive Officer and General Manager, Corporate Strategy Division of the Company
April 2016	Director, Senior Executive Officer and General Manager, Management Planning Division of the Company
April 2017	Director and Senior Executive Officer in charge of Management Planning, Administration, and Risk Management of the Company
April 2018	Director and Senior Executive Officer in charge of Administration, Accounting, Financial Affairs, and Risk Management of the Company (position which he continues to hold)
April 2018	Director and Senior Executive Officer in charge of Administration, Accounting, Financial Affairs, and Risk Management of the Company (position which he continues to hold)

Sakie Tachibana Fukushima

Director (Outside Director)

June 1980	Joined Braxton International
September 1987	Joined Bain & Company, Inc.
August 1991	Joined Korn/Ferry International-Japan
September 2000	Regional Managing Director of Korn/Ferry International-Japan and Member of the Board of Korn/Ferry International (Global Headquarters)
May 2009	Chairman and Representative Director of Korn/Ferry International-Japan
July 2010	President and Representative Director of G&S Global Advisors Inc.(position which she continues to hold)
June 2019	Director of the Company (position which she continues to hold)

Toyotsugu Itoh

Director

April 1979	Joined Konishiroku Photo Industry Co., Ltd.
October 2003	General Manager, Production Technology Center, Production Technology Headquarters of Konica Minolta Business Technologies, Inc.
April 2005	Vice President (in charge of Corporate Planning, Quality, Environment, Technology) of Konica Minolta Business Technologies (WUXI) Co. Ltd.
June 2011	Director, General Manager, Manufacturing Technology Center of Konica Minolta Technology Center, Inc.
April 2013	Executive Officer, General Manager, Corporate Production Operation Division of the Company
April 2015	Senior Executive Officer, General Manager, Corporate Production Operation Division in charge of Group Production Engineering of the Company
April 2016	Senior Executive Officer in charge of Management Quality Improvement of the Company
June 2018	Director of the Company (position which he continues to hold)

Toshimitsu Taiko

Director (Senior Vice President and Executive Officer)

April 1986	Joined Minolta Camera Co., Ltd.
June 2012	Director, General Manager, Corporate Planning Division, General Manager, Business Innovation Division of Konica Minolta Business Technologies, Inc.
April 2013	CEO of Konica Minolta Business Solutions U.S.A., Inc.
April 2015	Executive Officer, CEO of Konica Minolta Business Solutions U.S.A., Inc.
April 2016	Executive Officer, General Manager, Business Technologies Business, Business Planning Headquarters of the Company
April 2017	Executive Officer, General Manager, Professional Printing Business Headquarters of the Company
April 2018	Senior Executive Officer, lead officer responsible for Business Technologies Business, General Manager, Office Business Headquarters of the Company
June 2018	Director and Senior Executive Officer, lead officer responsible for Business Technologies Business, General Manager, Office Business Headquarters of the Company
April 2020	Director and Senior Vice President and Executive Officer, lead officer responsible for Business Technologies, and responsible for Corporate Planning, Investor Relations and Corporate Communications of the Company (position which he continues to hold)

Masafumi Uchida

Director (Senior Executive Officer)

Corporate Governance

Executive Officers (Listed in Japanese alphabetical order by name at the time of appointment or promotion) As of October 1, 2020

Title	Name	Current Position and Responsibilities at the Company
President & CEO, Representative Executive Officer	Shohei Yamana*	Responsible for Diversity Enhancement
Senior Vice President and Executive Officer	Kiyotaka Fujii	Division President of Healthcare Business Headquarters and Chairman and CEO, Konica Minolta Precision Medicine, Inc.
Senior Vice President and Executive Officer	Toshimitsu Taiko*	Lead Officer responsible for Business Technologies and Responsible for Corporate Planning, Investor Relations and Corporate Communications
Senior Executive Officer	Seiji Hatano*	Responsible for Business Management, Accounting, Financial and Risk Management
Senior Executive Officer	Noriyasu Kuzuhara	Division President of Material & Component Business Headquarters and General Manager, Corporate R&D Headquarters
Senior Executive Officer	Yuji Ichimura	Responsible for Digital Transformation, DX Branding and Public Relations
Senior Executive Officer	Masafumi Uchida*	Responsible for Technologies
Senior Executive Officer	Hajime Takei	Division President of Digital Workplace Business Headquarters and Responsible for BIC (Business Innovation Center) and One KM Business Promotion
Executive Officer	Ken Osuga	Representative Director and President, Konica Minolta Japan, Inc.
Executive Officer	Atsuo Takemoto	General Manager, Manufacturing and Procurement Headquarters
Executive Officer	Richard K. Taylor	CEO Konica Minolta Business Solutions U.S.A., Inc.
Executive Officer	Takaji Ito	Deputy General Manager, Manufacturing and Procurement Headquarters and General Manager, Manufacturing Operations
Executive Officer	Toshiya Eguchi	Responsible for IoT Service Platform Development, Imaging-IoT Solution Business and Visual Solutions Business
Executive Officer	Koji Sugie	General Manager, Quality Management Headquarters
Executive Officer	Tetsuya Matsueda	General Manager, Legal Division and Responsible for Intellectual Property, Compliance and Crisis Management
Executive Officer	Kazumi Atago	Company Secretary and General Manager, Secretarial Division
Executive Officer	Hitoshi Kamezawa	General Manager, Sensing Business Unit
Executive Officer	Jean-Claude Cornillet	President, Konica Minolta Business Solutions France S.A.S.
Executive Officer	Keiji Okamoto	President, Konica Minolta Business Solutions Europe GmbH
Executive Officer	Yoshihiko Hirota	General Manager, R&D Headquarters, Business Technologies
Executive Officer	Toshitaka Uemura	Division President of Professional Print Business Headquarters
Executive Officer	Kazuhiro Kobayashi	Division Vice President of Healthcare Business Headquarters and General Manager, Healthcare Business Unit
Executive Officer	Shinichiro Oka	Responsible for Human Resources

* Indicates the officer also holds a position as Director

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 Index (since 2012) and Asia

Pacific Index (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).

For the second consecutive year, the Company was also selected as one of the Global 100 Most Sustainable Corporations in the World by Canada based Corporate Knights in conjunction with the World Economic Forum, an annual global economics meeting held in Davos.

Inclusion in Prominent Japanese/Foreign Indices

November 2020 Included in the Dow Jones Sustainability World Index for 9 years running, and in the Asia-Pacific Index consecutively since 2009

July 2020 Maintained inclusion in the FTSE4Good Index Series for the 17th consecutive year

July 2020 Inclusion in four investment indexes—the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index, and the S&P/JPX Carbon Efficient Index—by the Government Pension Investment Fund (GPIF), the world's largest pension fund, since the fund was established

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



Evaluations by International ESG Rating Agencies

March 2020 Achieved a Gold rating consecutively since 2016 in EcoVadis' sustainability survey

February 2020 Acquired a rating of A- in CDP's climate change score. CDP is an international NGO that undertakes activities to bring about a sustainable economy.

