

Professional Print Business



Market Environment Awareness

Opportunities

- The shift from analog printing to digital printing, such as offset printing, has accelerated.
- In commercial printing marketing methods have become more individualized and are based on shorter cycles, and in industrial printing, the demand for packaging/label printing has increased due to the shift to small lots with the increase in global population and the increase in private/local brands.
- There is a shortage of skilled workers in printing companies and increasing concern for the environment.

Risk

- Reduced demand for printing due to geopolitical risks and economic fluctuations, reduced willingness to invest in capital and delayed decision-making among printing companies.

Market growth rates

	Commercial printing	+4%
Digital printing	Label printing	+6%
	Packaging printing	+20%

* Konica Minolta estimates

Review of the previous Medium-term Business Plan

Production print business sales declined in fiscal 2020 and fiscal 2021 due to reduced demand caused by the spread of the COVID-19 pandemic and reduced toner supply capacity due to the impact of the toner factory explosion, but recovered to the level of fiscal 2019 in fiscal 2022. In addition, HPP (Heavy Production Printing machine), which was launched during the previous Medium-term Business Plan, significantly increased its market share in a short period of time, and the non-hardware sales growth rate also progressed as planned. In the industrial print business, we captured the wave of digitalization of printing in areas that are closely related to people's lives, such as labels and textiles, and sales have grown significantly, mainly in Accurio Jet KM-1 digital inkjet press and label printing machines. The marketing services unit has improved profitability due to structural reforms.

KPIs set in the previous Medium-term Business Plan and results

	FY2022 Target	FY2022 Result
HPP market share	40%	36%
YoY sales non-hardware		
Production Print	+5%	+13%
Industrial Print	+12%	+25%

Strategy in the new Medium-term Business Plan

Basic Strategy

Positioning production print and industrial print businesses as strengthening areas we will aim to minimize the factors that inhibit the shift from analog printing to digital printing. In concrete terms, we will expand the scope to the entire printing process and the print supply chain, and accelerate the spread of

digital printing in each field. In this way, we will contribute to improving people's work satisfaction by transforming workstyles at printing sites and satisfying the needs of printing companies' customers. At the same time, we aim to reduce the losses in each process of the printing lifecycle and reduce the impact on the

environment (see page 31 for details).

Marketing services will be considered as a non-focused business, considering their compatibility with the Company's own strategy, and we will also consider the use of third-party capital to achieve growth.

Production Print

By co-creating a mechanism and business model that contribute to maximizing the cost-effectiveness of printing and minimizing environmental impact with brand owners and printing companies, we will contribute to improving the business process efficiency of printing companies and saving labor at printing sites. Through these efforts, we will increase the willingness of printing companies to use digital printing, expand the number of HPP units installed in the market where large-scale printing demand is expected, and expand non-hardware profits with high sustainability.

We will also expand the installation of the Intelligent quality optimizer function and automatic inspection function "IQ-501" that was installed mainly in HPPs and MPPs (Mid Production Printing machines) in LPP (Light Production machines). We will

promote production efficiency and labor saving, and maintain the top market share among small and medium-sized printing companies in developed countries. Further, we will expand sales in growth markets (China and India) where we have an overwhelming top market share, and build a foundation for highly profitable non-hardware profit expansion.

Print strategic KPI (vs. FY2022)

	FY2025 Target
HPP MIF*	+170%

* MIF: Machines in the Field

[Strengths that support our strategy]

- We are familiar with the image quality desired by the printing industry based on our history of selling prepress film and proof printing machines for analog printing.
- We have driven the formation of the digital printing market by bringing electrophotography methods developed for our office copiers to commercial printing.
- We have utilized object color measurement technology in the sensing business and were the first in the industry to introduce the Intelligent quality optimizer function and automatic inspection function to the market (see page 38 for details).
- We have also established barriers to entry by building up intellectual property in the digital printing field and maintained a leading position in the industry.

Industrial Print

With our UV inkjet printing machine "KM-1", we will establish a customer base centered on new medium and large printing companies by strengthening the sales system and promoting productivity improvements at printing companies. In addition, we will aim to achieve a stable profit foundation by increasing the print volume through services that combine both work efficiency improvements, including before and after printing, and quality satisfaction. Further, we will expand sales by promoting total solutions that support the entire printing process that combines digital embellishment presses.

In addition, regarding our label printing machines, we will introduce models with improved image quality and productivity, and expand sales from traditional medium-sized companies to

large-scale companies. Regarding our textile presses, we will expand sales of models that can reduce the environmental impact of the printing process. Through these efforts, we will greatly expand non-hardware sales.

Strategic KPI (vs. FY2022)

	FY2025 Target
Sales Non-hardware	+110%

[Strengths that support our strategy]

- We have accumulated advanced adjusting technologies in various fields such as mechanics, electronics, software, chemistry, and physics.
- We have achieved high-quality printing on a variety of printing media using various printing methods.
- Our proprietary HS (High-definition, Single-pass) ink technology enables high-quality printing on a variety of printing media, including plastics, and enhances productivity (quick-drying/double-sided support, large formatting, high-speed) and color stability, which have been challenges for digital printing machines.
- The customer development capabilities that we have cultivated in commercial printing.