Healthcare Business

Market Environment Awareness

Opportunities

- Against the backdrop of a shortage of medical personnel, there has been an increase in demand for healthcare DX that utilizes images, AI, and IT technologies to make healthcare more advanced and efficient.
- Due to declining birthrates and aging populations, mainly in developed countries, as well as higher medical expenses, the need for early diagnosis and minimally invasive medical treatment has increased.
- Rapid economic development, population growth, and increased longevity in emerging countries such as those in Asia have led to a greater need for healthcare and an expanded market for the digital healthcare.

Risks

- Supply chain disruptions caused by unstable international conditions and geopolitical risks.
- The risk of a decline in the willingness of medical institutions to invest in capital against the backdrop of soaring energy, material, and labor costs.

Market growth rate

General X-ray Diagnostic Systems	+4% *
Ultrasound Diagnostic Systems	+3% *

* Konica Minolta estimates.

Review of the previous Medium-term Business Plan

During the previous Medium-term Business Plan period, in the medical imaging (healthcare) business, we strengthened high-value-added imaging such as DR integrated X-ray systems and Dynamic Digital Radiography, aimed to expand medical IT services, and promoted our global digital business including in Asia. Within these efforts, although the COVID-19 pandemic and changes in the international situation have limited our procurement of electronic components and sales activities, we have seen robust demand focused on high-value-added imaging and medical IT services, and sales in the digital business have increased.

On the other hand, the precision medicine business realized an increase in the number of samples due to the expansion of RNA testing, which is a precision test, and completed the development of the "GenMineTOP Cancer Genome Profiling System" jointly developed by the University of Tokyo and the National Cancer Center Japan. It also contributed to the development of new drugs for Alzheimer's disease. However, the shortage of healthcare workers due to the impact of the COVID-19 pandemic in the United States has delayed the recovery of sales.

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

	FY2022 Targets	FY2022 Results
DR integrated X-ray system, Dynamic Digital Radiography, and Asia business revenue growth rate	+15% or more	+31%
Medical IT service revenue growth	+8% or more	+7%

Strategy in the new Medium-term Business Plan

Basic Strategy

The Healthcare Business aims to "support healthy, high-quality living," which is one of our material issues, and provides products and services that contribute to early diagnosis, keeping medical costs low, and improving quality of life. It will focus on allocating management resources to medical imaging business, which is a strengthening business, and aim to expand the business scale with a focus on high-value-added imaging and medical IT solutions that are expected to grow in the medium-to long-term. Since precision medicine business, which offers long-term growth potential, requires continuous growth investment, we will continue to consider strategic options, including listing on the US stock market, which we have been preparing for, and transferring the business to a third party to accelerate the growth of our business.

Medical Imaging

Strengthening of high value-added imaging

In the field of X-ray imaging, Konica Minolta will promote the global development of Dynamic Digital Radiography, for which it is a pioneer in the world, expand clinical applications through collaboration with Key Opinion Leaders (KOLs), and increase sales of high-value-added integrated X-ray systems, including mobile X-ray systems with Dynamic Digital Radiography. In ultrasound diagnostic systems, we will utilize high image quality and auxiliary functions such as puncture enhancement processing, which are our strengths, and will strengthen anesthesiology, dialysis, and other genres in addition to orthopedics and obstetrics in which we already have a high market share.

Strengthening of medical IT solutions

In medical IT solutions, we will expand sales of DX-enabled support services for clinics by adding a new "smart clinic service" that connects patients and medical institutions, centered on "infomity," an ICT service platform for medical institutions that connects with approximately 20,000 clinics in Japan.

Expanding our global presence

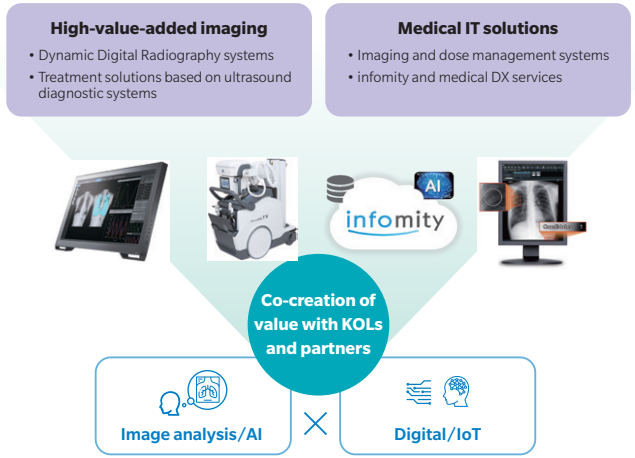
We will expand our global presence in high-value-added medical treatment solutions that combine modalities such as x-ray diagnostic systems and ultrasound diagnostic systems with AI-powered image diagnosis support, and strengthen the deployment of Picture Archiving and Communication System (PACS) to the ASEAN region to increase the profits of the digital business. In addition, we will promote open and strategic collaboration with global partner companies with strengths in their respective areas.

[Strengths to support the strategy]

- Brand and customer base developed through 90 years of history since the X-ray film business.
- Relationships with KOLs which co-create new clinical value.
- Technologies related to high-value-added imaging and medical IT solutions including Dynamic Digital Radiography rooted in core technologies (see page 38 for details).
- Highly specialized human capital (imaging/AI technology, clinical development, IoT) who support value co-creation with KOLs.

Strategic KPI (vs. FY2022)

Key KPIs	FY2025 Targets
Sales growth rate of DR integrated X-ray systems and Dynamic Digital Radiography	+140%
Sales growth rate of the Asian business	+155%
Sales growth rate of medical IT services	+145%



Precision Medicine

In the field of genetic diagnosis, we will expand "RNA testing," a proprietary technology with high inspection accuracy and our "CARE Program" designed for non-patients that contributes to preventive medicine. In addition, we will promote contributions to personalized medicine by launching medical services covered by the national insurance system in Japan through the "GenMineTOP Cancer Genome Profiling System" (jointly developed with the University of Tokyo and the National Cancer Center Japan).

In the field of drug discovery support, we will expand assignment of the clinical trials for the central nervous system and cancer. In addition, by launching "LATTICE," a platform that integrates genetic, pathological, and image data, and providing "state-of-the-art genetic testing, molecular pathology testing, and three-dimensional imaging" under the name of "REALM Pharma Services," we will work to expand drug discovery support, and contribute to improving the drug discovery success rate and process efficiency.

[Strengths behind the strategy]

- Accumulation of human capital and technologies that enable competitive proprietary technologies such as RNA testing, exome testing, and visualization of drug efficacy using biomarkers.