January 2020 Received Silver Class distinction from S&P Global Inc. in SAM Sustainability Award 2020



SAM | Sustainability Award Silver Class 2020

Various management surveys in Japan

August 2020 Selected as a Digital Transformation Stock (DX Stock) 2020 as a company engaged in strategic IT activities

March 2020 For the fifth time and three years in a row, named in the Health and Productivity Stock Selection

December 2019 Received the highest award (the Grand Prix award) at the Nikkei SDGs Management Grand Prix

May 2019 Placed first in the general manufacturers ranking in the 22nd Nikkei Environmental Management Survey



2020
健康経営銘柄

日経 SDGs 経営大賞 2019

10-Year Financial Summary

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

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2013 (IFRS)	Fiscal 2014 (IFRS)	Fiscal 2015 (IFRS)	Fiscal 2016 (IFRS)	Fiscal 2017 (IFRS)	Fiscal 2018 (IFRS)	Fiscal 2019 (IFRS)
Consolidated Financial Highlights											
Net sales, Revenue (millions of yen)	777,953	767,879	813,073	943,759	935,214	1,002,758	1,031,740	962,555	1,031,256	1,059,120	996,101
Operating income, Operating profit (millions of yen)	40,022	40,346	40,659	58,144	39,859	65,762	60,069	50,135	53,844	62,444	8,211
Operating income ratio, Operating profit ratio (%) ^{*1}	5.1	5.3	5.0	6.2	4.3	6.6	5.8	5.2	5.2	5.9	0.8
Ordinary income, Ordinary profit (millions of yen)	33,155	34,758	38,901	54,621	-	-	-	-	-	-	-
Ordinary income ratio, Ordinary profit ratio (%) ^{*2}	4.3	4.5	4.8	5.8	-	-	-	-	-	-	-
Profit before tax (millions of yen)	-	-	-	-	37,736	65,491	58,029	49,341	49,124	60,138	284
Profit before tax ratio (%)	-	-	-	-	4.0	6.5	5.6	5.1	4.8	5.7	0.0
Net income, Profit for the year (millions of yen)	25,896	20,424	15,124	21,861	28,431	40,969	32,000	31,485	32,207	41,729	-3,086
Net income ratio, Profit for the year ratio (%) ^{*3}	3.3	2.7	1.9	2.3	3.0	4.1	3.1	3.3	3.1	3.9	-
Profit attributable to owners of the company (millions of yen)	-	-	-	-	28,354	40,934	31,973	31,542	32,248	41,705	-
Profit attributable to owners of the company ratio (%)	-	-	-	-	3.0	4.1	3.1	3.3	3.1	3.9	-
Earnings per share, Basic earnings per share attributable to owners of the company (EPS) (yen) ^{*4}	48.84	38.52	28.52	41.38	53.67	81.01	64.39	63.65	65.17	84.33	-6.21
Equity per share attributable to owners of the company (yen)	806.53	817.81	876.65	929.04	968.15	1,067.97	1,037.96	1,057.92	1,060.72	1,123.39	1,058.29
Cash dividends per share (yen)	15	15	15	17.5	17.5	20.0	30.0	30.0	30.0	30.0	25.0
Dividend payout ratio (%) ^{*5}	30.7	38.9	52.6	42.3	32.6	24.7	46.6	47.1	46.0	35.6	-
R&D expenses (millions of yen)	72,617	72,530	71,533	71,184	69,599	74,295	76,292	73,275	77,021	78,395	74,040
R&D expense ratio (%) ^{*6}	9.3	9.4	8.8	7.5	7.4	7.4	7.4	7.6	7.5	7.4	7.4
Net cash flows from operating activities (millions of yen)	67,957	72,367	66,467	89,945	90,058	101,989	59,244	68,659	65,367	57,166	30,148
Net cash flows from investing activities (millions of yen)	-44,738	-42,757	-63,442	-55,776	-54,143	-54,014	-110,788	-70,594	-133,737	-41,480	-50,043
Free cash flows (millions of yen)	23,219	29,610	3,025	34,169	35,914	47,975	-51,544	-1,935	-68,370	15,685	-19,895
Profitability											
ROE (J-GAAP) (%) ^{*7}	6.1	4.7	3.4	4.6	-	-	-	-	-	-	-
ROE1 (IFRS) (%) ^{*8}	-	-	-	-	6.1	8.6	6.5	6.3	6.3	7.9	-0.6
ROE2 (IFRS) (%) ^{*9}	-	-	-	-	-	-	-	6.1	6.1	7.7	-0.6
ROA (%) ^{*10}	3.0	2.3	1.6	2.3	2.9	4.1	3.2	3.2	2.9	3.4	-0.2
ROIC (%) ^{*11}	3.7	3.6	3.6	5.3	3.6	6.4	6.1	5.1	5.0	5.4	0.7
Efficiency											
Total assets (millions of yen)	845,453	902,052	940,553	966,060	991,700	1,001,800	976,370	1,005,435	1,203,907	1,218,986	1,276,768
Total assets turnover (times) ^{*12}	0.91	0.88	0.88	0.99	0.96	1.01	1.04	0.97	0.93	0.87	0.80
Property, plant and equipment (millions of yen)	190,701	178,999	179,903	173,362	177,056	181,641	187,322	190,580	192,941	207,138	309,457
Property, plant and equipment turnover (times) ^{*13}	3.93	4.15	4.53	5.34	5.23	5.59	5.59	5.09	5.38	5.29	3.86
Inventories (millions of yen)	100,243	105,080	112,479	115,275	115,175	120,803	121,361	136,020	139,536	144,703	162,575
Inventory turnover period (months) ^{*14}	2.67	2.81	2.60	2.52	2.82	2.54	2.58	2.87	2.81	2.89	3.55
Trade receivables (millions of yen)	163,363	174,193	194,038	220,120	240,459	248,827	245,047	236,722	255,972	269,147	255,058
Trade receivables turnover (months) ^{*15}	2.42	2.52	2.47	2.53	3.09	2.72	2.73	2.70	2.73	2.87	3.07
Stability											
Equity, Equity attributable to owners of the company (millions of yen)	427,647	433,669	464,904	478,404	498,542	535,976	514,285	524,331	524,513	555,689	523,745
Equity ratio, Equity ratio attributable to owners of the company (%)	50.6	48.1	49.4	49.5	50.3	53.5	52.7	52.1	43.6	45.6	41.0
Current assets (millions of yen)	501,876	565,923	579,593	589,331	569,552	570,640	496,216	499,446	581,676	578,937	551,154
Current ratio (%) ^{*16}	206.98	247.17	205.04	206.62	200.83	202.43	194.40	199.58	214.32	213.34	181.65
D/E ratio (times) ^{*17}	0.45	0.53	0.48	0.41	0.41	0.31	0.33	0.35	0.56	0.49	0.77
Net D/E ratio (times) ^{*18}	0.04	-0.01	0.02	0.02	0.03	-0.02	0.13	0.18	0.27	0.27	0.60
Investment Indicators											
Price-to-earnings ratio (PER) (times) ^{*19}	14.27	18.77	24.12	23.27	17.94	15.07	14.85	15.65	13.99	12.91	-
Price-book value ratio (PBR) (times) ^{*20}	1.16	1.13	1.27	0.96	0.99	1.14	0.92	0.94	0.86	0.97	0.41

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

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

*10. ROA = Net income / Average total assets
ROA = Profit attributable to owners of the company / Average total assets × 100 (%)

*15. Receivables turnover months = Balance of accounts receivable for the current period / Average monthly net sales for the last 3 months (times)

*2. Ordinary income ratio = Ordinary income / Net sales × 100 (%)

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

*11. ROIC = Operating profit after tax/(Share capital + Share premium + Retained earnings + Treasury shares + Interest-bearing debt (yearly average)) × 100 (%)

*16. Current ratio = Current assets / Current liabilities (%) × 100 (%)

*3. Net income ratio = Net income / Net sales × 100 (%)

*7. ROE (J-GAAP) = Net income / Average shareholders' equity × 100 (%)

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

*17. D/E ratio = Current assets / Current liabilities (%) × 100 (%)

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

*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)) × 100 (%)
*9. ROE 2 (IFRS) = Profit attributable to owners of the company / equity attributable to owners of the company (average of beginning and ending balances) × 100 (%)

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

*18. Net D/E ratio = (Interest-bearing debt - Cash on hand) / Shareholders' equity (times)
*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 landscape during the fiscal year ended March 31, 2020 (the "current fiscal year"), Europe continued to slowdown from the latter half of the previous fiscal year and uncertainty remained in the economy, given that negotiations between the UK and the EU went on even after the UK left the EU in the beginning of February 2020. Economic growth weakened in the United States and China due to additional tariffs attributable to the United States-China trade friction and other factors, causing companies, mainly in the manufacturing industry, to lose their appetite for making

investments. The global economy with remaining uncertainty also affected the Japanese economy, which saw a sluggish movement in exports and capital spending; however, an overall moderate growth was retained in Japan throughout the year. Further, strong yen continued year-on-year on the backdrop of such economic landscape. When entered in 2020, as the COVID-19 pandemic spread across geographies, economic activities started slowing down substantially due to lock down and other mandates implemented from around February 2020 in different countries, including China, Europe, and the United States.

Operating Results

Konica Minolta group (the "Group") recorded revenue of 996.1 billion yen for the current fiscal year, a decrease of 6.0% year-on-year. Decrease in revenue due to the effect of strong yen was 32.9 billion yen year-on-year. On a segment basis, revenue declined in the Office Business due to decreasing sales volume in China and North America despite showing some signs of recovery supported by sales in Europe. As for the Professional Print Business, revenue in the production print business unit was driven by North America and successfully turned into an increase on a constant currency basis up until December 2019; however, when entered into 2020, sales decreased globally excluding ASEAN regions, resulting in a decline in overall revenue in the current fiscal year. Meanwhile, the industrial printing business unit, which is one of the growth businesses of the Group, retained the status of revenue increase on a constant currency basis. Revenue went down in the Healthcare Business due to the drop in China, although sales grew in areas other than China. With respect to the Industrial Business, revenue decreased mainly due to the following: in the performance materials business unit, client companies conducted inventory adjustments; in the inkjet component business unit and the measuring instruments business unit, major customers were located in China and were hit by the COVID-19 outbreak. The impact of COVID-19 on the Group's revenue is expected to be around 23.0 billion yen.

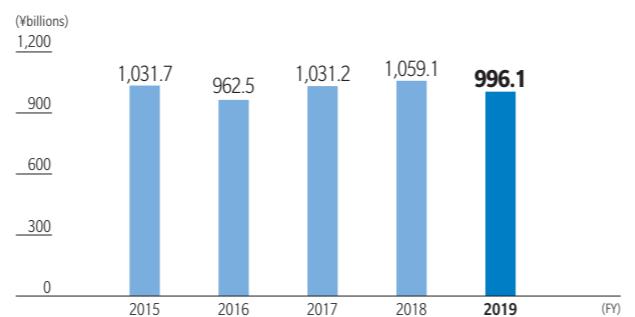
In the new businesses where the Group continues to invest to develop its future revenue pillars as initiatives for sustainable growth over the medium to long term, the sales area of the Workplace Hub, an edge IoT platform provided by the Company, expanded from 9 countries to 26 countries during the current fiscal year, and measures were implemented to reinforce sales activities, leading to an increase in the number of customers. In the bio-healthcare field, the world's first commercialization of the ribonucleic acid (RNA) testing that assesses germline mutations to enhance the accuracy of genetic diagnostics dramatically was highly recognized by medical institutions, contributing to a significant increase in the number of orders for genetic testing. Additionally, preparatory work was commenced to offer full-scale services to imaging centers with an aim to further ex. Revenue in new businesses substantially increased due to progresses made in these areas.

Operating profit was 8.2 billion yen, a decrease of 86.8%

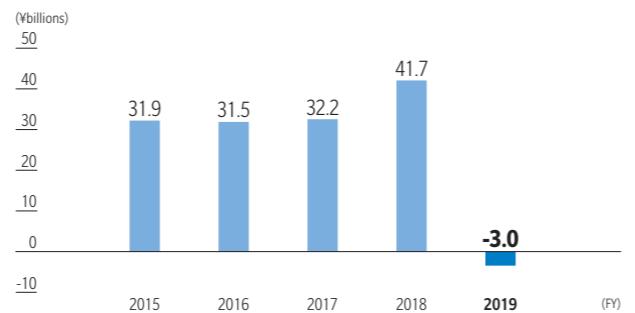
year-on-year. Decrease due to the effect of strong yen was 7.1 billion yen year-on-year. The overall decrease in operating profit was mainly due to the following: a temporary gain of 20.2 billion yen generated from the liquidation of assets through sale and leaseback arrangements was recorded in the previous fiscal year; additional tariffs of 2.4 billion yen arising from the United States-China trade friction were borne in the current fiscal year; and 7.4 billion yen was recorded in the current fiscal year as for the cost of structure reform. The impact of COVID-19 on the Group's operating profit is expected to be around 11.0 billion yen.

Although the profit substantially declined year-on-year, certain measures were taken as originally planned during the current fiscal year in order to improve the sluggish performance that was seen in the first half of the year in the Office Business and the Professional Print Business. In detail, the Company implemented the structure reform, took

Revenue



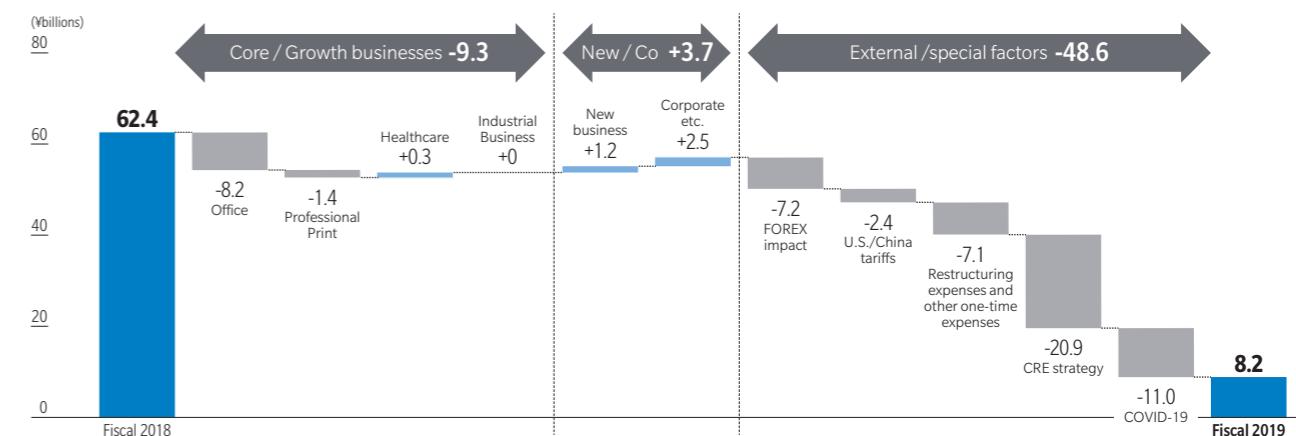
Profit attributable to owners of the company



measures to cut manufacturing costs, and shifted to high value-added new products with an aim to reinforce marketing competitiveness, all with an expectation that they would contribute to the profitability improvement in the next fiscal year. Particularly, the Company expects the structure reform will help the profit boost in the next fiscal year, and the benefit

will certainly outweigh the costs put in the current fiscal year. Profit before tax marked 0.2 billion yen, a decrease of 99.5% year-on-year, and loss attributable to owners of the Company was 3.0 billion yen (whereas in the previous fiscal year, profit attributable to owners of the Company was 41.7 billion yen).

Fiscal 2019 operating profit analysis



FOREX impact to revenue and operating profit

	Fiscal 2018	Fiscal 2019	Impact to Fiscal 2018		FX Sensitivity ²	
			Revenue (¥billions)	OP (¥billions)	Revenue (¥billions)	OP (¥billions)
USD	110.91	108.74	-6.9	+0.1	+3.3	-0.1
EUR	128.41	120.82	-13.3	-6.7	+1.8	+0.6
GBP	145.68	138.24	-2.1	+0.1	+0.3	+0.0
European Currency ¹	-	-	-18.7	-6.6	+2.5	+1.0
CNY	16.54	15.60	-2.8	-0.9	+2.9	+1.2
AUD	80.92	74.14	-2.7	-0.7	+0.4	+0.1
Other	-	-	-1.8	-0.2	-	-
Exchange contract effect	-	-	-0.1	+1.1	-	-
Total impact from FY2018	-	-	-32.9	-7.2	-	-

*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

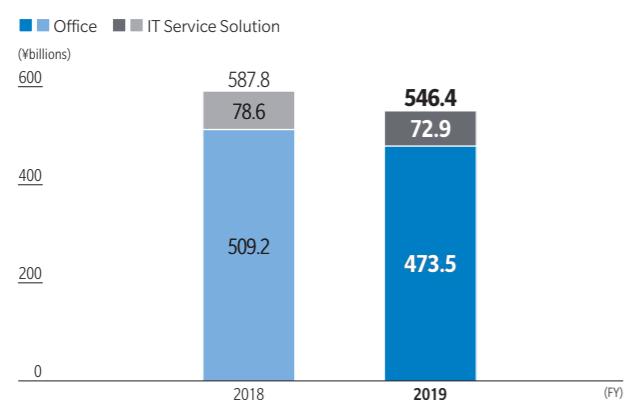
In the office products business unit, the sales volume of color models turned to an increase in the third quarter of the current year due to the effect of new products. However, because of the COVID-19 outbreak, sales volume plummeted from February to March in 2020, the busiest season for sales activities, especially in China where the sales volume of A3MFPs declined substantially. Although Japan and Europe were starting to see some adverse changes under the COVID-19 outbreak, the sales

volume of color models was about the same level year-on-year thanks to the new product effect that was in place before the lockdown. North America, the largest market for high-speed color models, saw a decline in sales volume towards the end of the current fiscal year especially in the area of direct sales, because a new product was launched in February 2020 when the market was hit hard by the lockdown around the same time. As a result of the above, the sales volume of color models turned to a decrease year-on-year, and further decline was seen

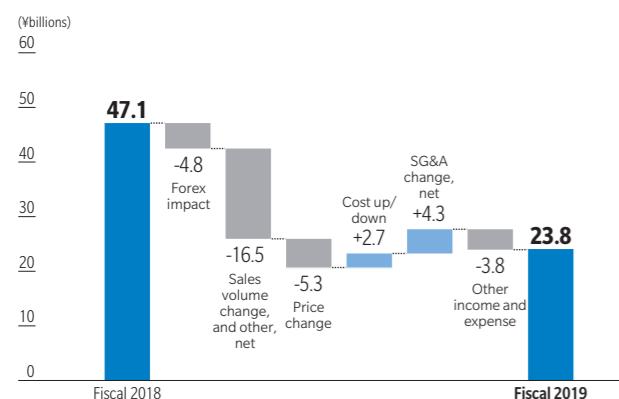
in sales of monochrome models year-on-year.

As a result of the above, the Office Business segment recorded revenue of 546.4 billion yen, a decrease of 7.0% year-on-year. Operating profit was 23.8 billion yen, a decrease of 49.4% year-on-year, partly due to the effects of tariffs of 1.9 billion yen linked to the United States-China trade friction as well as the cost of structure reform of 5.8 billion yen recorded in the current fiscal year.

Composition of Revenue



Operating profit analysis



Professional Print Business

In the production print business unit, a recovery of sales was seen in the third quarter of the current fiscal year in North America thanks to the effect of certain measures taken, including emphasized values of IQ-501 Intelligent Quality Optimizer. "AccurioPress C14000" series, the Company's first high-speed model launched in February 2020, were successfully receiving orders, enabling the business to expand into the heavy production print market. However, the overall sales volume decreased globally, except the ASEAN region, against a backdrop of the COVID-19 outbreak, which caused delays in equipment installments at customers' site, pullbacks in customers' investment activities, and postponements of investment decisions.

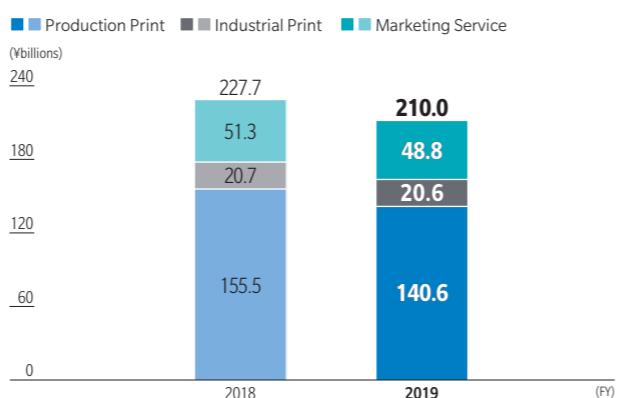
In the industrial printing business unit, sales of "Accuriojet KM-1" digital inkjet press through direct sales showed significant growth. The sales of label printers and digital decoration printing equipment showed substantial growth, reflecting the effects of new products and reinforced sales capacity, and maintaining the highest market share in the

targeted markets.

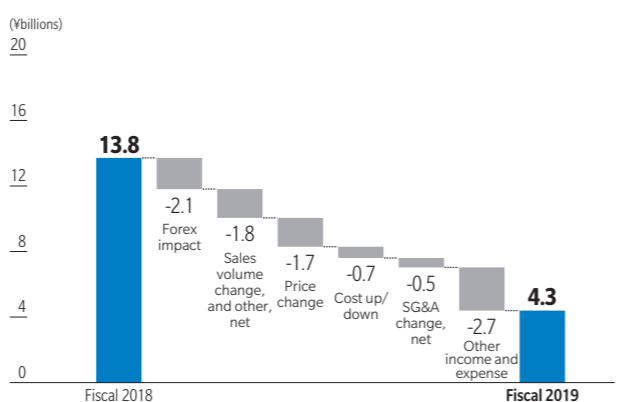
In the marketing services business unit, despite the continuing efforts into transition as a business that provides high value-added solutions and expanding sales driven by the United States and Asia, revenue fell mainly due to the following: a slowdown in marketing activities at client companies of the Group from the latter half of February 2020; and a decrease in the number of customers visiting Kinko's stores, which offer on-demand printing services.

As a result of the above, the Professional Print Business segment recorded revenue of 210.0 billion yen, a decrease of 7.8% year-on-year. Operating profit was 4.3 billion yen, a decrease of 68.5% year-on-year, partly due to the effects of tariffs of 0.5 billion yen linked to the United States-China trade friction and an impairment loss of 1.6 billion yen on a subsidiary's goodwill, which was recorded under the marketing services business unit.

Composition of Revenue



Operating profit analysis



Healthcare Business

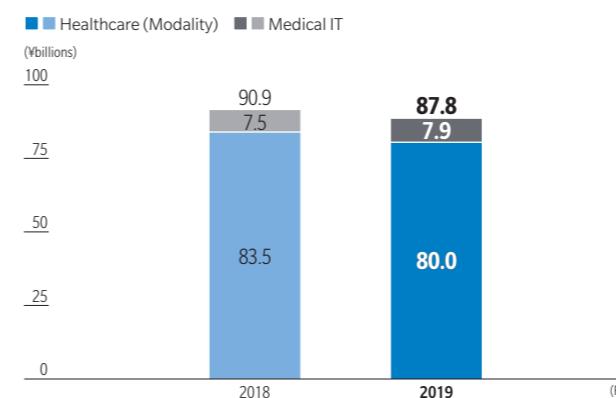
In the healthcare (modality) business unit, the sales volume of the digital radiography (DR) in Japan, Europe, and Asia increased throughout the year, and also solid sales were seen in South America as for Americas. Accordingly, the overall sales volume of DR increased on a year-on-year basis. The sales volume of diagnostic ultrasound systems increased steadily: sales were strong in Japan throughout the current fiscal year, supported by the effect of a new product for obstetrics and a sales volume increase in new fields, including artificial dialysis and anesthesia; and overseas sales also grew, primarily in

Europe and Asia. However, the total revenue in the healthcare (modality) business unit decreased, mainly due to the declining revenue in China under the COVID-19 outbreak.

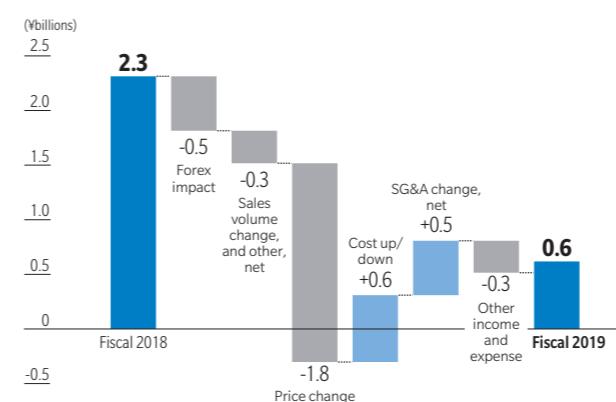
In the medical IT business unit, a large-scale order of the Picture Archiving and Communication System (PACS) was received in North America, and solid sales of PACS were seen in Japan likewise. PACS sales also started in Asia. All of this enabled the unit to maintain an increase in revenue despite the severe economic environment in the second half of the current fiscal year.

As a result, the Healthcare Business segment recorded revenue of 87.8 billion yen, a decrease of 3.4% year-on-year. Operating profit was 0.6 billion yen, a decrease of 73.1% year-on-year, partly due to the recognition of valuation loss on property, plant and equipment of 0.5 billion yen related to a sale of subsidiaries' business bases.

Composition of Revenue



Operating profit analysis



Industrial Business

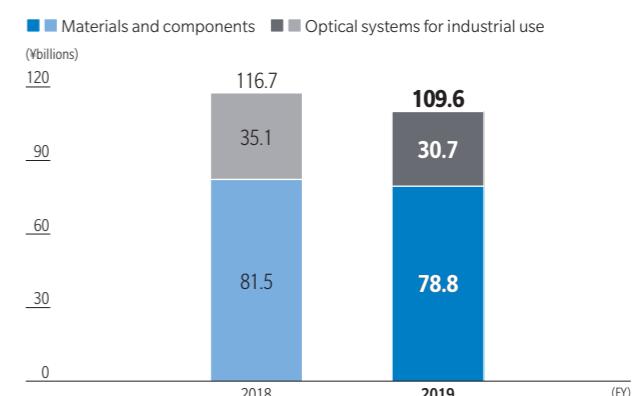
In the field of materials and components, sales shifted steadily to high value-added products in the performance materials business unit; however, overall revenue slightly decreased partly because the unit was affected by customers' temporary inventory adjustment in the latter half of the current fiscal year. The new resin film which had been successfully developed by the Company over the past few years has obtained wide recognition from customers, and the Company has already started sales of the product. The Company is on track to transform the product portfolio and grow its customer base. In the optical component business unit, sales of projector lenses

remained robust throughout the current fiscal year, whereas sales of other optical parts were sluggish, resulting in a decrease in revenue. In the inkjet component business unit, sales plummeted because of the spread of COVID-19, also resulting in a decrease in revenue. Based on above, overall revenue in the field of materials and components went down.

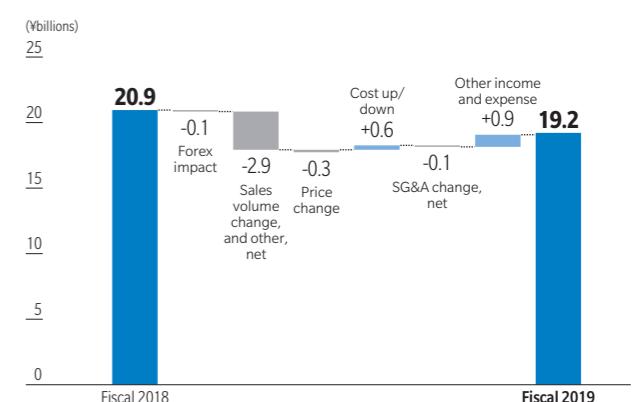
In the field of optical systems for industrial use, overall revenue in the measuring instruments business unit declined: demand for object color measurement instruments was sluggish but further deteriorated when business activities faced restrictions under the COVID-19 outbreak; and sales of light source color measurement instruments fell in the current fiscal year partly because of the absence of large demand that had been seen in the previous fiscal year derived from diversification of display products. Such decrease in sales of light source color measurement instruments was showing signs of improvement in the latter half of the current fiscal year; however, many of the customer deliveries had to be postponed until the next fiscal year because of the COVID-19 outbreak, as many of the business activities were restricted and it took longer than usual time at China Customs. That said, the measuring instruments business unit continues to receive inquiries from customers in China and Korea and has restarted business negotiations from the end of the current fiscal year.

As a result, the Industrial Business segment recorded revenue of 109.6 billion yen, a decrease of 6.1% year-on-year. Operating profit was 19.2 billion yen, a decrease of 8.3% year-on-year.

Composition of Revenue



Operating profit analysis



Cash Flows

Cash flows from operating activities

Cash flows from operating activities were ¥30.1 billion. Contributing factors were a cash flow increase arising from profit before tax of ¥0.2 billion and depreciation and amortization expenses of ¥77.1 billion, as well as a cash flow decrease owing to a ¥23.1 billion decline due to increased inventory assets, a ¥4.8 billion decrease from a decrease in trade and other payables, and ¥15.7 billion in income tax payments.

Cash flows from investing activities

Cash flows from investing activities resulted in an outflow of ¥50.0 billion that owed in part to ¥36.6 billion in purchase of property, plant and equipment, ¥12.9 billion in payments for purchase of intangible assets, and ¥6.3 billion in payments for purchase of investments in subsidiaries.

As a result, free cash flow, calculated as the sum of cash flows from operating and investing activities, saw an outflow of ¥19.8 billion, compared to an inflow of ¥15.6 billion in the previous fiscal year.

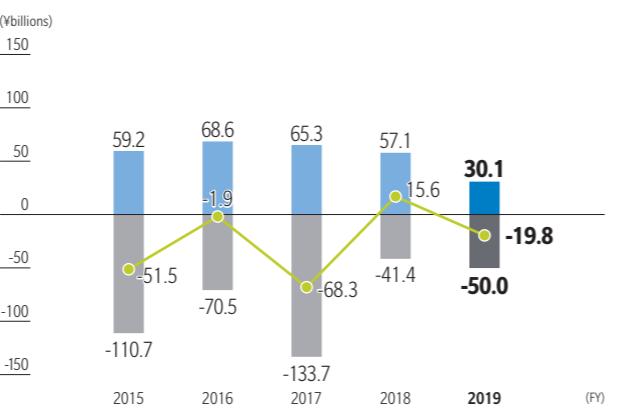
Cash flows from financing activities

Cash flows from financing activities amounted to an outflow of ¥11.9 billion (outflow in the previous fiscal year was ¥40.2 billion) owing to an inflow of ¥11.6 billion from increased

short-term loans payable and ¥30.9 billion from bond issuance and long-term loans payable, as well as an outflow of ¥20.8 billion for redemption of bonds and repayments of long-term loans payable, ¥18.7 billion for repayments of lease liability, and ¥14.8 billion for dividend payments.

Cash flows

■ CF from operating activities ■ CF from investing activities



Capital Expenditure, etc.

With respect to the Group's capital investment for the fiscal year under review, investment focused primarily on the Office Business and Professional Print Business, core businesses of the Group, as well as the Industrial Business. The main goals of these investments were developing new products and strengthening production capacity. As a result, total capital investment for the current fiscal year was ¥50.8 billion.

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

All of these investments were paid for with cash on hand. There was no significant sale, disposal, or loss of facilities.

Capital investment/Depreciation and amortization

■ Capital investment ■ Depreciation and amortization



Capital investment

(¥billions)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Business Technologies	Office Business, Professional Print Businesses, New Business (Workplace Hub)	34.6	23.7	26.7	36.9	33.8
Healthcare	Healthcare Business, New Business (Bio-healthcare)	1.3	1.6	2.6	2.7	3.1
Industrial Business	Industrial Business, New Businesses (QOL, Status monitoring, Digital manufacturing)	11.0	8.3	4.9	9.3	10.1
Corporate and Other Businesses		5.6	5.1	4.3	3.4	3.8
Total		52.6	38.9	38.7	52.5	50.8

Research and Development Expenses

Guided by our philosophy—"The Creation of New Value"—and brand proposition—"Giving Shape to Ideas," which make promises to our customers—the Konica Minolta Group engages in the customer-centric development of new products and services in each of its business segments. This involves not only research and development into core technologies in the four fields of materials, optics, nano-fabrication, and imaging, but also refining and integrating those core technologies while furthering techniques for visualizing the invisible by combining ICT and AI technologies.

In the fiscal year under review, Konica Minolta is working to "achieve ongoing innovation" and "pragmatically strengthen technological competitiveness" as the guiding principles of a technology strategy aimed at fulfilling the basic policy for its medium-term business strategy which was formulated based on the SHINKA 2019 medium-term Business Plan.

As one component of "pragmatically strengthening technological competitiveness", we have undergone a digital transformation internally and externally by enhancing IoT technologies powered by AI. Compared to March 2017, we have doubled the number of specialized engineers in charge of this endeavor in Japan and abroad, bringing the number to 500. Our focus has been on recruiting more "data scientists," who develop solutions to problems based on data analysis, "agile development leaders," who conduct repeated developing and testing with an emphasis on speed, and "data architects," who are skilled in overall IT service design. Additionally, along with utilizing this talent to support our customers' digital transformation, we have been researching and developing data-based material informatics and process informatics, applying our findings to production engineering development, and advancing our own digital transformation.

With regard to "achieving ongoing innovation," we have conducted new businesses that integrate core technologies with ICT and AI technologies. We are expanding the office business field through means such as providing industry-specific solutions through the rollout of the Workplace Hub in Japan, the U.S., and Europe as a new service that brings

together high-performance servers and IT services with MFPs that facilitate digital transformations for SMEs. In the bio-healthcare field, we are leveraging high sensitive tissue testing technologies, genetic diagnostics technologies, and image analysis technologies that belong to a group comprising Konica Minolta, U.S.-based Amby, and U.S.-based Invicro to support proper patient medication and treatment by making it possible to diagnose the human body at the molecular level and analyze illnesses and treatment efficacy. We also provide services to help improve pharmaceutical companies' drug discovery

success rates by identifying biomarkers and improving clinical trial efficiency. In the fiscal year under review, Amby Genetics, a provider of DNA tests, became the first to commercialize RNA tests, which assess germline mutation and contributed to improved genetic diagnostic accuracy. We also made headway towards a full-scale rollout of the CARE Program, a genetic diagnostic service for those undergoing regular checkups to screen for such conditions as breast cancer. Because genetics are a major factor for breast cancer risk, the service will greatly contribute to early detection and prevention of breast cancer by providing genetic diagnostics during regular health checkups.

We are also focused on preventing the spread of COVID-19 and will be thinking about ways of contributing to society in a timely fashion by utilizing Konica Minolta Group technologies and products. As a first measure towards controlling virus infections, we developed an application that uses network thermal cameras made by Germany-based MOBOTIX to enable the contactless measurement of body (face) surface temperature via real time detection. The application was launched in May 2020. Meanwhile, in response to urgent social demand, in July 2020, Amby started providing COVID-19 testing services in the U.S. that include PCR tests conducted through the CARE Program. To support the global research community, Invicro has developed the "Covid-19 iPACS platform", a safe repository of data related to COVID-19 that has been focused on X-rays and CT imaging. The repository was made freely and publicly available in May 2020.

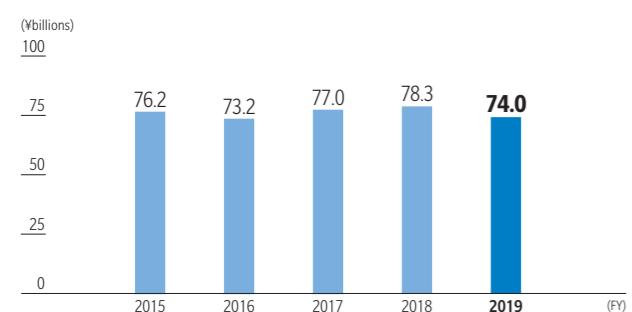
Konica Minolta Group is also making efforts to achieve sustainability for society and the world, positioning the environment as a centerpiece. These efforts involve developing

energy-efficient, recyclable, and eco-friendly products, building technologies that involve reusing waste from used products as high-functionality materials and that utilize materials derived from biomass, while finding applications for these technologies in society. More specifically, the company is shifting away from petroleum-based materials and towards recycled materials for use in MFP bodies and consumable parts (toners, etc.), reducing CO₂ emissions from plastic. Companies face two challenges when attempting to use biomass-based material and waste material as high-functionality materials in MFPs and other products: such materials generally exhibit worse performance than virgin material from petroleum, and it is difficult to achieve stability in product quality. The Group develops new plastics by refining materials technologies and forming technologies, which are core technologies that the

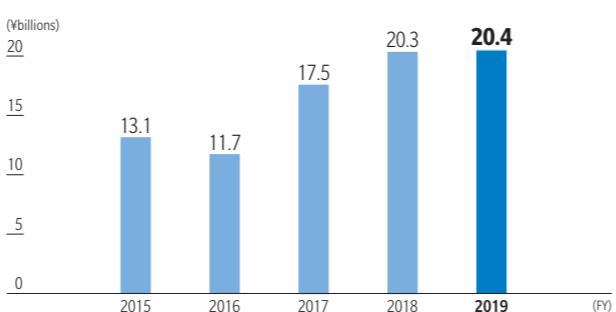
group has built up over many years, and by combining material development, material selection, and processing technologies. By not only employing these technologies in our MFPs but also sharing with other companies and commercializing them, we will expand our sphere of cooperation to the global stage while greatly increasing the effects of the environmental value we provide.

Groupwide research and development expenditure for the fiscal year under review was ¥74.0 billion. This comprised ¥36.9 billion in Office Business and Professional Print Business R&D expenditures, ¥4.5 billion in Healthcare Business R&D expenditures, ¥12.1 billion in Industrial Business R&D expenditures, and ¥20.4 billion in basic research expenditures and expenditures in other businesses, including those in the bio-healthcare segment.

Research and development expenses



Basic research expenditures and expenditures in other businesses



Research and development expenses

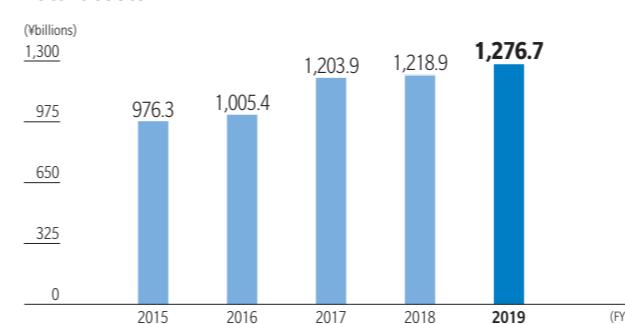
Overview of R&D		Costs (¥billions)
Office Business and Professional Print Business	These businesses are strengthening and promoting product development targeted at satisfying a demand for high-quality and high productivity through materials, various software, system solutions, and information devices such as MFPs and digital printing systems.	37.1
Healthcare	Initiatives include expanding and improving digital X-ray system and diagnostic ultrasound system product series, along with enhancing the system solutions business, which deploys IT environments for healthcare providers.	4.5
Industrial	Performance materials business in the materials and components field is focused on traditional TAC products that serve as performance films for polarizers, as well as on high added-value development such as new resin products. Optical component business is concentrated on the development of small lenses such as endoscope lenses and drone lenses, which have growth potential. IJ component business is working to develop and productize industrial inkjet head technologies. Measuring instruments business in the field of optical systems for industrial use is focused on expanding and improving on object color measurement along with display and light source measurement.	12.1
Other businesses, including bio-healthcare field, and for basic research	Focuses of these businesses include upgrading the basic software of the Workplace Hub and enhancing genetic diagnostics services in the bio-healthcare field.	20.4
Total		74.0

Financial Position

Assets

Total assets at the current fiscal year end increased by ¥57.7 billion, or 4.7%, over the previous fiscal year end to ¥1,276.7 billion. This owes mainly to a ¥102.3 billion increase in property, plant and equipment primarily attributable to the adoption of IFRS 16 Leases (IFRS 16), a ¥17.8 billion increase in inventories, a ¥34.9 billion decrease in cash and cash equivalents, a ¥14.7 billion decrease in trade and other receivables, an ¥8.3 billion decrease in goodwill and intangible assets, and a ¥5.6 billion decrease in other financial assets.

Total assets



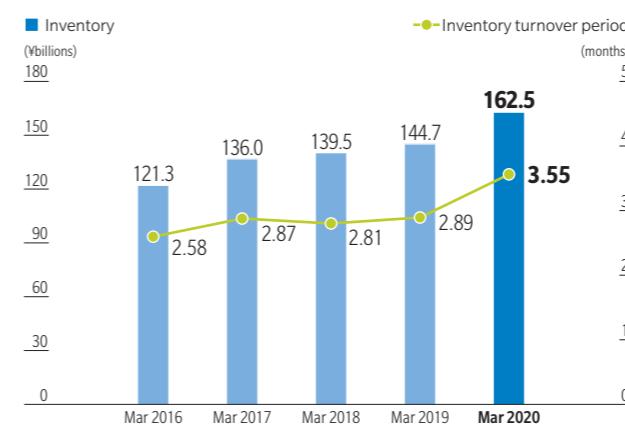
Liabilities

Total liabilities increased by ¥89.9 billion, or 13.8%, over the previous year to ¥743.0 billion. This is mainly due to a ¥114.2 billion increase in lease liabilities attributable to the adoption of IFRS 16, a ¥15.5 billion increase in bonds and borrowings, a ¥12.3 billion decrease in trade and other payables, a ¥9.4 billion decrease in other financial liabilities, and a ¥7.5 billion decrease in income tax payable.

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



Inventory/Inventory turnover period



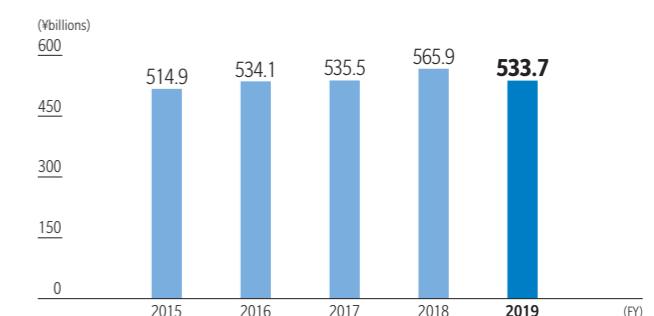
Equity

Total equity decreased by ¥32.2 billion, or 5.7%, over the previous year to ¥533.7 billion.

Total equity attributable to owners of the Company decreased by ¥31.9 billion, or 5.7%, over the previous year to ¥523.7 billion. Contributing factors were a ¥22.4 billion decrease in other components of equity (mainly translation differences for foreign operations) and a ¥14.8 billion loss in retained earnings due to dividends.

As a result, equity per share attributable to owners of the Company was ¥1,058.29 and equity ratio attributable to owners of the Company fell 4.6 points to 41.0%.

Equity

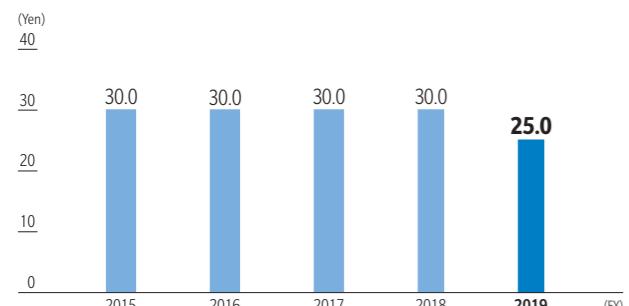


Dividend Policy

Basic dividend policy

The Company's basic policy regarding the payment of dividends from retained earnings is to proactively distribute earnings to shareholders after comprehensive consideration of factors including consolidated business results and strategic investment in growth areas. The Company strives to improve shareholder return by increasing the per-share dividend and practicing flexible purchasing of treasury shares.

Dividend per share



Dividends for the fiscal year ended March 31, 2020 and projected dividends for the fiscal year ending March 31, 2021

Following a comprehensive accounting of business performance and the business environment as affected by the spread of COVID-19, year-end dividends were paid at a rate of ¥10 per share, a decrease of ¥5 per share over the previous fiscal year. Combined with the dividend of ¥15 per share already paid at the end of the second quarter, the total annual dividend was ¥25 per share.

While we expect to record a loss for the period ending March 31, 2021 due to COVID-19, we are taking measures that include improving earnings in the Office Business and new businesses, and keeping fixed costs at the current lower level. Through such efforts aimed at improving the likelihood of getting fiscal 2021 and 2022 earnings back up to pre-COVID-19 levels, we expect to keep dividends at the fiscal 2019 level and pay an annual dividend of ¥25.

In the Healthcare Business, outpatient numbers everywhere but the U.S. are largely expected to return to pre-COVID-19 levels. Although it will take some time for medical facilities to begin investing again in diagnostic equipment, we anticipate genetic testing to increase alongside rising outpatient numbers. With regard to drug discovery support services, pharmaceutical companies' clinical trials are resuming, allowing us to get through our order backlog and put us on track for increased sales. This business will focus on expanding sales of our solutions that help achieve sustainable healthcare environments, including responses to infectious diseases. These solutions include remote healthcare solutions, regional cooperation solutions, dynamic X-ray systems and AI image interpretation support solutions, and nursing support solutions.

In the Industrial Business, while flat-panel display (FPD) production line investment has leveled off at our client companies, we expect the increasingly diverse array of FPDs to lead to increased growth in the market for, and sales of, our measuring devices and high added-value functional films. We

also anticipate further sales opportunities for measuring instruments to help automate and save labor in inspection processes for our customers' production lines.

Regarding our financial base, we have been taking steps in preparation for a future decline in cash flows owing to the spread of COVID-19. We concluded a new commitment line agreement with a financial institution in May 2020, and have cash reserves of ¥300 billion, which includes existing commitment lines. This gives us ample liquidity on hand. In addition, we are strengthening our cash flow management by maintaining the lowest necessary inventory levels while shrewdly selecting and restricting capital investments and loans. We are also improving efficiency by strengthening our cost-benefit philosophy.

Projected consolidated business performance for fiscal 2020 is given below. The operating loss of ¥13.0 billion includes approximately ¥10.5 billion for restructuring expenses. The exchange rates used to calculate performance forecasts were \$1 = ¥105 and €1 = ¥120.

Forecast for the fiscal year ending March 31, 2021

Published October 29, 2020

	Fiscal 2020 forecast (IFRS)	Fiscal 2019 results (IFRS)
Revenue (¥billions)	870.0	996.1
Operating profit (¥billions)	-13.0	8.2
Operating profit ratio	-	0.8%
Profit attributable to owners of the company (¥billions)	-18.0	-3.0
Profit attributable to owners of the company ratio	-	-
ROE ^{*1}	-3.5%	-0.6%
Capital investment (¥billions)	47.5	50.8
Depreciation and amortization expenses ^{*2} (¥billions)	75.0	77.1
R&D expenses (¥billions)	65.0	74.0
Free cash flow (¥billions)	-1.5	-19.8
Investment and loans (¥billions)	10.0	7.9
U.S. dollar (yen)	105.00	108.74
Euro (yen)	120.00	120.82

^{*1}:Profit attributable to the owners of the company divided by the equity attributable to owners of the company (average of beginning and ending balances)

^{*2}:Of this, right-of-use asset depreciation pursuant to IFRS 16 was ¥20.1 billion for fiscal 2019, with a ¥20.0 billion forecast for fiscal 2020

Company Overview/Stock Information

Company Overview (as of March 31, 2020)

Company name	KONICA MINOLTA, INC.
Stock code	4902 Listed with first section of the Tokyo Stock Exchange
Date established	1873
Establishment as joint-stock company	1936
Capital	37,519 million yen
Number of employees	Consolidated: 43,961
Head office	JP TOWER, 2-7-2 Marunouchi, Chiyoda-ku, Tokyo 100-7015, Japan

Stock Information (as of March 31, 2020)

Stock Information

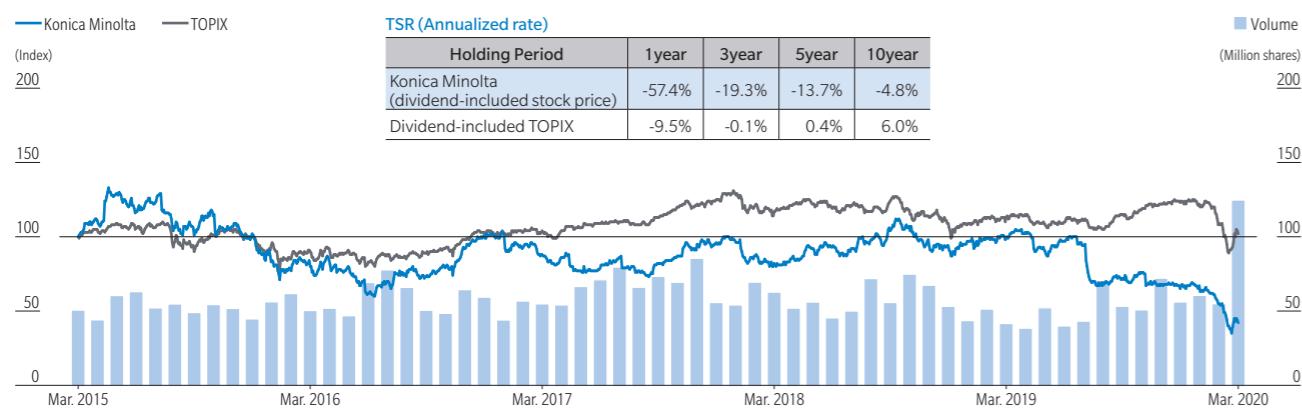
Total number of shares authorized to be issued	1,200,000,000 shares
Total number of shares issued	502,664,337 shares
Number of shareholders	59,587
Minimum trading units	100 shares

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)	48,831	9.84
Japan Trustee Services Bank, Ltd. (Trust account)	34,875	7.03
MUFG Bank, Ltd.	13,945	2.81
Japan Trustee Services Bank, Ltd. (Trust account 9)	12,844	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 MUFG Bank, Ltd.)	10,801	2.18
Japan Trustee Services Bank, Ltd. (Trust account 7)	9,834	1.98
Daido Life Insurance Company	9,040	1.82
Japan Trustee Services Bank, Ltd. (Trust account 5)	8,892	1.79

* Ratio of shares held is calculated by deducting treasury shares. 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 (1,184,094 shares).

Total Shareholder Return (TSR)



* Return on investment assuming the closing price on March 31, 2015 to be 100 and dividends reinvested. Prepared by Konica Minolta based on Bloomberg data.

Glossary

Digital Workplace Business

- **MFP (Multi Function Peripheral)**
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.)

- **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.

Workplace Hub

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.

Professional Print Business

- **Color production print Machine Segments**
ELPP (Entry Light Production Print, Monthly printing volume: 0.1-0.3 million sheets for low-priced products mainly for large companies' centralized printing rooms)
LPP (Light Production Print, Monthly printing volume: 0.1-0.3 million sheets for commercial printers)
MPP (Mid Production Print, Monthly printing volume: 0.3-1 million sheets for commercial printing products)
HPP (Heavy Production Print, Monthly printing volume: 1 million sheets or more for commercial printing products)
- **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.

X-ray kinetic analysis

These devices and systems enable more detailed diagnoses by using continuously captured X-ray images to observe patients in motion.

- **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.

informity

Our ICT service platform for helping hospitals and clinics deliver care in a variety of ways. Offerings include our Collaboration Box Service, which allows multiple institutions to share medical data such as examination images and reports, and remote diagnostic support services that facilitate requests for image interpretation.

Diagnostic ultrasound systems

These diagnostic imaging systems emit ultrasonic signals that travel inside the body from the outside and create images of the reflected soundwaves. Causing minimal stress for the patient and allowing images to be observed in real time, they are used in a wide variety of clinical settings.

HSTT / High Sensitive Tissue Testing

Technology that uses fluorescent nanoparticles, developed using our proprietary technology from photographic films, to accurately quantify protein.

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.

Genetic diagnosis

DNA information is described as the blueprint for bodily tissue, and this kind of diagnosis identifies susceptibility to hereditary cancer and other diseases, and pharmaceutical compatibility, by examining that information. Knowing about such predispositions through genetic information makes it possible to deal efficiently with a disease if it is contracted.

Drug discovery support services

This is the provision of technical support to pharmaceutical companies when developing new drugs. New drug development tends to cost huge sums of money, and this support makes efficient use of our analytical technology to help move from preclinical study and clinical trials to market launch.

CARE Program

Program to provide total support for effective pick-up and genetic diagnostics of the high-risk group of genetic breast cancer.

RNA (ribonucleic acid)Testing

Testing to identify changes in mRNA structure in the primary transcript of DNA(deoxyribonucleic acid). Analysis of transcript mRNA can provide more detailed test results on DNA mutations that used to be considered of undetermined clinical significance in conventional DNA testing.

Industrial Business

TAC (Triacetyl cellulose) film

Functional film with cellulose acetate as the main material. It is mainly used as a protective film for the polarizers used in LCD displays.

OLED (Organic Light Emitting Diode)

In organic light emitter and light-emitting technology comprising organic compounds. They hold promise as a next-generation display technology for their superior color reproduction, responsiveness, and low power usage.

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.